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

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the period ended June 30, 1998
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: 1-100

CROFF ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Utah — 87-0233535
(State or other jurisdiction of incorporation or organization) — (I.R.S. Employer Identification No.)

1675 Broadway, Suite 1030, Denver, CO 80202
(Address of principal executive offices) (Zip Code)

(303)628-1963
-
(Registrant's 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 issuer's classes of common stock, as of the latest practicable date: 516,265 shares, one class only, as of June 30, 1998.

INDEX

INDEX TO INFORMATION INCLUDED IN THE QUARTERLY REPORT (FORM 10-Q) TO THE SECURITIES AND EXCHANGE COMMISSION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 1998 (UNAUDITED).

____

The condensed financial statements included herein are for the Registrant, Croff Enterprises, Inc. The financial statements for the six months ended June 30, 1998 and 1997 are unaudited; however, they reflect all adjustments which, in the opinion of management, are necessary to present fairly the results of the interim periods. All adjustments necessary to a fair representation of the financial statements are of a normal recurring nature.

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

	December 31, 1997	June 30, 1998
CURRENT ASSETS:		
Cash and Cash Equivalents:	$166,883	$48,459
Marketable equity securities	15,687	3,125
Accounts receivable:		
Oil and gas purchasers	26,552	22,970
Refundable income taxes	3,200	5,400
Total current assets	$212,322	$79,954
PROPERTY AND EQUIPMENT, AT COST:		
Oil & gas properties, successful efforts method:		
Proved properties	$429,903	$640,825
Unproved properties	97,102	97,102
	527,005	737,927
Less accumulated depletion and depreciation	(250,729)	(263,544)
Net property and equipment	276,276	474,383
Coal Investment	16,277	16,277
Total Assets	$ 504,875	$570,614

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

	December 31 1997	June 30, 1998
Current Liabilities:		
Accounts payable	$ 4,378	$14,247
Accrued liabilities	2,605	2,839
Note payable	0	68,402
Total current liabilities	6,983	$85,488

Stockholders' equity:		
Class A Preferred, none issued		
Class B Preferred stock, no par value;		
520,000 authorized, 516,265 shares issued 12/31/97	364,328	
520,000 authorized, 490,860 shares issued 6/30/98		346,232
Common stock, $.10 par value 20,000,000 shares authorized 579,143 shares issued	57,914	57,914
Capital in excess of par value	542,215	542,215
Accumulated deficit	(383,669)	(378,339)
	580,788	568,022
Less common stock at cost, 62,628 shares in 1996 and 62,878 in 1997	(82,896)	(82,896)
Total stockholders' equity	497,892	485,126
	$504,875	$570,614

CROFF ENTERPRISES, INC.
Statement of Operations

For the Three And Six Months Ended June 30, 1998
(Unaudited)

	For Three Months Ended		For Six Months, Ended	
	6/30/97	6/30/98	6/30/97	6/30/98
Revenue:				
Oil and gas sales........	$ 47,515	$47,675	105,517	$90,405
Other income (loss).....	1,772	1,521	3,994	6,243
Total revenue	$ 49,287	$49,196	$109,511	96,648
Costs and expenses:				
Lease operating expense..	$ 8,897	10,179	18,171	21,252
Depreciation and depletion	6,000	6,657	12,000	12,815
General and administrative	21,631	20,510	41,648	43,052
Interest Expense			2,228	2,228
Rent Expense - Related Party	2,940	2,940	5,880	5,880
	$ 39,468	$42,514	$77,699	$85,227
Net income (loss)	$ 9,819	$ 6,682	$ 31,812	$11,421
Earnings (Loss) Per Share	$ .01	$ .01	$ .06	$ .02

CROFF ENTERPRISES, INC.
Statement of Cash Flows

	For the Six Months Ended June 30,	
	1997	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$31,812	

11,421

Adjustments to reconcile net income to net cash
provided by operating activities and depletion:
12,000 12,815
Change in assets and liabilities:
Decrease(Increase) in Receivables 4,041
1,382
Decrease(Increase) in other assets 0
(2,422)
Decrease(Increase) in accounts payable 1,688
(9,869)
Decrease(Increase) in accrued liabilities (1,409)
(234)
(Gains) on marketable securities 0
(3,829)
Total adjustments 16,320)
(2,157)

Net cash provided by operating activities: 48,132
9,264

CASH FLOWS FROM INVESTING ACTIVITIES:
(Purchase)Sale of oil & gas properties:
(19,052) (208,500)
(Purchase) of Preferred Stock
(24,188)
Sale of marketable equity securities 750
15,000
(18,302)
(217,688)

CASH FLOWS FROM FINANCING ACTIVITIES:
Purchase of treasury stock (250)
Proceeds from Note Payable
90,000
Increase (decrease) in cash: 29,580
(118,424)
Cash at beginning of period: $
184,565 $ 166,883

Cash at end of period: $ 214,145
$ 48,459

CROFF ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 1998

BASIS OF PREPARATION

The condensed financial statements for the three and six month periods ended June 30, 1998 and 1997 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 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 1997 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, 1997, which report has been filed with the Securities and Exchange Commission, and is available from the Company.

MANAGEMENT'S' DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three-Month Period Ended June 30, 1998,
as Compared to the Three-Month Period Ended June 30, 1997.

OIL AND GAS OPERATIONS

Oil and gas income, primarily from royalties, for the three months ended June 30, 1998 was $47,675 compared to $47,515 for the quarter ending June 30, 1997. This slight increase in revenue was caused by the drastic drop in oil prices and a smaller drop in natural gas prices, that offset the additional production from new leases. Prices for oil decreased from approximately $17-$18 per barrel in this quarter in 1997, to slightly over $12-$13 per barrel, this year. Natural gas prices declined by approximately ten percent. Production increased as the Company purchased five new producing leases this quarter which produce primarily natural gas.

Production costs, which include lease operating expenses and all production related taxes, for the three months ended June 30, 1998, due to new operating leases, increased to $10,179 in 1998, compared to $8,897 during the same quarter year of 1997. The operating expenses increased on working interests, which were purchased. Overall, operating expenses are low due to the large amount of royalty income. Depletion increased due to the purchase of new wells.

OTHER INCOME

During the three month period ended June 30, 1998, the Company had other income of $1,521 compared to $1,772 for the quarter ending June 30, 1997. This was due to higher interest income last year as the Company held accumulated cash which was used to purchase oil leases, reducing interest this year.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the quarter ending June 30, 1998, were $20,510 plus rent expense of $2,940 for a total of $23,450 compared to $21,631, plus rent expense of $2,940, for a total of $24,571 in the same period in 1997. The Company expects general and administrative costs to remain stable this year.

Six Month Period Ended June 30, 1998,
as Compared to the Six Month Period Ended June 30, 1997.

OIL AND GAS OPERATIONS

Oil and gas income, primarily from royalties, for the six months ending June 30, 1998, was $90,405 compared to $105,517 for the six months ended June 30, 1997. This decrease was caused by much lower prices for oil, approximately five dollars a barrel less this year, and a drop of about twenty-five cents per MCF for natural gas. This drastic drop in price was offset somewhat by higher oil and natural gas production, primarily increased natural gas from coal seam methane wells, and the new working interests in natural gas wells in Oklahoma.

Production costs, which include lease operating expenses and all production related taxes, for the six months ended June 30, 1998, were $21,252 in 1998, an increase from $18,171 during the six months ended June 30, 1997. The higher production costs were due primarily to the purchase of working interests in five new wells in Oklahoma in 1998, and the purchase of working interests in Texas and Michigan in the fourth quarter of 1997.

OTHER INCOME.

During the six month period ended June 30, 1998, the Company had other income of $6,243, primarily from interest, dividends, and lease bonuses. During the first six months of 1997, the Company had other income of $3,994, primarily from the dividends and interest. The increase was due to receiving a small bonus from leasing acreage during the first six months of 1998.

GENERAL AND ADMINISTRATIVE.

General and administrative expenses for the period ending June 30, 1998, were $43,052 plus rent expense of $5,880, for a total of $48,932, compared to $41,648 plus rent expense of $5,880 for a total of $47,528 for the six month period ending June 30, 1997. There was no significant change in general and administrative expenses.

FINANCIAL CONDITION

As of June 30, 1998, the Company's current assets were $79,954 which were exceeded by current liabilities of $85,488, for a negative ratio of .9 to 1. As of December 31, 1997, the Company's current assets were $212,322, and current liabilities were $6,983, giving the Company a working capital position of over $200,000, and a ratio of 30 to 1. This decrease was due to the Company spending much of its accumulated cash and borrowing an additional $90,000 to purchase oil and gas leases during late 1997 through April 1, 1998. The Company intends to repay its current bank debt during the next year. Although the current low energy prices greatly reduce the Company's cash flow, the Company expects to continue to operate at a positive cash flow for the calendar year.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

For the last two years the Company has conducted a clearing house where it brings together buyers and sellers of its Preferred B stock, which is not otherwise traded. At the conclusion of the trading period, one large purchaser was unable to complete its intended purchases, due to lack of financing. The Board of Directors discussed this matter, and determined to purchase the tendered shares at the request of the sellers. In April, 1998, the Company completed these transactions, purchasing 25,646 shares of the Preferred B stock for the purchase price of $24,188.20. This purchase reduced the issued and outstanding Preferred B shares these 25,646 shares, leaving a balance of issued and outstanding Preferred B shares remaining of 490,860 shares. The Board of Directors did this as a response to a unique situation, and does not intend to be a bidder at the next clearing house.

ITEM 5. OTHER INFORMATION

On April 7, 1998, the Company purchased five working leasehold interests in oil and gas wells in Oklahoma. The Company paid the sum of $208,000 for the working and minor royalty interests in these leases. The wells are commonly known as the Harper #1 and Miller Wells in Woodward County, Oklahoma, the Fanny Brown Well in Caddo County, Oklahoma, the Dickerson and Mueggenborg Wells in Kingfisher County, Oklahoma, and the Duncan Well in LeFlore County, Oklahoma. In addition, Jenex Operating Company, which is owned by the President of Croff Enterprises, Inc., and which is the operator of these wells, agreed to provide a credit of $150 per month per well against the operating expenses of these wells for each month that Croff Oil Company was the owner of such wells. In order to complete this purchase the Company borrowed the sum of $90,000 from Union Bank and Trust Company on a one-year note payable monthly in twelve installments. The balance was paid from the Company's cash reserves. The effective date of this transfer was April 1, 1998.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

The registrant has filed no reports on Form 8-K for the period ending June 30, 1998.

EXHIBITS:

A. Purchase Agreement of April 7, 1998, with St. James Oil, Ltd.

S I G N A T U R E S

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

Date: ___________________, 1998