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 and Exchange Act of 1934
For the period ended September 30 1999

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to
Commission File Number: 100

CROFF ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)
Utah 87-0233535
(State or other jurisdiction of incorporation or organization (I.R.S. Employer Identification No.)
1675 Broadway, Suite 1030, Denver, Colorado 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
3
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 class of common stock, as of the latest practicable date: 526,315 shares, one class only as of September 30, 1999.

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INDEX TO INFORMATION INCLUDED IN THE QUARTERLY REPORT (FORM 10-Q) TO THE SECURITIES AND EXCHANGE COMMISSION FOR THE NINE MONTHS ENDED September 30, 1999 (UNAUDITED).

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,objective, expectations and intentions are subjectto 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.

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

	Dec. 31, 1998	Sept 30, 1999
CURRENT ASSETS:		
Cash and Cash Equivalents:	$14,294	$25,811
Marketable equity securities	3,125	3,438
Accounts receivable:		
Oil and gas purchasers	32,271	48,470
Refundable income taxes	2,900	2,500
Total current assets	$52,590	$80,219
PROPERTY AND EQUIPMENT, AT COST:		
Oil & gas properties, successful efforts method:		
Proved properties	636,595	636,595
Unproved properties	97,102	97,102
	$733,697	$733,697
Less accumulated depletion and depreciation	(288,717)	(318,117)
Net property and equipment	$444,980	$415,580
Coal investment	11,277	11,277
Total assets	$508,847	$507,076

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

	Dec. 31, 1998	SEPT 30 1999
CURRENT LIABILITIES:	$19,290	$21,095
Accounts payable		
Accrued liabilities	8,065	4,043
Note payable - Union Bank	23,369	00
Total current liabilities	$50,724	$25,138
CONTINGENCIES (NOTE 2)		
STOCKHOLDERS' EQUITY:		
Class A preferred stock, no par value; 500,000 shares, none issue		
Class B Preferred stock, no par value; 520,000 authorized,516,505shares(1997)and 490,859shares(1998)issued and outstanding	329,559	329,559
Common stock, $.10 par value 20,000,000 shares authorized 589,143 shares issued	57,914	58,914
Capital in excess of par value	552,797	561,797
Accumulated deficit	(399,251)	(385,435)
	$ 541,019	$564,834
Less treasury stock at cost, 62,628 shares (1997 and 1998)in 1996 and 62,828 in 1997	(82,896)	(82,896)
Total stockholders' equity	$458,123	$481,938
Total liabilities & equity	$508.747	$507,076

CROFF ENTERPRISES, INC.
Statement of Operations

For Three and Nine months ended September 1998 and 1999

	For Three Months Ended		For Nine Months Ended	
	9/30/98	9/30/99	9/30/98	9/30/99
Revenue:				
Oil & gas sales	$51,485	$58,113	$141,890	$145.550
Gain on disposal of Oil	-	-	-	-
Gas Properties	(363)	406	5,880	412
Other Income	$51,122	$58,519	$147,770	$145,962

Costs and Expenses:				
Lease Operating Expense	11,572	15,584	32,717	36,718
Depreciation & Depletion	13,000	9,800	26,082	29,400
General & Adminstrative	19,441	18,087	61,433	56,813
Interest Expense	1,638	0	4,766	395
Rent Expense-related Party	2,940	2,940	8,820	8,820
Total cost and expenses	48,591	46,681	133,818	132,146
Net Income(Loss)	2,531	11,839	13,952	13,816
Earnings(loss) Per Share	.01	.02	.03	.03

CROFF ENTERPRISES, INC.
Statement of Cash Flows
For Nine Month Ended
September 30, 1999

	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 13,952	13,816
Adjustments to reconcile net income loss) to net cash provided by operating activities:		
Depreciation and depletion	26,082	29,400
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(8,475)	(16,199)
(Increase) decrease in other assets	8,550	400
Increase (decrease) in notes payable	(46,215)	(23,369)
Increase (decrease) in accounts payable	(7,869)	1,805
Increase (decrease) in accrued liabilities	(445)	4,023
(Increase) decrease in marketable securities	(1,813)	(313)
Total adjustments	$(29,290)	(12,299)
Net cash provided by operating activities:	$(15,337)	1,517
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of marketable equity securities	15,000	00
Sale/purchase of producing propertie	$(208,500)	00
(Purchase) of Preferred Stock	(24,188)	00
Total cash flow change from Investing Activities:	$(217,688)	00
CASH FLOWS FROM FINANCING ACTIVITIES:		
Exercise of Option		
Sale of Common Stock	00	10,000

Note payable-Union Bank and Trust	90.000	
Total cash flow change from financing	90,000	10,000
Increase (decrease) in cash	(143,025)	11,517
Cash and cash equivalents at beginning of period	166,883	14,294
Cash and cash equivalents at end of period	12,858	25,811

CROFF ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 1999

PART I FINANCIAL INFORMATION

BASIS OF PREPARATION.

The condensed financial statements for the three month periods ended September 30, 1999 and 1998 in this report have been prepared by the Company without audit pursuant to the rules and regulations of the Securities and Exchange Commission and reflect, in the opinion of the management, all adjustments necessary to present fairly the results of the operations of the interim periods presented herein. Certain reclassifications have been made to the prior year's financial statements to conform to the 1999 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, 1998, 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 September 30, 1999
as Compared to the Three-Month Period Ended September 30, 1998.

OIL AND GAS OPERATIONS

Oil and gas revenue, primarily from royalties, for the three months ended Sept. 30, 1999, was $58,113 compared to $51,485 for the quarter ending Sept. 30, 1998. This increase in revenue was caused by the rising price for oil and natural gas. Prices for oil increased from approximately $12-$13 per barrel from the September 30, 1998 quarter, to slightly over $17-$18 per barrel for the quarter ending Sept 30, 1999. Natural gas prices increased to over $2.60 per mcf by the end of the third quarter, compared to approximately $1.80 one year ago.

Production costs, which include lease operating expenses and all production related taxes, for the three months ended September 30, 1999, were $15,854, an increase from $11,572 for the quarter ending June 30, 1998. The reason for this increase was that operators were increasing workovers on wells which had been shut in or left alone during the period of low prices. Overall, operating expenses as a percent of revenue, are due to the large amount of royalty income. Depletion increased due to the new wells purchased in the second quarter of 1998 and which are included for the full nine months this year, and which were not owned for the entire period one year ago.

OTHER INCOME

During the three month period ended September 30, 1999, the Company had other income of $406 compared to a loss of $(363) for the quarter ending September 30, 1998. This was a due to higher interest income this year as the Company began to accumulate cash since there is no bank debt and securities have increased, not decreased in value.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the current quarter ending September 30, 1999, were $18,087 plus rent expense of $2,940 for a total of $21,027 compared to $19,441 plus rent expense of $2,940 for a total of $22,381 in the quarter ending September 30, 1998. The Company expects general and administrative costs to remain stable this year.

Nine-Month period Ended September 30, 1999
as Compared to the Nine-Month Period Ended September 30, 1998

OIL AND GAS OPERATIONS

Oil and gas income, primarily from royalties, for the nine months ended September 30, 1999 was $145,550 compared to $141,890 for the nine months ended September 30, 1998. This was due to higher prices for oil and natural gas during the last four months. Production was increasing following a period when the wells were being produced at a slower rate, and the product was not being sold due to the long period of low prices. Oil prices and natural gas prices rose during the third quarter.

Production costs, which include lease operating expenses and all production related taxes, for the nine months ended Sept. 30, 1999, were $36,718 as compared to $32,717 in the same quarter of 1998. There was less workovers during early 1999 because of low prices. However, workovers increased the last three months. We expect more activity as prices rise.

OTHER INCOME

During the first nine months of 1999, the Company had other income of only $412, since cash reserves were low and interest was also low. During the nine months ending September 30, 1998, we had other income of $5,880. This was due to higher interest, and the Company also received a small bonus from leasing acreage during the first nine months of 1998.

GENERAL AND ADMINISTRATIVE

General and administrative expenses for the period ending Sept. 30, 1999, were $56,813 plus rent expense of $8.820, for a total of $65,633, compared to $61,433 plus rent expense of $8,820 for a total of $70,253 for the nine month period ending September 30, 1998. Most of this difference was due to not incurring expenses for the annual report, which will be in the fourth quarter. There was no significant change in general and administrative expenses.

FINANCIAL CONDITION

As of Sept. 30, 1999, the Company's current assets were $80,219 while current liabilities were $25,138, for a ratio of 3 to 1. As of December 31, 1998 the Company's current assets were $52,590, and current liabilities were $50,724, giving the Company a working capital position of near zero, and a ratio of 1 to 1. This increase is due to paying off bank debt and paying down other liabilities as cash flow increased, an a director's stock option being exercised for $10,000. The Company has no current bank debt. The current recovering energy prices have increased the Company's cash flow, so 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 clearinghouse where it brings together buyers and sellers of its Preferred B stock, which is not otherwise traded. Probably because of the low oil and natural gas prices, there were few purchasers this year and less than 1,000 shares of Preferred B were traded.

ITEM 5. OTHER INFORMATION

YEAR 2,000 DISCLOSURE

There has been increasing concern about the effect upon the financial results of all public companies due to the year 2000 problem. The year 2000 problem is based on the concern that certain computer programs and computers are not presently configured to recognize the year 2000 or succeeding years. This defect in computer functions could have an adverse impact upon our company and other industries in which we deal if the various programs and applications cease to function or function erroneously as we approach the year 2000. Programs dealing with accounting and financial functions of the Company could cease to function if they are not year 2000 compliant. Our Company has viewed the year 2000 problem hereafter "Y2K" compliance, in three general categories. The first is the impact on the Company's own information technology system consisting of its computers, software, and financial records. The second is the possible failure of other equipment which the Company uses such as security systems, telephone systems, vehicles, and gas meters which rely on computer components. The third, are third party service and product suppliers, including payment by the various companies which operate oil and natural gas wells which pay the Company.

The Company has addressed the first problem, its own accounting and financial records, and its well records by confirming the software systems are Y2K compliant. The Company financial records, are being transferred to the "Roughneck" system which has been Y2K compliant for two years and amply tested. This system is owned and operated by Jenex Petroleum Corp., which provides it to the Company as part of its overhead services. The Company now has its completed accounting year for 1999 on the Roughneck system. The previous records of the Company are also being kept on a Y2K compliant system, primarily on Excel, which has been upgraded to a Y2K compliant status. The Company anticipates no further problems with its own records in order to be fully Y2K compliant.

With respect to other IT systems which may fail on or around the advent of the year 2000, the Company is conferring with its supplier of services, Jenex, and has confirmed that its telephone, fax, and email systems are Y2K compliant. The Company does not anticipate any major problems with these systems. Because the Company does not operate any of its oil or natural gas wells, it is in a position to withstand, without any material adverse consequences, a break down of days or even weeks in these systems.

With respect to the third possibility, the third party suppliers from which the Company derives its cash flow being unable to operate wells and or pay timely for the Company's production, the Company has begun a program of reserving cash, as a contingency in the event of a disruption in its cash flow. The Company believes in its capacity as a low overhead company with only non-operated properties, that this problem can be addressed by simply having adequate cash reserves to replace at least two months of total revenue. The Company plans to be in this position by the end of 1999.

Under the Company's agreements, the Company's costs to become Y2K compliant, will not increase its overhead from its normal operations. The Company feels its efforts are adequate to handle any Y2K problems that can be reasonably anticipated.

ITEM 6(B) REPORTS ON FORM 8-K

The registrant has filed no reports on Form 8-K for the period ending September 30, 1999.

SIGNATURES

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

REGISTRANT: CROFF ENTERPRISES, INC.

By:

Gerald L. Jensen
Chief Executive Officer and
Chief Financial Officer

By:

Beverly Licholat
Chief Accounting Officer

Dated: