

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

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 For the period ended September, 30 2000

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from to
 Commission File Number: 1-100

CROFF ENTERPRISES, INC.
 (Exact name of registrant as specified in its charter)
 Utah 87-0233535
 (State or other jurisdiction of (I.R.S. Employer
 Incorporation or organization Identification No.)
 621 17th St., Suite 830, Denver, Colorado 80293
 (Address of principal executive offices) (Zip Code)
 (303) 383-1555
 (Registrant's telephone number, including area code)

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

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

X Yes No

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

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

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding, of each of the issuer's class of common stock, as of the latest practicable date: 526,260 shares, one class only, as of September 30, 2000.

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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 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.

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

	Dec. 31, 1999	Sept 30, 2000
CURRENT ASSETS:		
Cash and Cash Equivalents:	\$57,716	140,246
Marketable equity securities	4,375	6,250
Accounts receivable:		
Oil and gas purchasers	43,915	53,309
Refundable income taxes	2,500	4,297
Total current assets	\$108,506	\$204,102
PROPERTY AND EQUIPMENT, AT COST:		
Oil & gas properties, successful efforts method:		
Proved properties	628,560	628,560
Unproved properties	97,102	97,102
	\$725,662	\$725,662
Less accumulated depletion and depreciation	(336,006)	(367,506)
Net property and equipment	\$389,656	358,156
Total assets	\$498,162	\$562,258

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

	Dec. 31, 1999	Sept, 30 2000
CURRENT LIABILITIES		
ACCOUNT PAYABLE	\$14,451	15,433
Accrued liabilities	3,358	3,812
Total current liabilities	\$17,809	\$19,245
CONTINGENCIES (NOTE 2)		

STOCKHOLDERS' EQUITY:

Class A preferred stock, no par value;
5,000,000 shares, none issue

Class B Preferred stock, no par value; 1,000,000 shares authorized, 500,659 shares (1999 and 2000) issued and outstanding	350,359	350,359
Common stock, \$.10 par value, 20,000,000 shares authorized 589,143 shares issued	58,914	58,914
Capital in excess of par value	540,797	540,797
Accumulated deficit	(386,821)	(324,106)
	\$563,249	\$625,964
Less treasury stock at cost, 62,828 shares in 1999 and 62,883 in 2000	\$(82,896)	(82,951)
Total stockholders' equity	\$480,353	\$543,013
Total liabilities & equity	\$498,162	\$562,258

CROFF ENTERPRISES, INC.
Statement of Operations

For Three and Nine Months ended September 30, 1999 and 2000

	For Three Month Ended		For Nine Month Ended	
	9/30/99	9/30/00	9/30/99	9/30/00
REVENUE:				
Oil and gas sales	\$ 58,113	91,586	\$145,550	237,456
Gain on disposal of oil and gas properties				
Other income.	406	2,399	412	4,821
Total revenue	\$ 58,519	93,985	145,962	\$242,277
COSTS AND EXPENSES:				
Lease operating expense	15,854	23,472	36,718	69,101
Depreciation and depletion	9,800	10,500	29,400	31,500
General and administrative	18,087	20,323	56,813	70,141
Interest Expenses	0	0	395	0
Rent Expense-Related Party	2,940	2,940	8,820	8,820
Total cost and expenses	\$46,681	57,234	132,146	179,562
Net Income	\$11,839	36,751	13,816	62,715
Net Income applicable to Preferred stock	11,433	35,794	13,404	57,894
Net-Income-applicable-to common shareholders	406	957	412	4,821
Basic and diluted net income per common share	*	*	*	.01

*Less than .01 Per share

CROFF ENTERPRISES, INC.
Statement of Cash Flows
For Nine Month Ended
September 30, 2000
(UNAUDITED)

	1999	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$13,816	\$62,715
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and depletion	29,400	31,500
Change in assets and liabilities:		
Accounts receivable	(16,199)	(9,394)
Other assets	400	(1,797)
Notes payable	(23,369)	
Accounts payable	1,805	982
Accrued liabilities	(4,023)	454
Marketable securities	(313)	(1,875)
Total adjustments	\$(12,299)	19,870
Net cash provided by operating activities:	\$1,517	82,585
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale/depreciation of marketable equity securities	0	0
Sale/purchase of producing properties	0	0
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock		(55)
Exercise of Option Sale of Common Stock	10,000	0
Net cash provided by and used in financing acct	10,000	(55)
Increase in cash	11,517	82,530
Cash and cash equivalents at beginning Of period	14,294	57,716
Cash and cash equivalents at end of period	\$25,811	140,246

CROFF ENTERPRISES, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2000

PART I FINANCIAL INFORMATION

BASIS OF PREPARATION.

The condensed financial statements for the three month and nine month periods ended September 30, 2000 and 1999 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 2000 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, 1999, which report has been filed with the Securities and Exchange Commission, and is available from the Company.

RESULTS OF OPERATIONS

Three-Month Period Ended September 30, 2000
as Compared to the Three-Month Period Ended September 30, 1999.

OIL AND GAS OPERATIONS

Oil and gas revenue, primarily from royalties, for the three months ended September 30, 2000, was \$91,586 compared to \$58,113 for the quarter ending September 30, 1999. Overall revenues were approximately fifty percent higher. This significant increase in revenue resulted from natural gas prices rising from around \$2.20 an MCF one year ago to approximately \$3.70 an MCF in the current quarter. Prices for oil increased from approximately \$21 per barrel during the September 30, 1999 quarter, to over \$30 per barrel for the quarter ending September 30, 2000.

Production costs include lease operating expenses and all production related taxes. Comparing the three months ended September 30, 2000, with the quarter ending September 30, 1999, production costs increased from \$15,854 to \$23,472. The primary reason for this increase was that production taxes, which are based on the sales price of oil and natural gas, greatly increased. In addition, operators were doing less work on the wells because of lower prices during 1999, and doing more workovers in 2000. Depletion increased slightly due to additional leases.

OTHER INCOME

During the three month period ended September 30, 2000, the Company had other income of \$2,399 compared to \$406 for the quarter ending September 30, 1999. This was a due to higher interest income in the current year as the Company built up cash.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the current quarter ending September 30, 2000, were \$20,323 plus rent expense of \$2,940 for a total of \$23,263 compared to \$18,087 plus rent expense of \$2,940 for a total of \$21,027 in the quarter ending September 30, 1999. This increase was due to costs of the annual meeting, review fees to auditors, and higher fees to the transfer agent. The Company expects general and administrative costs to increase moderately this year.

Nine-Month Period Ended September 30, 2000
as Compared to the Nine-Month Period Ended September 30, 1999

OIL AND GAS OPERATIONS

Oil and gas income, primarily from royalties, for the nine months ending September 30, 2000, was \$237,456 compared to \$145,550 for the nine months ended September 30, 1999. This significant increase was due to oil prices rising from approximately \$20 per barrel to approximately \$29 per barrel, and natural gas prices increasing from just over \$2.20 per MCF to approximately \$3.70 per MCF. Production increased slightly due to wells being put on line and workovers increasing production.

Production costs, which include lease operating expenses and all production, related taxes, for the nine months ended September 30, 2000, were \$69,101 as compared to \$36,718 in the first nine months of 1999. This was due primarily to much higher production taxes, which are levied as a percentage of the revenues paid for oil and natural gas. The other factor was the increase in workovers on wells as better prices encouraged more oilfield activity.

OTHER INCOME

During the nine month period ended June 30, 2000, the Company had other income of \$4,821, from interest and dividends. During the first nine months of 1999, the Company had other income of only \$412 since cash reserves were low and consequently, interest was also low. Despite higher prices, the Company has not yet seen any new leasing on its perpetual mineral interests, which would result in lease bonus income.

GENERAL AND ADMINISTRATIVE

General and administrative expenses for the nine month period ending September 30, 2000, were \$70,141 plus rent expense of \$8,820, for a total of \$78,961, compared to \$56,813 plus rent expense of \$8,820 for a total of \$65,633 for the nine month period ending September 30, 1999. This increase was due to higher charges from the transfer agent, costs of the annual meeting, and review fees to the auditors.

FINANCIAL CONDITION

As of September 30, 2000, the Company's current assets were \$204,102 while current liabilities were \$19,245, providing working capital of \$185,000, and a ratio of over 10 to 1. As of December 31, 1999 the Company's current assets were \$108,506, and current liabilities were \$17,809, giving the Company a working capital position of about \$90,000, and a ratio of 6 to 1. This increase was due to the strong cash flow the Company has received this year. The Company has no current bank debt. The current excellent energy prices have increased the Company's cash flow. The Company expects in the fourth quarter, 2000 to have accumulated all of the cash necessary to repay the common stock for the money borrowed in 1998 to purchase producing leases. At this time the Company may resume purchasing oil and natural gas interests which benefit the Preferred B shareholders.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

For the last several years the Company has conducted a clearinghouse where it brings together buyers and sellers of its Preferred B stock, which is not otherwise publicly traded. This year the clearinghouse traded almost 7,000 shares of the Preferred B stock at a price of \$1.05 per share. The Company is currently working on putting this clearinghouse on the Internet, which would allow the clearinghouse to be conducted on the Internet on a year round basis.

ITEM 6(B) REPORTS ON FORM 8-K

The registrant has filed no reports on Form 8-K for the period ending September 30, 2000.

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: