FORM 10K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

MARK ONE

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

OR

TRANSITION REPORT pursuant to section 13 or 15(d) of the securities exchange act of 1934

FOR THE TRANSITION PERIOD FROM N/A TO N/A

COMMISSION FILE NUMBER: 1-100

CROFF ENTERPRISES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

UTAH	87-0233535
STATE OF INCORPORATION	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

621 17TH STREET
SUITE 830

DENVER, COLORADO	80293
ADDRESS OF PRINCIPAL EXECUTIVE OFFICES	ZIP CODE

Registrant's telephone number, including area code: (303) 383-1555

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common - $0.10 Par Value	None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registration (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 was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

As of March 1, 2000, the aggregate market value of the common voting stock held by non-affiliates of the Registrant, computed by reference to the average of the bid and ask price on such date was: $220,000.

As of March 1, 2000, the Registrant had outstanding 526,315 shares of common stock ($0.10 par value)

TABLE OF CONTENTS

ITEM 1. BUSINESS

Forward-looking statements in this report, including without limitation, statements relating to the Company's 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 Company's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of the Company; (ii) the Company's plans and results of operations will be affected by the Company's ability to manage its growth and inventory (iii) other risks and uncertainties indicated from time to time in the Company's 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.

(a) Description of Business

Croff Enterprises, Inc. (formerly Croff Oil Company) and hereafter "Croff" or "the Company, was incorporated in Utah in 1907 as Croff Mining Company. The Company changed its name to Croff Oil Company in 1952, and in 1996 changed its name to Croff Enterprises, Inc. The Company, however, continues to operate its oil and gas properties as Croff Oil Company. The principal office of the Company is located at 621 17th Street, Suite 830, Denver, Colorado 80293. The telephone number is (303) 383-1555.

Croff is engaged in the business of oil and gas exploration and production, primarily through ownership of perpetual mineral interests and acquisition of oil and gas leases. The Company's principal activity is oil and gas production from non-operated properties. The Company also acquires, owns, and sells, producing and non-producing leases and perpetual mineral interests. Over the past ten years, Croff's primary source of revenue has been oil and gas royalties from producing mineral interests. Croff participates as a working interest owner in approximately 40 wells. Croff holds small royalty interests in over 200 wells. Croff did not buy any new production in 1999 as it had made significant purchases in 1998 and was repaying debt. In 1998, Croff purchased working interests in six natural gas wells in the state of Oklahoma. These wells now provide the largest source of revenue to Croff from any single operating company. In 1997, Croff purchased working interests in three gas wells in Michigan, a gas well in Colorado, and an oil well in Texas. All of the wells from which Croff receives revenues are operated by other companies and Croff has no control over the factors which determine royalty or working interests revenues such as markets, prices and rates of production.

In 1995, Croff purchased a two percent interest in a mortgage note secured by an equal interest in an Indiana Coal Mine. This venture failed when the utility canceled the coal contract and Croff had to write off much of this investment in 1997, 1998 and 1999. In 1997, the Company leased several tracts of its perpetual mineral interests in Northeast Utah as drilling activity increased. Drilling and leasing activity nearly ceased on the Company's properties in 1998 and 1999 as oil and natural gas prices dropped.

Croff has one part-time employee, the President, and two Assistant Secretaries, who work for the Company as part of its contracted office space arrangement described in Item 13.

(b) Current Activities

In 1999 the Company did not purchase any new properties as it paid off debt and replenished its cash reserves. In 1998, the Company purchased six gas wells located in Oklahoma. The Company spent $208,000, primarily from its cash reserves, to buy these working interests. While the wells occasionally produce oil or condensate, these wells are primarily natural gas wells. Because of the low prices of oil and natural gas through mid-1999, the effect of this greater production was offset by low prices. Currently the Company's natural gas production is the largest it ever has been, and the Company has a positive cash flow.

In 1996, the shareholders voted to adopt changes in the capital structure of the Company in order to provide more liquidity to the shareholders. The purpose of this recapitalization was to allow the Company to pursue ventures outside of the oil and gas business while retaining the Company's core oil and natural gas assets. In order to do this, the Company created a class of Preferred B stock to which all of the perpetual mineral interests and other oil and gas assets were pledged. Thus the Preferred B stock represents the oil and gas assets of the Company and all other assets are represented by the common stock. Each common shareholder received an equal number of Preferred B shares, one for one, at the time of this restructuring of the capital of the Company.

The Preferred B shares are not publicly traded, but are bought and sold by shareholders privately. The Company provides, each year, a clearinghouse to assist shareholders wishing to trade Preferred B shares. Any shareholder or any outsider is able to bid and ask for the Preferred B shares of the Company. This process first took place in January and February of 1997, again in 1998, and 1999. In 1997, the sale of the Preferred B shares were closed at prices ranging from $.75 to $.90 per share. In 1998, the average price was approximately $1.00 per share. In 1997, approximately 13,500 shares were traded, and in 1998 approximately 30,000 were traded. In 2000, the clearinghouse was postponed until after the 1999 10-K was mailed to shareholders. This system provides some liquidity to the Preferred B shareholders, and is paid for by the Company without charge or commission to the shareholders.

In 1997, the Company wrote off a portion of the investment it had made in 1995 in a limited liability company with a coal mine in Indiana. This write off more than offset the cash flow from oil and gas production, resulting in a loss for the year.

The Board has adopted a policy of seeking a reverse merger partner which would involve merging a larger private company with Croff. This, however, is a long-term strategy. The Board intends to continue to search for a potential partner or acquisition, which would be of benefit to the common shareholders and create a public market for the common shares.

(c) Major Customers

Customers which accounted for over 10% of revenues were as follows for the years ended December 31, 1997, 1998 and 1999:

	1997	1998	1999
Oil and gas:			
Coastal Production Company *	23.0% *	13.9%	10.0%
Burlington Resources Oil and Gas Company	18.4%	10.4%	13.2%
Jenex Petroleum Corp.	----	21%	26.9%
Pennzoil Production Company	12.2%	----	-----

*Includes Coastal Production Company

(d) Financial Information About Industry Segments

The Company's operations presently consist of oil and gas production. During previous years the Company has generated revenues through the purchase and resale of oil and gas leasehold interests, however, no significant revenues were generated from this source for the last five years. Further information concerning the results of the Company's operations in this one industry segment can be found in the Financial Statements.

(e) Environmental and Employee Matters

The Company's interest in oil and gas operations are indirectly subject to various laws and governmental regulations concerning environmental matters, as well as employee safety and health within the United States. The Company does not believe that it has any direct responsibility for or control over these matters, as it does not act as operator of any oil or gas wells.

Oil and gas operations are subject to particular and extensive environmental concerns, hazards, and regulations. Among these regulations would be included the Toxic Substance Control Act; Resources Conservation and Recovery Act; The Clean Air Act; The Clean Water Act; The Safe Drinking Water Act; and The Comprehensive Environmental Response, Compensation and Liability Act (also known as Superfund). Oil and gas operations are also subject to Occupational Safety and Health Administration (OSHA) regulations concerning employee safety and health matters. The United States Environmental Protection Agency (EPA), OSHA, and other federal agencies have the authority to promulgate regulations that have an impact on all oil and gas operations.

In addition, various state and local authorities and agencies also impose and regulate environmental and employee concerns pertaining to oil and gas production, such as The Texas Railroad Commission. Often, though not exclusively, compliance with state environmental and employee regulations constitutes an exemption or compliance with federal mandates and regulations.

As indicated above, the Company does not have any direct control over or responsibility for insuring compliance with such environmental or employee regulations as they primarily pertain to the operator of oil and gas wells and leases. In no instances does the Company act as the operator. The effect of a violation by an Operator of a well in which the Company had a working interest would be that the Company may incur its pro-rata share of the cost of the violation.

The Company is not aware of any instance in which it was found to be in violation of any environmental or employee regulations or laws, and the Company is not subject to any present litigation or claims concerning such matters. In some instances the Company could in the future incur liability even as a non-operator for potential environmental waste or damages or employee claims occurring on oil and gas properties or leases in which the Company has an ownership interest.

ITEM 2. PROPERTIES

Oil and Gas Mineral Interests and Royalties

The Company owns perpetual mineral interests which total approximately 4,600 net mineral acres, of which approximately 1,100 net acres are producing. The mineral interests are located in 110,000 gross acres in Duchesne County, Utah, Wasatch and Carbon Counties in Utah, and approximately 40 net mineral acres in La Plata County, Colorado, and San Juan County, New Mexico.

In 1998-1999, there was a virtual halt to leasing on the Company's acreage due to declining petroleum prices. While the leasing had increased in 1996 and 1997, leasing activity came to a halt shortly after the first of 1998. Croff participated in royalties on two wells which were drilled in Duchesne County, Utah and one well in Wyoming. In addition, three small leases of 15.66 net acres, 6.8 net acres, and 50.69 net acres were drilled late in 1997, and the early part of 1998. These leases were for mineral interests in Duchesne County, Utah. As prices continued to drop throughout 1998, there was no further leasing or drilling activity on the Company's acreage.

After a period of approximately four years in which there was minimal leasing, the Company entered into four leases on acreage in Duchesne County, Utah, in 1997. This generated several thousand dollars in lease bonus revenue and should result in some production on this acreage in the next three years if the drilling is successful. In addition, the Company has received new royalty payments from development drilling on previously leased acreage in Northeast Utah.

As of December 31, 1999, the Company was receiving royalties from approximately 200 producing wells in the Bluebell-Altamont field in Duchesne and Uintah Counties, Utah. Because of the drastic drop in oil prices, there were only three wells started in 1998. Royalties also were received from scattered interests in Wyoming, Colorado, New Mexico, Alabama, and Texas. Oil and gas revenues to the Company, primarily from royalties, were approximately $214,000 in 1999, $194,000 in 1998 and $193,000 in 1997,. Natural gas production to the Company increased after the purchase of the Oklahoma gas wells, but the drop in prices offset the increase in production. Natural gas income increased from 1997, through 1998 to 1999 with increased gas sales from royalties on coal bed methane gas in San Juan County, New Mexico, and La Plata County, Colorado. Royalty income is contingent upon market demand, prices, producing capacity, rate of production, and taxes, none of which are in the control of the Company.

The most important factor to the Company's revenue and profit, is the price of oil and natural gas. Posted prices of oil dropped drastically during the period from late 1997 through mid-1999. Natural Gas prices were only about two-thirds of the 1997 price during 1998 and 1999. Most onshore U.S. production is uneconomic at these prices, so oil exploration in the continental U.S. was almost shut down. Oil and natural gas production is expected to expand in 2000 as drilling activity returns to pre-recession levels in the petroleum industry. Currently posted prices are over $25 a barrel for oil and over $2.00 an MCF for natural gas. Because much of Croff's natural gas is in the Rocky Mountains and Oklahoma, Croff's average price for natural gas is not as high as gas producers in Texas and the Gulf area receive.

Oil and Gas Working Interests

In 1999, the Company realized its largest natural gas revenues from the working interests in six Oklahoma natural gas wells it purchased in 1998. These wells are primarily natural gas but occasionally produce a load of oil. The Company paid the sum of $208,000 for minority working interests in the following leases. There are two wells in Woodward County, Oklahoma, a 13% working interest in the Harper #1 and a 16% working interest in the Miller well. There is one well in Caddo County, Oklahoma, a 22% working interest in the Fannie Brown well. In Kingfisher County, Oklahoma there are two wells, a 30% interest in the Dickerson and a 43% interest in the Mueggenborg. The sixth well in is LeFlore County, Oklahoma and is a 32% interest in the Duncan well. These wells were purchased from St. James Oil Company which is owned by the brother of the President of Croff. Jenex Operating Company which was owned one half by St. James Oil Ltd. was sold to Jenco Petroleum which is owned by Gerald Jensen, the President of Croff, in a separate transaction. Jenex Operating Company is the operator of the wells, and agreed to provide a credit of $150 per month per well against the operating expenses of these wells as a condition of purchase. The Dickerson and Mueggenborg sell natural gas through Conoco, and the Harper and Miller sell gas through KN Energy. The Fanny Brown sells its gas to Pan Energy Services, Inc., and the Duncan to AOG. The Company did not purchase any new working interests in oil and gas wells in 1999, because of low prices reducing cash flow, and this large purchase in 1998.

In 1997, the Company purchased an interest in seven wells. The Company increased its interest in the Rentuer oil and gas well in Wyoming, by purchasing a portion of Exxon's interest. The Company purchased an interest in a helium and gas well in Southeast Colorado. The Company also purchased a working interest in an oil well in North Dakota. In November of 1997, the Company purchased an interest in three gas wells in Michigan for approximately $50,000.

During 1996, the Company purchased an interest in the Rentuer well in Campbell County, Wyoming, and in the Jones well in Colorado. Both have been successful oil and gas producers. The Company sold its interest in the Anderson State well in North Dakota and in the Taylor-Ina field in Medina County, Texas. Overall, this increased the Company's cash reserves to approximately $200,000 by the end of 1996.

In 1995, the Company purchased a working interest in the Ash Unit in Campbell County, Wyoming. This is a pooled field which has operating costs equal to about one-half of the net revenue. The Company invested primarily in a note secured by a coal mine in 1995 and thus purchased less oil and natural gas leases.

Except for purchasing a small interest in the drilling of one well in 1991, one well in 1995, and a well in 1997, the Company has not engaged in drilling activity. The Company has participated, in the last five years, in the reworking of four existing wells, three in Utah and one in North Dakota. The Company generally participates in new wells drilled by other operators as a royalty owner. A royalty owner generally receives a smaller interest, but does not share in the expense of drilling or operating the wells.

ESTIMATED PROVED RESERVES,

FUTURE NET REVENUES AND PRESENT VALUES

The Company's interests in proved developed and undeveloped oil and gas properties have been evaluated by management for the fiscal years ending December 31, 1999, 1998, and 1997. All of the Company's revenues are located within the continental United States. The following table summarizes the Company's estimate of proved oil and gas reserves at December 31, 1999, 1998, and 1997.

Reserve Category

As of 12/31	Proved Developed Oil (Bbls)	Gas (Mcf)	Proved Undeveloped Oil (Bbls)	Gas (Mcf)	Total Oil(Bbls)	Gas (Mcf)
1997	39,339	301,343	12,612	13,423	51,951	314,766
1998	36,686	410,651	12,612	13,423	49,298	424,074
1999	30,944	473,728	10,640	11,323	41,584	485,051

The Company purchased natural gas reserves in 1998, and drilling activity increased on the Company's coal gas methane acreage during 1996-1998.

The estimated future net reserves (using December 31 prices and costs for each respective year), and the present value of future revenues (discounted at 10%); for the company's proved developed and proved undeveloped oil and gas reserves, for the years ended December 31, 1997, 1998, and 1999 are summarized as follows:

As of 12/31	Proved Developed Future Net Revenue	Present Value Future Revenue	Proved Undeveloped Future Net Revenue	Present Value of Future Net Revenue	Total Future Net Revenue	Present Value of Future Net Revenue
1997	$970,392	$629,784	$199,701	$129,606	$1,170,093	$ 759,390
1998	$892,795	$579,423	$147,038	$ 95,428	$1,039,83	$ 674,851
1999	$1,170,625	$759,735	$178,508	$115,852	$1,349,133	$ 875,587

"Proved developed" oil and gas reserves are reserves that can be expected to be recovered from existing wells with existing equipment and operating methods. "Proved undeveloped" oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relative major expenditure is required for recompletion.

For additional information concerning oil and gas reserves, see Supplemental Information - Disclosures about Oil and Gas Producing Activities - Unaudited, included with the Financial Statements filed as a part of this report.

Since December 31, 1998, the Company's has not filed any estimates of its oil and gas reserves with, nor were any such estimates included in any reports to, any state or federal authority or agency, other than the Securities and Exchange Commission.

Oil and Gas Acreage

During the last five fiscal years, the Company decreased its holdings in undeveloped oil and gas leases and generally retained its holdings in developed oil and gas leases. The Company's acreage position was relatively static during the fiscal years ending December 31, 1997, 1998, and 1999.

"Developed acreage" consists of lease acreage spaced or assignable to production on wells having been drilled or completed to a point that would permit production of commercial quantities of oil or gas. "Gross acreage" is defined as total acres in which the Company has any interest; "Net acreage" is the actual number of mineral acres in which the mineral interest is owned entirely by the Company. All developed acreage is held by production.

The acreage is concentrated in Utah, Texas, Oklahoma, Michigan, and Alabama and is widely dispersed in Colorado, Montana, New Mexico, North Dakota, and Wyoming.

COMPANY'S INTEREST IN PRODUCTIVE WELLS
(Gross and Net)

The following table shows the Company's interest in productive wells as of December 31, 1999.

Oil Wells (1) Gross	Net	Gas Wells (2) Gross	Net
208	1.81	42	2.1

(1) Primarily located in the Bluebell-Altamont field in Northeastern Utah. These wells include some natural gas production, but are primarily oil wells.

(2) Primarily located in Rio Blanco and LaPlata Counties, Colorado, Beaver, Woodward and Kingfisher Counties, Oklahoma, San Juan County, New Mexico, Otsego County, Michigan, and Duchesne and Uintah Counties, Utah.

HISTORICAL PRODUCTION TO COMPANY

The following table shows approximate net production to the

Company of crude oil and natural gas for the years ended December 31, 1997, 1998, and 1999:

	Crude Oil (Barrels)	Natural Gas (Thousands of Cubic Feet) MCF
Year Ended December 31, 1997:	5,295	46,222
Year Ended December 31, 1998:	5,278	65,673
Year Ended December 31, 1999:	4,610	74,300

There are no delivery commitments with respect to the above production of oil and natural gas, since Croff is not the operator, but allows the operator to contract for delivery. The Company is unaware of the circumstances of any delivery commitments on royalty wells.

AVERAGE SALES PRICE AND COSTS BY GEOGRAPHIC AREA

The following table shows the approximate average sales price per barrel (oil) and Mcf (1000 cubic feet of natural gas), together with production costs for units of production for the Company's production revenues for 1997, 1998, and 1999.

	1997	1998	1999
Average sales price per bbl of oil	$18.55	$11.74	$16.65
Average production cost per bbl	$ 4.24	$ 5.57	$ 5.82
Average sales price per Mcf of natural gas	$ 2.03	$ 1.81	$ 1.95
Average production cost per Mcf of natural gas	$ .40	$ .61	$ .53

The average production cost for oil was higher in 1999, when compared to 1998, $5.82 per barrel in 1999 and $5.57 per barrel in 1998. The Company had a greater percentage of income from working interests, resulting in the slightly higher price. In 1999, after oil prices increased, there were higher production taxes due to higher oil prices.

The average production cost for natural gas decreased in 1999 due to higher production rates because of higher prices. This results in fixed monthly costs being spread over a greater flow reducing costs per MCF. The increase in royalty gas reduces the average cost per MCF, as well.

The average production cost for natural gas dropped in 1999, due in part to more royalty gas from San Juan County, New Mexico. The cost of production for natural gas was $ .53 in 1999, $ .61 in 1998, $ .40 in 1997. This was caused by increased sales of natural gas offset somewhat by more production coming from working interest wells.

The Company's oil and gas operations are conducted by the Company through its corporate headquarters in Denver, Colorado.

Mining Interests

The Company currently has no mining operations on its perpetual mineral interests.

Corporate Offices and Employees

The corporate offices are located at 621 17th Street, Suite 830, Denver, Colorado 80293. The Company is not a party to any lease but currently pays $1,600 a month to Jenex Operating Company, which is owned by the Company's president, for office space and all office services, including rent, phone, office supplies, secretarial, land, and accounting. The Company's expenses for these services are approximately $20,000 per year. The Company is continuing this arrangement on a month-to-month basis. The Company believes this arrangement is below true market rate for equivalent facilities and services.

The Company currently has five (5) directors. The Company has one part time employee, the President, and two assistant secretaries on a contract basis employed at the Company's corporate offices. None of the officers or employees are represented by a union.

Foreign Operations and Subsidiaries

The Company has no foreign operations, exports, or subsidiaries.

ITEM 3. LEGAL PROCEEDINGS

There are no legal actions of a material nature in which the Company is engaged.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company did not to hold a shareholders meeting in 1999, thus there was no vote of securities holders in 1999.

ITEM 5. MARKET FOR REGISTRANT'S SECURITIES AND RELATED STOCKHOLDER MATTERS

On February 28, 1996, the shareholders approved the issuance of the Preferred B stock to be issued to each common shareholder on the basis of one share Preferred B for each share of common stock. The Company in the fourth quarter of 1996 issued all of the Preferred Shares and delivered the Preferred B shares to each of the shareholders for which it had a current address. The Preferred B shares have an extremely limited market, but are traded through a clearinghouse held by the Company from December through February of each year, except 1999-2000, when the clearinghouse will be held in May and June 2000. The Company established a bid and ask format, whereby any shareholder could submit a bid or ask price for each Preferred B share. During the first bid and ask period in 1997, bids of $.75 were received and asked prices of $.75 and $.90 were received, and 13,365 Preferred B shares were traded at $.75 or $.90. In 1998, the bid prices received were $.90-$1.00 and approximately 31,110 shares were traded at this price. The Company is acting as its own transfer agent, with respect to these Preferred B shares only. In the wake of the disastrous oil market in 1998, bids for only 550 shares were received to purchase the Preferred B shares in 1999. The clearinghouse for 2000 was postponed until May 1-June 30,2000.

In November 1991, the Common Stock was reversed split, 1:10, and a trading range of approximately $1.00 bid to $1.10 was established and prevailed for approximately four years. A few transactions were conducted in the pink sheets, but the stock was not listed on any exchange and did not qualify to be listed on the NASDAQ small cap exchange. Therefore, there has been almost no trading in the Company's securities during the last five years. The Company has purchased common stock on an unsolicited basis during this period at a price of $1.00-$1.20 per share and certain limited transactions known to the Company were traded within this same range. The chart below shows the limited trading of which the Company is aware during the last three years.

The trading range for 1998-1999 is shown for Preferred shares and common shares as a guide to the shareholders as to what transactions have either taken place or of which the Company is aware of the bid or ask price. One of the principal reasons for issuance of the Preferred B shares, was to attempt to use the common shares of the Company to grow the Company to a size whereby an active trading market will develop.

COMMON SHARES - 526,315 SHARES OUTSTANDING
BID RANGE

	Calendar Quarter	Bid	Asked
1997:	First Quarter	$.50 (4)	$.75 (4)
	Second Quarter	$.50 (4)	$.75 (4)
	Third Quarter	$.50 (4)	$.75 (4)
	Fourth Quarter	$.50 (4)	$.75 (4)
1998:	First Quarter	$.65 (4)	$.75 (4)
	Second Quarter	$.65 (4)	$.75 (4)
	Third Quarter	$.65 (4)	$.75 (4)
	Fourth Quarter	$.75 (4)	$.85 (4)
1999:	First Quarter	$.75 (4)	$.85 (4)
	Second Quarter	$.95 (4)	$1.00 (4)
	Third Quarter	$.75 (4)	$.90 (4)
	Fourth Quarter	$.65 (4)	$.80 (4)

Only a few transactions resulting in the transfer of stock took place in 1997, 1998 or 1999.

(1) The restricted Preferred B shares were first issued in 1996, and trade in a Company sponsored clearinghouse from December-February of each year, so the 1997 and prices subsequent reflect the common share price to which the Preferred B price must be added to compare earlier periods.

As of December 31, 1999, there were approximately 1,100 holders of record of the Company's common stock. The Company has never paid a dividend and has no present plan to pay any dividend.

PREFERRED "B" SHARES- 500,659 SHARES OUTSTANDING

BID RANGE

	Calendar Quarter	Bid	Asked
1997:	First Quarter	$.75-$.90	$.90
	Second Quarter	No Trading	No Trading
	Third Quarter	No Trading	No Trading
	Fourth Quarter	$.75-$.90	$1.00
1998:	First Quarter	$.90	$1.00
	Second Quarter	No Trading	No Trading
	Third Quarter	No Trading	No Trading
	Fourth Quarter	$.85	$.90
1999:	First Quarter	$.85	$.90
	Second Quarter	No Trading	No Trading
	Third Quarter	No Trading	No Trading
	Fourth Quarter	No Trading	No Trading

ITEM 6. SELECTED FINANCIAL DATA

Fiscal Year Ended December 31:

	1995	1996	1997	1998	1999
REVENUES					
Operations					
Oil and Gas	$195,834	$216,870	$193.099	$193,971	$214,190
Other Revenues	$ 9,596	27,181	$ 14,790	$ 4,417	$ 4,115
Expenses	$173,919	$170,258	$220.627	$ 213,970	$205,857
Net Income	$ 31,511	$ 73,793	$(12,738)	$(15,582)	$ 12,430
Per Common Share	$ .06	$ .14	$ (.12)	$ .01)	$ *
Working capital	$ 26,457	$226,367	$205,339	$ 1,866	$ 90,697
Long-term debt	--	--	--	--	--
Total assets	$505,018	$515,704	$504,875	$508,847	$498,162
Stockholders' equity	$440,527	$510,880	$497,892	$458,123	$480,353
Dividends per share	NONE	NONE	NONE	NONE	NONE

* - Less than .01 per share

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

This Form 10-K includes "forward-looking" statements about future financial results, future business changes and other events that haven't yet occurred. For example, statements like we "expect," we "anticipate" or we "believe" are forward-looking statements. Investors should be aware that actual results may differ materially from our expressed expectations because of risks and uncertainties about the future. We will not necessarily update the information in this Form 10-K if any forward-looking statement later turns out to be inaccurate. Details about risks affecting various aspects of our business are discussed throughout this Form 10-K. Investors should read all of these risks carefully.

Results of Operations

Oil and gas sales in 1999 were $214,190 compared to $193,971 in 1998. This increase was due to a full year of natural gas production from the working interests purchased in Oklahoma in 1998. A second factor resulting in this increase was the higher prices for oil and natural gas which began in the second quarter of 1999 and increased through the fourth quarter of 1999. The average prices in the fourth quarter of 1999 were almost double the oil prices received in the first quarter of 1999. The natural gas prices increase moderately by approximately $ 0.50 per MCF during the year. The significant increase in oil and natural gas sales occurred during the latter half of 1999.

Oil and gas sales in 1998 were aided by a slight increase in oil production and a 50% increase in natural gas production. However, total sales barely increased over the 1997 sales figures due to oil prices dropping nearly in half from late 1997 levels and natural gas prices dropping around 20%. Oil and gas sales were $193,971 in 1998, compared to $193,099 in 1997. The increased production came from purchased working interests with higher operating costs, so net income from oil and gas production fell. The share of production revenues from natural gas increased to about 65% of oil and gas revenues.

Oil and gas sales for the fiscal year ended December 31, 1997, decreased from $216,870 in 1996 to $193,099 in 1997. This decrease was due to the steep decline in oil prices. Natural gas sales increased primarily from increased sales from coal seam gas in New Mexico. Oil sales decreased due to the natural decline in the fields.

Lease operating expenses and production taxes decreased slightly from $68,981 in 1998 to $66,532 in 1999. Because of the low oil and gas prices there were no significant work-overs in 1999. However, during the latter half of 1999 production taxes increased significantly as the price of oil approximately doubled from the first quarter of 1999 to the final quarter of 1999. Thus, while there was some increase in the average cost of taxes in 1999, this was more than offset by the shut-in production during the first part of the year and the lower level of work-overs in maintenance on wells due to the low prices.

Operating expenses increased significantly in 1998, when compared to 1997, due principally to two factors. The First was due to the purchase of six new wells in Oklahoma. Due to these new wells, depletion and depreciation almost doubled, from $21,108 in 1997, to $39,577 in 1998. The cost of operating these wells was also high, with production taxes and operating cost increases almost $30,000 from the six new wells, which was then offset by the operating expense rebate on these six wells. The remaining operating cost increases came from an increase in workover expenses, which were higher in 1998 than in 1997.

Operating expenses, including production taxes, in the fiscal year ending December 31, 1997, were $40,824 compared to $58,356 in 1996. This decrease was due to less workover expenses in 1997, the sale of higher operating cost oil wells, and the purchase of lower operating cost natural gas wells. During 1997 production increases were being offset by lower prices.

General and administrative expenses decreased in 1999 from $75,467 in 1998 to $68,264 in 1999. This decrease was due to not holding an annual meeting in 1999 and saving the expenses of the annual report and mailing during 1999. These expenses are expected to increase in the year 2000 as the annual report and annual meeting are held in the spring of year 2000. Other income decreased in 1999, due to lower interest income received in 1999 and no leasing income. Lease bonus income was flat for both years as leasing activity essentially ceased during 1998 and 1999.

General and administrative expenses decreased slightly from $79,495 in 1997 to $75,467 in 1998. This small decrease was due to holding an annual meeting late in 1997, and deferring the next shareholder's meeting until 2000. The Company also incurred interest expense in 1998 of $5,745 due to the one year borrowing for the natural gas purchase, versus no interest expense in 1997. Other income in 1997 included interest from the Company's cash reserves which were expended for oil and gas purchases and Preferred B stock repurchases in 1998. The Company's other income of $7,505 in 1998 included lease bonus income, interest and dividends income, and gains on stock sales.

General and administration expenses increased from $73,673 in 1996 to $79,495 in 1997. The principal reason for this increase was a raise of $6,000 per year to the President. The President's salary had not been increased in over ten years and the Board of Directors raised it, effective April 1, 1997. Other income increased due to interest on cash and dividends on stock and lease bonus income.

Year 2,000 Disclosure

The Company experienced no problems with respect to the year 2000 with its computer systems.

Capital Resources and Liquidity

At December 31, 1999, the Company's current assets totaled $108,506 compared to current liabilities of $17,809. This compared to current assets of $52,590 at December 31,1998, and current liabilities of $50,724. This increase in the Company's working capital position was due to the paying off of the Company's note in 1999 and the increased production from the natural gas wells which were purchased in 1998 using a significant portion of the Company's cash and a Bank Note. The Company's current ratio of 6:1 and ratio of current assets to current liabilities is expected to increase as the Company continues to accumulate cash for its common stock account. This cash was utilized to purchase oil and gas assets in 1998 which were pledged to the preferred B stock.

At December 31, 1998, the Company's current assets totaled $52,590 and its current liabilities totaled $50,724 for a working capital position of $1,866. This drastic decrease in the Company's working capital position in 1998 was due to the use of cash to purchase the six natural gas wells, and the short term borrowing of $90,000. The final payment on this debt was made in March 1999. The drop in oil and natural gas prices resulted in the Company depleting its cash resources to a greater extent than anticipated by management.

At December 31, 1997, the Company's current assets totaled $212,322 and the Company's current liabilities totaled $6,983, for a working capital position of $205,339. This liquidity decreased from $226,367 at December 31, 1996, to the $205,339 at December 31, 1997. This decrease was due to the Company purchasing oil and gas wells during 1997. The Company's current ratio was in excess of 30:1 during 1996 and 1997.

The Company intends to pay down payables and accumulate cash during year 2000. The Company would expect that future cash positions and liquidity will be dependent upon its success in doing a merger, acquisition, or reverse acquisition, and the amount of oil and gas properties it buys.

Because the Company's revenues are primarily from royalty payments and the Company does not have significant operating expenses, inflation is favorable to the Company.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See index to financial statements, financial statement schedules, and supplemental information, beginning with Page 24 (F-1) hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Identification of Directors, Officer and Significant Employees.

The Croff Board consists of Gerald L. Jensen, Dilworth A. Nebeker, Richard H. Mandel, Edwin W. Peiker, and Julian D. Jensen. Each director will serve until the next annual meeting of shareholders, or until his successor is duly elected and qualified. The following is provided with respect to each officer and director of the Company as of March 1, 2000.

GERALD L. JENSEN, 60, PRESIDENT AND DIRECTOR
President of Croff Oil Company since October 1985. Mr. Jensen has been an officer and director of Jenex Petroleum Corporation, a private oil and gas company for over ten years. In 1999, Mr. Jensen became Chairman of Online Launch, Inc., a private internet incubator company. Mr. Jensen was a director of Pyro Energy Corp., a public company (N.Y.S.E.) engaged primarily in coal production, from 1978 until the Company was sold in 1989. Mr. Jensen is also an owner of private real estate, development, and oil and gas companies.

RICHARD H. MANDEL, JR., 70, DIRECTOR
Since 1982, Mr. Mandel has been President and a Board Member of American Western Group, Inc., an oil and gas producing company in Denver, Colorado. From 1977 to 1984, he was President of Universal Drilling Co., Denver, Colorado.

DILWORTH A. NEBEKER, 59, DIRECTOR
Mr. Nebeker served as President of Croff from September 2, 1983 to June

24, 1985, and has been a director of Croff since December 1981. He has been a lawyer in private practice for the past ten years. Prior thereto, he was a lawyer employed by Tosco Corporation, a public corporation, from 1973 to 1978. He was a lawyer with the Securities and Exchange Commission from 1967 to 1973.

EDWIN W. PEIKER, JR., 68, DIRECTOR AND SECRETARY
Mr. Peiker was President of Royal Gold, Inc., from 1988 through 1991, and continues to be a director. Since 1986, Mr. Peiker has been a Vice President and Director of Royal Gold, Inc., a public company engaged in gold exploration and mining activities. Prior thereto he was involved in private investments in oil and gas exploration and production. Mr. Peiker was employed in responsible positions with AMAX, Inc., a public corporation, from 1963 to 1983. AMAX is primarily engaged in mine evaluation and resource analysis.

JULIAN D. JENSEN, 52, DIRECTOR
Mr. Jensen is the brother of the Company's president and has served as legal counsel to the Company for the past seven years. Mr. Jensen has practiced law, primarily in the areas of corporate and securities law, in Salt Lake City, Utah, since 1975. Mr. Jensen is currently associated with the firm of Jensen, Duffin, Carman, Dibb & Jackson, which acts as legal counsel for the Company.

The Company has no knowledge of any arrangements or understandings between directors or any other person pursuant to which any person was or is to be nominated or elected to the office of director of the Company.

ITEM 11 EXECUTIVE COMPENSATION

Remuneration

During the fiscal year ended December 31, 1999, there were no officers, employees or directors whose total cash or other remuneration exceeded $60,000.

Summary Compensation Table
1999 Compensation of C.E.O. (1)

Salary	Bonus	Other	Stock Options	Total All Compensation
$51,000 per annum	0	0	No new options	$51,000

Gerald L. Jensen is employed part time as the President and C.E.O. of Croff Enterprises, Inc.

(1) Effective March 20, 1997, the President's salary was increased to $54,000 per year. In addition, the Company will contribute 3% of his salary to a Simple IRA Plan.

Directors, excluding the President, are not paid a set salary by the Company, but are paid $350 for each half-day board meeting and $500 for each full-day board meeting.

Proposed Remuneration

During the current fiscal year, the Company intends to compensate outside directors at the rate of $350 for a half day meeting and $500 for a full day meeting.

Based on the current remuneration, for the fiscal year ending December 31, 2000, no officer or director shall receive total cash remuneration in excess of $60,000.

Options, Warrants or Rights

Directors were authorized and issued stock warrants in 1991, that essentially provide each director a warrant to purchase 10,000 shares of the Company's stock at $1.00 per share through 1995. The President's warrant is for 20,000 shares. The warrants to purchase stock were extended for four more years at the Board of Directors meeting on November 1, 1995. The warrants were again extended for two years at the Board Meeting on December 15, 1999. No stock options were granted in the fiscal year ending December 31, 1999. During 1999, warrants to purchase 10,000 shares were exercised.

The chart below sets out the terms and value of the above warrants to all officers and directors, none of which have been exercised.

Officers and Directors Warrants and Compensation (1999)

Warrant to Buy
Termination date
Date
Exercise Price
Current Value (Estimated) (1)
Director Compensation (2)

Directors (Excluding President):

10,000
Shares

12/31/01

$1.00

$ 9,500

$ 1,050
President and Director:
20,000
Shares
12/31/01
$1.00
$19,000
$53,625

(1) Based on a current stock price of $1.00 for Preferred B shares and $.95 for common shares for a total estimated value of $1.95, over option price of $1.00 per share. There is no market for the warrants and an extremely limited market for stock.

(2) Director compensation based on holding three one half day meetings per year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(b) Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the beneficial ownership of Common stock of the Company as of December 31, 1999, by (a) each person who owned of record, or beneficially, more than five percent (5%) of the Company's $.10 par value common stock, its common voting securities, and (b) each director and nominee and all directors and officers as a group.

	Shares Beneficially Owned	Percentage of Class of Stock
Jensen Development Company 621 17th Street, Suite 830 Denver, Colorado 80293	132,130 (1)	25.10%
Gerald L. Jensen 621 17th Street, Suite 830 Denver, Colorado 80293	81,215 (2)	14.87%
Edwin W. Peiker, Jr. 550 Ord Drive Boulder, Colorado 80401	14,000 (2)	2.61%
Dilworth A. Nebeker 201 East Figueroa Street Santa Barbara, California 93101	1,300	.25%
Richard H. Mandel, Jr. 3333 E. Florida #94 Denver, Colorado 80210	10,100 (2)	1.88%
Julian D. Jensen 311 South State Street, Suite 380 Salt Lake City, Utah 84111	46,532 (2)(3)	8.68%
Directors as a Group	285,277	49.5%

(1) Jensen Development Company is primarily owned by Gerald L. Jensen

(2) Includes a warrant to purchase 10,000 shares of the Company's stock at $1.00 per share, expiring December 31, 2001. Mr. Gerald L. Jensen's warrant is for 20,000 shares. On Nov,1999, the warrant of Dan Nebeker, which had been assigned to Gerald L. Jensen, was exercised..

(3) Includes shares held in Jensen Family Trust (31,532) in which Julian D. Jensen is the Trustee and approximate 43% beneficial owner. Mr. Gerald L. Jensen holds an approximate 38% beneficial interest in these Trusts.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company currently is in an office sharing arrangement with Jenex Petroleum Corporation, hereafter "Jenex", a company formerly owned 50% by the President, Gerald L. Jensen, which in 1998 was acquired 100% by Mr. Jensen. Jenex provides offices, phones, office supplies, computers, photocopier, fax, and all normal and customary office services. In addition, the Company shares an accountant and two assistant secretaries who are paid by Jenex. Jenex also provides assistance from a geologist. Croff currently reimburses Jenex $1,600 per month for all of these expenses. These arrangements were entered into in order to reduce the Company's overhead. The Company is currently continuing this arrangement on a month-to-month basis. Jenex provides similar services to Jenex Operating Company of Texas, Inc. for $6,500 per month, a Company in which the President owns a 50% interest. In the opinion of management, the amounts paid by Croff to Jenex for the personnel, office, equipment use, and other services are below the cost for such items if independently obtained.

The Company retains the legal services of Jensen, Duffin, Carman, Dibb & Jackson. Julian Jensen, a director, as a professional corporation, is part of this association. Legal fees paid to this law firm for the years ending 1999,1998, and 1997 are, respectively, $329, $525 and $2,086.

Effective April 1, 1998, the Company purchased six working interests in Oklahoma natural gas wells from St. James Oil Ltd. a company owned by a brother ofthe Company's President. The price of $208,000 was slightly less than an unaffiliated parties offer, to St. James Oil Ltd. which offer, however, included the third party taking over operations from Jenex. As part of this transaction, Gerald Jensen, the Company's President, purchased the one half ownership of Jenex which he did not already own, and Jenex then retained operations of these wells, but agreed to rebate to Croff $150 of the operating fees per well, each month, or a total of $900 per month as long as Jenex operated the wells and Croff retained its interest. Croff then agreed to purchase the wells for $208,000. This acquisition was approved by the Board of Directors in March 1998, with the President abstaining from the vote.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) Financial Statements. See index to financial statements, financial statement schedules, and supplemental information as referenced in Part II,. Item 8, and the financial index on Page F-1 hereof. These reports are attached as Exhibits and are incorporated herein.

Reports on Form 8-K

None

Exhibit Index

Report of Independent Certified Public Accountants

Note Agreement with Union Bank

Croff Purchase Agreement

Assignment of Oil, Gas, and Mineral Lease

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on behalf by the undersigned, thereunto duly authorized.

REGISTRANT:

CROFF ENTERPRISES, INC.

Date: March 30, 2000	By: /S/Gerald L. Jensen Gerald L. Jensen, President, Chief Executive Officer
Date: March 30, 2000	By: /S/ Beverly Licholat Beverly Licholat, Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Date: March 30, 2000	By: /S/Gerald L. Jensen Gerald L. Jensen, President
Date: March 30, 2000	By: /S/ Richard H. Mandel Richard H. Mandel, Jr., Director
Date: March 30, 2000	By: /S/ Edwin Peiker Edwin Peiker, Jr., Director
Date: March 30, 2000	By: /S/ Dilworth A. Nebeker Dilworth A. Nebeker, Director
Date: March 30, 2000	By: /S/ Julian D. Jensen Julian D. Jensen, Director

CROFF ENTERPRISES, INC.

FINANCIAL STATEMENTS

December 31, 1998 and 1999

WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

CROFF ENTERPRISES, INC.
INDEX TO FINANCIAL STATEMENTS, SCHEDULES
AND SUPPLEMENTAL INFORMATION

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
Croff Enterprises, Inc.

We have audited the balance sheet of Croff Enterprises, Inc. at December 31, 1998 and 1999, and the related statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Croff Enterprises, Inc. as of December 31, 1998 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

Denver, Colorado
March 17, 2000

CAUSEY DEMGEN & MOORE INC.

CROFF ENTERPRISES, INC.
BALANCE SHEET
December 31, 1998 and 1999

ASSETS

	1998	1999
Current assets:		
Cash and cash equivalents	$ 14,294	$ 57,716
Marketable equity securities	3,125	4,375
Accounts receivable:		
Oil and gas purchasers	32,271	43,915
Refundable income taxes	2,900	2,500
Total current assets	52,590	108,506
Oil and gas properties, at cost, successful efforts method:		
Proved properties	636,595	628,560
Unproved properties	97,102	97,102
	733,697	725,662
Less accumulated depletion and depreciation	(288,717)	(336,006)
Net property and equipment	444,980	389,656
Coal investment (Note 2)	11,277	-
	$508,847	$498,162

See accompanying notes.

CROFF ENTERPRISES, INC.
BALANCE SHEET
December 31, 1998 and 1999

LIABILITIES AND STOCKHOLDERS' EQUITY

	1998	1999
Current liabilities:		
Note payable - bank (Note 3)	$ 23,369	$ -
Accounts payable	19,290	14,451
Accrued liabilities (Note 4)	8,065	3,358
Total current liabilities	50,724	17,809
Stockholders' equity (Note 5):		
Class A preferred stock, no par value; 5,000,000 shares authorized, none issued	-	-
Class B preferred stock, no par value; 520,000 shares authorized, 490,859 shares (1998) and 500,659 shares (1999) issued and outstanding	329,559	350,359
Common stock, $.10 par value; 20,000,000 shares authorized, 579,143 shares (1998) and 589,143 shares (1999) issued	57,914	58,914
Capital in excess of par value	552,797	540,797
Accumulated deficit	(399,251)	(386,821)
	541,019	563,249
Less treasury common stock at cost, 62,828 shares (1998 and 1999)	(82,896)	(82,896)
Total stockholders' equity	458,123	480,353
	$508,847	$498,162

See accompanying notes.

CROFF ENTERPRISES, INC.
STATEMENT OF OPERATIONS
For the years ended December 31, 1997, 1998 and 1999

	1997	1998	1999
Revenue:			
Oil and gas sales (Note 8)	$193,099	$193,971	$214,190
Gain (loss) on disposal of oil and gas properties	-	(3,088)	2,563
Other income	14,790	7,505	1,552
Total revenue	207,889	198,388	218,305
Costs and expenses:			
Lease operating expense and production taxes	40,824	68,981	66,532
General and administrative (Note 4)	79,495	75,467	68,264
Rent expense - related party (Note 4)	17,200	19,200	19,200
Depreciation and depletion	21,108	39,577	48,665
Interest	-	5,745	395
Write down of coal investment (Note 2)	62,000	5,000	2,819
Total costs and expenses	220,627	213,970	205,875
Net income (loss) (Note 6)	(12,738)	(15,582)	12,430
Net income (loss) applicable to preferred stock (Note 5)	49,262	(10,582)	14,000
Net loss applicable to common shareholders	$(62,000)	$ (5,000)	(1,570)
Basic and diluted net loss per common share (Note 7)	$ (.12)	$ (.01)	$ (*)

* - less than $.01 per share

See accompanying notes.

CROFF ENTERPRISES, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
For the years ended December 31, 1997, 1998 and 1999

	Preferred stock		Common stock		Capital in excess of par value	Treasury stock	Accumulated deficit
	Shares	Amount	Shares	Amount			
Balance, December 31, 1996	516,505	$233,744	579,143	$57,914	$672,799	$(82,646)	$(370,931)
Purchase of 200 shares of treasury stock	-	-	-	-	- -	(250)	-
Net loss for the year ended December 31, 1997	-	-	-	-	- -	-	(12,738)
Preferred stock reallocation (Note 5)	-	130,584	-	-	(130,584)	-	-
Balance, December 31, 1997	516,505	364,328	579,143	57,914	542,215	(82,896)	(383,669)
Purchase and retirement of 25,646 shares of preferred stock	(25,646)	(24,187)	-	-	- -	-	-
Net loss for the year ended December 31, 1998	-	-	-	-	- -	-	(15,582)
Preferred stock reallocation (Note 5)	-	(10,582)	-	-	10,582	-	-
Balance, December 31, 1998	490,859	329,559	579,143	57,914	552,797	(82,896)	(399,251)
Stock warrants exercised	10,000	7,000	10,000	1,000	2,000	-	-
Purchase and retirement of shares of preferred stock	(200)	(200)	-	-	- -	-	-
Net income for the year ended December 31, 1999	-	-	-	-	- -	-	12,430
Preferred stock reallocation (Note 5)	-	14,000	-	-	(14,000)	-	-
Balance, December 31, 1999	500,659	$ 350,359	589,143	$ 58,914	$540,797	$(82,896)	$(386,821)

See accompanying notes.

CROFF ENTERPRISES, INC.
STATEMENT OF CASH FLOWS
For the years ended December 31, 1997, 1998 and 1999

	1997	1998	1999
Net income (loss)	$(12,738)	$(15,582)	$ 12,430
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and depletion	21,108	39,577	48,665
(Gain) loss on disposal of properties	-	3,088	(2,563)
(Gain) loss on marketable equity securities	(1,377)	(2,438)	(1,250)
Loss on write down of investment	62,000	5,000	2,819
Change in assets and liabilities:			
Accounts receivable	6,374	(5,419)	(11,244)
Accounts payable	1,214	14,912	4,383
Accrued liabilities	945	5,460	(4,707)
Total adjustments	90,264	60,180	36,103
	77,526	44,598	48,533
Purchase of oil and gas interests	(95,404)	(211,369)	-
Purchase of marketable equity securities	(3,810)	-	-
Proceeds from sale of marketable equity securities	-	15,000	-
Distributions from coal investment	4,256	-	8,458
Net cash provided by (used in) investing activities	(94,958)	(196,369)	8,458
Exercise of stock warrant	-	-	10,000
Purchase of preferred stock	-	(24,187)	(200)
Purchase of treasury stock	(250)	-	-
Proceeds from note payable	-	90,000	-
Repayment of note payable	-	(66,631)	(23,369)
Net cash used in financing activities	(250)	(818)	(13,569)
Increase (decrease) in cash	(17,682)	(152,589)	43,422
Cash and cash equivalents at beginning of year	184,565	166,883	14,294
Cash and cash equivalents at end of year	$ 166,883	$ 14,294	$ 57,716

Supplemental disclosure of cash information:

During the years ended December 31, 1997, 1998 and 1999, the Company paid cash for interest in the amount of $0, $5,745 and $395, respectively.

See accompanying notes.

CROFF ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 1997, 1998 and 1999

1. Summary of significant accounting policies

Croff Enterprises, Inc. (the Company) is engaged primarily in the business of oil and gas exploration and production, primarily through ownership of perpetual mineral interests in Oklahoma, Utah, Colorado and New Mexico, and acquisition of oil and gas leases.

A summary of the Company's significant accounting policies is as follows:

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments:

The carrying amount of cash, cash equivalents and note payable - bank is assumed to approximate fair value because of the short maturities of those instruments.

Marketable equity securities:

The Company has adopted Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities, which provides for reporting certain equity securities at fair value, with unrealized gains and losses included in earnings. The aggregate cost of marketable equity securities was $1,663 at December 31, 1998 and 1999, respectively.

Accounts receivable:

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Oil and gas property and equipment:

The Company follows the "successful efforts" method of accounting for its oil and gas properties. Under this method, all property acquisition costs and costs of exploratory and development wells are capitalized when incurred, pending determination of whether the well has proven reserves. If an exploratory well does not result in reserves, the capitalized costs of drilling the well, net of any salvage, are charged to expense. The costs of development wells are capitalized, whether the well is productive or nonproductive.

1. Summary of significant accounting policies (continued)

The Company annually evaluates the net present value of future cash flows, by lease, and records a loss if necessary, when net book value exceeds projected discounted cash flow. The acquisition costs of unproved properties are assessed periodically to determine whether their value has been impaired and, if impairment is indicated, the costs are charged to expense.

Geological and geophysical costs and the costs of carrying and retaining undeveloped properties (including delay rentals) are expensed as incurred. Capitalized costs are amortized on a units-of-production method based on estimates of proved developed reserves.

Income taxes:

The provision for income taxes is based on earnings reported in the financial statements. Deferred income taxes are provided using a liability approach based upon enacted tax laws and rates applicable to the periods in which the taxes become payable.

Coal investment:

The investment was initially recorded at cost. Revenues and distributions are recorded using the cost recovery method (see Note 2).

Cash equivalents:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of credit risk:

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and trade receivables. The Company places its cash with high quality financial institutions. At times during the year, the balance at any one financial institution may exceed FDIC limits.

2. Coal investment

In March 1995, the Company purchased a 2% interest in a limited liability company (LLC) in exchange for $100,000, $50,000 of which was borrowed by the Company pursuant to a one year 10.5% bank loan, guaranteed by the Company' president. The loan was repaid during 1996. The LLC acquired a mortgage note on a coal mine in Indiana, and the Company had an option to acquire a 2% interest in the mine for a nominal payment.

2. Coal investment (continued)

In December 1995, the major purchaser of coal from the mine, a utility, canceled the contract. In January 1996, creditors of the coal mine filed an involuntary petition under Chapter 7 of the Bankruptcy Code which, upon motion of the mining company was converted to a case under Chapter 11 of the Bankruptcy Code. The operations at the mine have subsequently been shut down and the assets were being liquidated while the LLC sued the utility. In July 1997, the trial court ruled against the LLC. As a result, the Company recorded a write down of $62,000 in 1997, and an additional $5,000 in 1998, to adjust its carrying value of the investment to the estimated liquidation value of cash, land and equipment remaining. During 1999, the Company received a final payment of $8,458, and wrote-off the remaining balance of $2,819.

3. Note payable - bank

In connection with the purchase of certain producing oil and gas interests (see Note 4), the Company obtained a loan from a bank as evidenced by a promissory note dated March 23, 1998, in the principal amount of $90,000, with interest at 2.0 percentage points above the Norwest Bank Colorado, N.A. prime rate. The loan was unsecured, guaranteed by an officer and shareholder of the Company as a co-borrower, and was due in twelve monthly installments of principal plus interest, with final payment due March 23, 1999. The loan was paid in full in 1999.

4. Related party transactions

The Company retains the services of a law firm in which a partner of the firm is a director of the Company. Legal fees paid to this firm for the years ended December 31, 1997, 1998 and 1999 amounted to $2,086, $525 and $329, respectively.

The Company has a month-to-month agreement with an affiliated company to provide for office services and sublease office space for $1,600 per month. Accrued liabilities at December 31, 1999 include $1,600 due to the affiliated company pursuant to this agreement.

Purchase of proved oil and gas properties:

On April 7, 1998, the Company purchased certain working leasehold interests in oil and gas wells in Oklahoma, from an affiliated company, for cash in the amount of $208,000. Another affiliated entity is the operator of these wells, and has offered to offset the Company's lease operating expenses on these wells in the amount of $150 per month per well (an aggregate of $900 per month) for as long as the Company owns the wells. In October of 1998, this amount was increased to $180 per month per well (an aggregate of $1,080 per month). During the years ending December 31, 1998 and 1999, $4,860 and $10,720, respectively, has been offset against lease operating expense, in this manner.

5. Stockholders' equity

On November 1, 1991, the Company's shareholders approved the issuance of warrants to purchase 60,000 shares of the Company's common stock at $1.00 per share to members of the Company's Board of Directors. In conjunction with the issuance of Class B preferred stock in 1996, the warrants were modified to provide one share of common and one share of Class B preferred at $1.00. During 1999, the warrants were extended and are exercisable at any time through December 31, 2001. The warrants must be exercised for not less than 5,000 shares at any time of exercise. As of December 31, 1999, warrants to purchase 10,000 common shares and 10,000 preferred shares have been exercised.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation". Accordingly, no compensation cost has been recognized for the warrants. Had compensation costs for the Company's warrants been determined based on the fair value at the extension date consistent with the provision of SFAS No. 123, the Company's net earnings and earnings per share would not be materially different from the amounts recorded on the accompanying statement of operations for the years ended December 31, 1997 or 1998; however, for 1999, the Company's net earnings would decrease by $50,000 to a loss of $(37,570) or $(.10) per share. The fair value is estimated on the date the warrants were extended in 1999 using the Black-Scholes option pricing model, using an expected life of 2 years, a risk-free interest rate of 6.29% and expected volatility of 28%.

On February 28, 1996, the shareholders of the Company approved the creation of 5,000,000 authorized Class A Preferred shares and 520,000 authorized Special Class B Preferred shares.

The Class A preferred stock was authorized for possible future capitalization and funding purposes of the Company and has not yet been designated as voting or non-voting. Presently, there are no plans or intentions to issue these shares.

The Class B preferred stock was authorized to protect the existing perpetual mineral interests and other oil and gas assets of the Company for the benefit of existing stockholders while the Company pursues other business ventures. In October 1996, the Company issued to its common shareholders one share of Class B preferred stock for every share of common stock held which totaled 516,505 shares. The Class B preferred stock has no par value and limited voting privileges. The Class B preferred stockholders are entitled exclusively to all dividends, distributions, and other income which are based directly or indirectly on the oil and natural gas assets of the Company. In addition, in the event of liquidation, distribution or sale of the Company, the Class B preferred stockholders have an exclusive preference to the net asset value of the natural gas and oil assets over all other classes of common and preferred stockholders.

The value of the Class B preferred shares was originally based on the book value of the oil and gas assets at December 31, 1996. Effective December 31, 1997, the Company's board of directors approved an allocation of oil and gas assets to the preferred shares totaling $364,328. Subsequent to December 31, 1997, net oil and gas income after operating expenses and applicable general and administrative expense is allocated to the Class B preferred shares.

5. Stockholders' equity (continued)

During 1997, 1998 and 1999, the Company conducted a clearing house where it brought together certain buyers and sellers of its Class B preferred stock, which is not otherwise traded. At the conclusion of the trading period in 1998, one large purchaser was unable to complete its intended purchases, due to lack of financing. The Board of Directors determined to purchase and retire 25,646 shares. In 1998, the Company completed the purchase of 25,646 shares of the Class B preferred stock for the cash in the amount of $24,187, which reduced the issued and outstanding Class B preferred shares. In 1999, the Company acquired 200 shares of the Class B preferred stock for cash of $200, and issued 10,000 shares upon exercise of stock warrants, resulting in a balance of 500,659 shares at December 31, 1999.

6. Income taxes

At December 31, 1999, the Company had net operating loss carry-forwards of approximately $538,000, which, if not used, will expire as follows:

Year of expiration	Amount
2000	$469,000
2001	23,000
2018	46,000
	$538,000

In addition, the Company has a depletion carryover of approximately $512,000 which has no expiration date.

The Company did not record an income tax provision for the year ended December 31, 1999 due to the utilization of a tax loss carryforward for the year. The recognized tax benefit of the utilized carryforward was approximately $1,000 for the year ended December 31, 1999. The Company has a financial statement loss carryover of approximately $387,000 remaining at December 31, 1999. The difference in financial statement and tax return loss carryovers is principally the difference in the timing of deducting intangible drilling costs. Income tax credit carryovers for financial and tax purposes approximate $2,700 from pre-1986 transactions.

6. Income taxes (continued)

As of December 31, 1998 and 1999, total deferred tax assets, liabilities and valuation allowance are as follows:

	1998	1999
Deferred tax assets resulting from loss carryforward	$187,000	$201,000
Deferred tax liabiles	(39,000)	(56,000)
Valuation allowance	(148,000)	(145,000)
	$ -	$ -

7. Basic and diluted income (loss) per common share

Basic income (loss) per common share information is based on the weighted average number of shares of common stock outstanding during each year, approximately 517,000 shares in 1997 and 1998, and 518,000 shares in 1999. Outstanding warrants are not dilutive in any of the periods presented.

8. Major customers

Customers which accounted for over 10% of revenues were as follows for the years ended December 31, 1997, 1998 and 1999:

	1997	1998	1999
Oil and gas:			
Customer A	23.0%	13.9%	10.0%
Customer B	12.2%	*	*
Customer C (related party)	*	21.0%	26.9%
Customer D	18.4%	10.4%	13.2%

* - less than 10%

CROFF ENTERPRISES, INC.
SUPPLEMENTAL INFORMATION - DISCLOSURES
ABOUT OIL AND GAS PRODUCING ACTIVITIES - UNAUDITED

In November, 1982, the Financial Accounting Standards Board issued and the SEC adopted Statement of Financial Accounting Standards No. 69 (SFAS 69) "Disclosures about Oil and Gas Producing Activities". SFAS 69 requires that certain disclosures be made as supplementary information by oil and gas producers whose financial statements are filed with the SEC. These disclosures are based upon estimates of proved reserves and related valuations by the Company. No attempt is made in this presentation to measure "income" from the changes in reserves and costs.

The standardized measure of discounted future net cash flows relating to proved reserves as computed under SFAS 69 guidelines may not necessarily represent the fair value of Croff's oil and gas properties in the market place. Other factors, such as changing prices and costs and the likelihood of future recoveries differing from current estimates, may have significant effects upon the amount of recoverable reserves and their present value.

The standardized measure does not include any "probable" and "possible" reserves which may exist and may become available through additional drilling activity.

The standardized measure of discounted future net cash flows is developed as follows:

1. Estimates are made of quantities of proved reserves and the future periods during which they are expected to be produced based on year-end economic conditions.

2. The estimated future production of proved reserves is priced on the basis of year-end prices except that future prices of gas are increased for fixed and determinable escalation provisions in contracts (if any).

3. The resulting future gross revenue streams are reduced by estimated future costs to develop and produce the proved reserves, based on year-end cost and timing estimates.

4. A provision is made for income taxes based upon year-end statutory rates. Consideration is made for the tax basis of the property and permanent differences and tax credits relating to proved reserves. The tax computation is based upon future net cash inflow of oil and gas production and does not contemplate a tax effect for interest income and expense or general and administrative costs.

5. The resulting future net revenue streams are reduced to present value amounts by applying a 10% discount factor.

(continued)

Changes in the standardized measure of discounted future net cash flows are calculated as follows:

1. Acquisition of proved reserves is based upon the standardized measure at the acquisition date before giving effect to related income taxes.

2. Sales and transfers of oil and gas produced, net of production costs, are based upon actual sales of products, less associated lifting costs during the period.

3. Net changes in price and production costs are based upon changes in prices at the beginning and end of the period and beginning quantities.

4. Extensions and discoveries are calculated based upon the standardized measure before giving effect to income taxes.

5. Purchase of reserves are calculations based on increases from the Company's acquisition activities.

6. Revisions of previous quantity estimates are based upon quantity changes and end of period prices.

7. The accretion of discount represents the anticipated amortization of the beginning of the period discounted future net cash flows.

8. Net change in income taxes primarily represents the tax effect related to all other changes described above and tax rate changes during the period.

All of the Company's oil and gas producing activities are in the United States.

Oil prices

During the year ended December 31, 1999, both crude oil and natural gas prices increased. The ultimate amount and duration of oil and gas price fluctuations and their effect on the recoverability of the carrying value of oil and gas properties and future operations is not determinable by management at this time.

CROFF ENTERPRISES, INC.
SUPPLEMENTAL INFORMATION - DISCLOSURES
ABOUT OIL AND GAS PRODUCING ACTIVITIES - UNAUDITED

RESULTS OF OPERATIONS FOR PRODUCING ACTIVITIES

The results of operations for oil and gas producing activities, excluding capital expenditures, corporate overhead and interest costs, are as follows for the years ended December 31, 1997, 1998 and 1999:

	1997	1998	1999
Revenues	$193,099	$193,971	$214,190
Lease operating costs	26,966	52,679	42,829
Production taxes	13,858	16,302	23,703
Depletion and depreciation	21,108	39,577	48,665
	61,932	108,558	115,197
Income tax expense	-	-	-
Results of operations from producing activities (excluding corporate overhead and interest expense)	$131,167	$ 85,413	$ 98,993

CROFF ENTERPRISES, INC.
SUPPLEMENTAL INFORMATION - DISCLOSURES
ABOUT OIL AND GAS PRODUCING ACTIVITIES - UNAUDITED

STANDARDIZED MEASURE OF DISCOUNTED FUTURE
NET CASH FLOWS AND CHANGES THEREIN
RELATING TO PROVED OIL AND GAS RESERVES

	Year ended December 31		
	1997	1998	1999
Future cash inflows	$1,487,000	$1,346,000	$1,777,000
Future production and development costs	(317,000)	(306,000)	(428,000)
	1,170,000	1,040,000	1,349,000
Future income tax expense	-	-	-
Future net cash flows	1,170,000	1,040,000	1,349,000
10% annual discount for estimated timing of cash flows	(411,000)	(365,000)	(473,000)
Standardized measure of discounted future net cash flows	$ 759,000	$ 675,000	$ 876,000

The following are the principal sources of change in the standardized measure of discounted future net cash flows:

	1997	1998	1999
Beginning balance	$ 766,000	$ 759,000	$ 675,000
Evaluation of proved undeveloped reserves, net of future production and development costs	(22,000)	(8,000)	9,000
Purchase of proved reserves	95,000	211,000	-
Sales and transfer of oil and gas produced, net of production costs	(152,000)	(166,000)	(214,000)
Net increase (decrease) in prices and costs	(20,000)	(151,000)	406,000
Extensions and discoveries	53,000	12,000	-
Revisions of previous quantity estimates	28,000	8,000	(10,000)
Accretion of discount	11,000	10,000	10,000
Net change in income taxes	-	-	-
Other	-	-	-
Ending balance	$ 759,000	$ 675,000	$ 876,000

CROFF ENTERPRISES, INC.
SUPPLEMENTAL INFORMATION - DISCLOSURES
ABOUT OIL AND GAS PRODUCING ACTIVITIES - UNAUDITED

PROVED OIL AND GAS RESERVE QUANTITIES
(All within the United States)

	Oil reserves (bbls.)	Gas reserves (Mcf.)
Balance, December 31, 1996	51,012	275,124
Revisions of previous estimates	-	7,000
Purchase of reserves	3,200	68,864
Extensions, discoveries and other additions	3,034	10,000
Sale of reserves	-	-
Production	(5,295)	(46,222)
Balance, December 31, 1997	51,951	314,766
Revisions of previous estimates	-	3,000
Purchase of reserves	1,522	171,981
Extensions, discoveries and other additions	1,103	-
Production	(5,278)	(65,673)
Balance, December 31, 1998	49,298	424,074
Revisions of previous estimates	(3,104)	135,277
Purchase of reserves	-	-
Extensions, discoveries and other additions	-	-
Sale of reserves	-	-
Production	(4,610)	(74,300)
Balance, December 31, 1999	41,584	485,051
Proved developed reserves		
December 31, 1997	39,339	301,343
December 31, 1998	36,686	410,651
December 31, 1999	30,944	473,728

Costs incurred in oil and gas producing activities for the years ended December 31, 1997, 1998, 1999 are as follows:

	1997	1998	1999
Property acquisition, exploration and development costs capitalized	$ 95,404	$ 211,369	$ -
Production costs	40,824	68,981	66,532
Depletion and depreciation	21,108	39,577	48,665

CROFF ENTERPRISES, INC.

INDEX TO FINANCIAL STATEMENTS, SCHEDULES
AND SUPPLEMENTAL INFORMATION

23

45