

FORM 10-Q. QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934  
 UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549  
 FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934

For the period ended March 31, 2001

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 100

CROFF ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Utah 87-0233535

(State or other jurisdiction of (I.R.S. Employer  
 incorporation or organization Identification No.)

621 17th St., Suite 830, Denver, Colorado 80293

(Address of principal executive offices) (Zip Code)

(303) 383-1555

(Registrants telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant has required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

X Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED  
 IN BANKRUPTCY PROCEEDINGS DURING  
 THE PRECEDING FIVE YEARS:

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuers class of common stock, as of the latest practicable date: 526,060 shares, one class only as of May 1, 2001.

INDEX

INDEX TO INFORMATION INCLUDED IN THE QUARTERLY REPORT (FORM 10-Q) TO THE SECURITIES AND EXCHANGE COMMISSION FOR THE THREE MONTHS ENDED MARCH 31, 2001(UNAUDITED).

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Forward-looking statements in this report, including without limitation, statements relating to the Companys plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties; including without limitation to, the following: (i) the Companys plans, strategies, objective, expectations and intentions are subject to change at any time at the discretion of the Company; (ii) the Companys plans and results of operations will be affected by the Companys ability to manage its growth and inventory (iii) other risks and uncertainties indicated from time to time in the Companys filings with the Securities and Exchange Commission. Neither the Securities and Exchange Commission nor any other regulatory body takes any position as to the accuracy of forward-looking statements.

PART I: FINANCIAL INFORMATION  
CROFF ENTERPRISES, INC.  
BALANCE SHEET  
(Unaudited)

	Dec. 31, 2000	March 31, 2001
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$191,634	\$238,725
Marketable equity securities	6,125	5,750
Accounts receivable:		
Oil and gas purchasers	88,242	88,181
Refundable income taxes	3,500	5,378
Total current assets	289,501	338,034
<b>PROPERTY AND EQUIPMENT, AT COST:</b>		
Oil & gas properties, successful efforts method:		
Proved properties	611,960	617,165
Unproved properties	97,102	97,102
	709,062	714,267
Less accumulated depletion & depreciation	(370,391)	(380,391)
Net property and Equipment	338,671	333,876
Total Assets	\$628,172	\$671,910

PART I: FINANCIAL INFORMATION  
CROFF ENTERPRISES, INC.  
BALANCE SHEET  
(Unaudited)

	Dec. 31, 2000	March 31, 2001
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 10,838	\$ 16,958
Accrued liabilities	5,368	3,892
Total current liabilities	16,206	20,850

STOCKHOLDERS EQUITY:		
Class A preferred stock, no par value; 5,000,000 shares, none issue		
Class B Preferred stock, no par value; 1,000,000 authorized 500,659 shares (2000 and 2001) issued and outstanding	475,359	475,359
Common stock, \$.10 par value 20,000,000 shares authorized, 589,143 shares issued (2000 and 2001)	58,914	58,914
Capital in excess of par value	415,797	415,797
Accumulated deficit	(255,153)	(215,859)
Less treasury stock at cost, 62,883 shares (2000) and 63,083 shares (2001)	(82,951)	(83,151)
Total stockholders equity	611,966	651,060
Total liabilities & equity	\$ 628,172	\$ 671,910

CROFF ENTERPRISES, INC.  
Statement of Operations  
For the three months ending March 31, 2000 and 2001  
(Unaudited)

	2000	2001
REVENUE:		
Oil and gas sales	\$ 68,266	\$ 122,361
Other income	1,647	3,026
Total revenue	69,913	125,387
COSTS AND EXPENSES:		
Lease operating expense	19,821	46,752
Depreciation and depletion	10,500	10,000
General and administrative	23,862	23,341
Rent Expense Related Party	4,800	6,000
Total cost and expenses	58,983	86,093
Net income	10,930	\$ 39,294
	\$	
Net income applicable to preferred stock	9,300	\$ 37,883
	\$	
Net income applicable to common shareholders	1,630	\$ 1,411
	\$	
Basic and diluted net per common share	\$ *	\$ 01

\*-Less than .01 per share

CROFF ENTERPRISES, INC.  
Statement of Cash Flows  
For the three months ending March 31, 2000 and 2001  
(Unaudited)

	2000	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$	\$

Adjustments to reconcile net income to net cash provided by operating activities	10,930	39,294
Depreciation and depletion	10,500	10,000
Change in assets and liabilities		
Accounts receivable	(3,417)	(1,817)
Other assets	(625)	(5,205)
Accounts payable	4,154	6,120
Accrued liabilities	1,965	(1,476)
Marketable securities	(1,125)	375
Total adjustments	11,452	7,997
Net cash provided by operating activities	22,382	47,291

#### CASH FLOWS FROM FINANCING ACTIVITIES:

Purchase of treasury stock		(200)
Net cash used in financing		(200)
Increase in cash	22,382	47,091
Cash and cash equivalents at beginning of period	\$ 57,716	\$ 191,634
Cash and cash equivalents at end of period	\$ 80,098	\$ 238,725

CROFF ENTERPRISES, INC.  
NOTES TO UNAUDITED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2001

#### PART I BASIS OF PREPARATION.

The condensed financial statements for the three month periods ended March 31, 2001 and 2000 in this report have been prepared by the Company without audit pursuant to the rules and regulations of the Securities and Exchange Commission and reflect, in the opinion of the management, all adjustments necessary to present fairly the results of the operations of the interim periods presented herein. Certain reclassifications have been made to the prior years financial statements to conform to the 2001 presentation. Certain information in footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations, although the Company believes the disclosures presented herein are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000, which report has been filed with the Securities and Exchange Commission, and is available from the Company.

MANAGEMENTS DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### RESULTS OF OPERATIONS

Three-Month period Ended March 31, 2001  
as Compared to the Three-Month Period Ended March 31, 2000

#### OIL AND GAS OPERATIONS

Oil and gas revenue, about equally divided between royalties and working interest, for the three months ended March 31, 2001, was \$122,361 compared to \$68,266 for the quarter ending March 31,

2000. The primary cause for this increase was the large run up in natural gas prices, which increased from the range of \$2.50 per MCF in 2000, to as high as \$9.00 per MCF in 2001. This increase in natural gas prices has reversed but the current prices are in the \$4 to \$5 an MCF range. Oil prices also increased slightly from one year ago. Natural gas production is up about five percent and oil production declined a few percent, so production is essentially stable.

Production costs, which includes lease operating expenses, unsuccessful drilling expense, and all production related taxes, for the three months ended March 31, 2001, increased significantly to \$46,752 when compared to the production costs of \$19,821 incurred during the quarter ended March 31, 2000. The primary reason for this increase was the expenditure of \$22,000 incurred in a five percent participation in an unsuccessful new well in Oklahoma. The well was completed but has not produced. The remaining increase is due to higher production taxes due to higher prices and inflation in oil field costs.

#### OTHER INCOME

During the three month period ended March 31, 2001, the Company had other income of \$3,026. This was a increase from \$1,647 in the same period in 2000. The increase was due to higher interest on larger deposits.

#### GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the quarter ending March 31, 2001, were \$23,341 plus rent expense of \$6,000 for a total of \$29,341 compared to \$23,862 plus \$4,800 rent expense for a total of \$28,622 in the same period in 2000. The rent expense from a related party increased from \$1,600 a month to \$2,000 a month beginning in 2001. The overhead expenses were stable and should remain stable this year.

#### FINANCIAL RESOURCES AND LIQUIDITY

As of March 31, 2001, the Companys current assets exceeded current liabilities by \$317,184. As of December 31, 2000, the Companys current assets exceeded current liabilities by \$273,295. The Companys current ratio is approximately 16:1. The Company is currently looking to purchase producing oil and gas assets after rebuilding its cash reserves last year. The Company expects to remain in a strong liquid position.

## PART II. OTHER INFORMATION

### ITEM 6(B) REPORTS ON FORM 8-K

The registrant has filed no reports on Form 8-K for the period ending March 31, 2001.

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGISTRANT: CROFF ENTERPRISES, Inc

By:  
Gerald L. Jensen  
Chief Executive Officer and Chief  
Financial Officer

By:  
Beverly Licholat  
Chief Accounting Officer

Dated: