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, 1998

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)

1675 BROADWAY
SUITE 1030
DENVER, COLORADO 80202
ADDRESS OF PRINCIPAL EXECUTIVE OFFICES ZIP CODE

Registrant's telephone number, including area code: (303) 628-1963

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, 1999, 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: $218,316.

As of March 1, 1999, the Registrant had outstanding 516,315 shares of common stock ($0.10 par value)

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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, 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.

(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 1675 Broadway, Suite 1030, Denver, Colorado 80202. The telephone number is (303) 628-1963.

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. In 1998, Croff purchased working interests in six natural gas wells in the state of Oklahoma. The Company began receiving revenue from these wells in the second half of the year. In 1997, Croff purchased working interests in five additional wells, three gas wells in Michigan, a gas well in Colorado, and an oil well in Texas. In 1996 Croff also purchased an additional interest in the Rentuer, a gas and oil well in Wyoming, and an oil well in Colorado. 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 most of this investment. In 1996, the Company sold its carved-out production interest in South Texas and purchased three interests in oil and gas wells in Wyoming and Colorado. 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 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 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 oil and condensate, these wells are all primarily gas wells. This purchase closed in April 1998, and the Company began receiving revenue from these wells during the last half of calendar year 1998. Because of the low prices of oil and natural gas, the effect of this greater production nearly offset a decline in the revenue from the existing wells in the Company.

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 is approximately $1.00 per share. In 1997, approximately 13,500 shares were traded, and in 1998 approximately 30,000 were traded. 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 February of 1998, the Company completed its annual clearinghouse for the Preferred B stock. At the time of this clearinghouse, one purchaser had committed for the largest amount of the stock and the sellers had been notified of this purchase at a price of $0.95 per share. At the time for closing these purchases, this purchaser was unable to close and the sellers had no other purchaser. The Board of Directors determined that the Company would repurchase the agreed upon shares at the amount that had been bid by this purchaser. This allowed the sellers who had been told their shares would be purchased to complete their sales and at the same time allowed the Company to increase the per share value of the Preferred B shares by retiring 25,646 shares at an average price of $0.94 per share. The Company does not intend to purchase shares on a regular basis, and will not be purchasing shares in the clearinghouse in 1999.

In 1997, the Company reported a small loss, which was the first loss reported by the Company in over five years. This loss was due to a write down of the Company's investment in Carbon Opportunities, L.L.C. The Company, in March of 1995, purchased a 2% interest in Carbon Opportunities, L.L.C. Carbon Opportunities, L.L.C. had purchased a non-performing $6,000,000 note secured by the Buck Creek Coal Mine. The only source of repayment of the note was from operations at the Buck Creek Coal Mine. In December 1995, the utility which was the major purchaser of coal from the mine, canceled the contract. Later, the mine filed a Chapter 11 bankruptcy. By the third quarter of

1997, it was clear that the mine would not be reopened, the lawsuit against the utility had been lost at the trial level, and liquidation of the equipment would not yield sufficient monies to recoup the investment. The Company determined that $62,000 of its original $100,000 investment would have to be written off. The Company had received $18,000 of its original investment and had written the investment down to approximately $82,000. Subsequently, the Company received $4,000, and there remains cash and equipment left to be liquidated of approximately $11,000, which is the remaining value of this asset on the Company's books. The Company now considers this a liquidated asset and expects to credit any monies received against its remaining value on the Company's books.

The Company in 1996 purchased three interests in oil and gas wells, primarily an oil and gas well in Campbell County, Wyoming. The Company was also the beneficiary of increased drilling and higher prices in San Juan County, New Mexico, and La Plata County, Colorado, from coal gas methane wells which produced higher revenues. The Company also received a 1/16 royalty in an offsetting gas well to the Company's current production in Western Colorado. The Company entered into two leases for additional drilling on its mineral interests in the Blue Bell Altamont field in northeast Utah.

In the second quarter of 1996, the Company sold its carved-out production interest in the Taylor Ina field in Medina County, Texas. This carve-out production interest was sold for cash in the approximate amount of $106,000 to the operator of the field. Also during the second quarter, the Company sold its interest in a North Dakota well for cash, which well required a significant workover. This allowed the Company to accumulate significant amounts of cash to attempt to secure other oil and gas interests

In 1995, the Company also purchased a small interest in the Ash Unit, a pooled oil field in Campbell County, Wyoming. The Company also participated in a small interest in a gas well in Wyoming and as a royalty owner, it continued development in the Bluebell-Altamont Field.

In 1994, the Company purchased small non-operating working interest in three oil wells and one gas well. It purchased a royalty interest in a gas well in Texas. In 1994, the Company received an increase in production from coal seam gas wells in La Plata County, Colorado, and San Juan County, New Mexico.

The Company is currently continuing to pursue its acquisition/merger with a private group in a non oil and gas business which would have the potential to create a public trading market for the Company's shares in an expanding line of business. The Company has had negotiations, at this point, with several private companies which were interested in merging with Croff in order to become public. These negotiations occurred throughout 1997 and are continuing. . The Company has concentrated on meeting Companies in various high-tech areas, but has not yet completed any agreement. The Board has adopted an acquisitions strategy, however, as a long-term strategy, and intends to continue to search for a potential partner or acquisition, which would be of most 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, 1996, 1997 and 1998:

	1996	1997	1998
Oil and gas:			
ANR Production Company *	23.7% *	23.0%	13.9%
Burlington Resources Oil and Gas Company	10.5%	18.4%	10.4%
Jenex Petroleum Corp.	--------	--------	21%
Pennzoil Production Company	11.1%	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.

The Company is advised that 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, 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, 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 the year. 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 the year, 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.

In 1996, the Company sold its carved-out production payment on 110 stripper wells in Medina County, Texas, which it had purchased in 1993. This carved-out production payment operated similarly to a royalty, with the Company receiving 200 barrels of oil a month, without operating expenses. The Company sold this interest for approximately $106,000 after owning this interest for approximately three years.

As of December 31, 1998, 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 $194,000 in 1998, $193,000 in 1997, $216,000 in 1996, and $196,000 in 1995. Natural gas production to the Company increased by nearly one-third during the last half of the year, after the purchase of the Oklahoma gas wells, but the drop in prices offset the increase in production. Natural gas income increased in 1996 and 1997 with increased gas sales from royalties on coal bed methane gas in San Juan County, New Mexico, and new wells in Western Colorado and Wyoming. 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 continued to drop throughout 1998 from an already low average price of $15 per barrel in January to around $10 per barrel by June and ending the year with the Company's price averaging below $10 per barrel. Oil prices had dropped drastically during 1997 with posted prices for sweet oil in Utah dropping from around $23 per barrel in January to a low of less than $17 per barrel by the end of the year. The drop in prices has continued into 1999, with the first recovery occurring in March 1999. The market in oil prices, having declined from 1990 to 1993, turned around, and average oil prices increased from 1994 to 1996. In 1997, they started down and by 1999, they have declined to the lowest level, adjusted for inflation, since 1917. Most onshore U.S. production is uneconomic at these prices, so oil exploration in the continental U.S. has almost shut down. Natural gas prices sustained a continuing decline in 1998 due to warmer than average weather and cheaper fuel oil prices. Beginning the year over $2, they fell by over $0.60 to about $1.40 by September 1998. There was a small recovery in the winter of 1999, but currently prices are only 2/3 of the 1997 level. Natural gas prices in 1997 were stable at the higher level of $2-$3 per MCF achieved by the final two months of 1996. Natural gas prices averaged $2.03 for the Company in 1997, the average price being higher for the first half of the year. The average price in 1996 was $1.86 per MCF. The warm winter of 1998 contributed to the falling natural gas prices. Because much of Croff's natural gas is in the Rocky Mountains and Oklahoma, Croff's average price for natural gas was not as high as gas producers in Texas and the Gulf area received.

Oil and Gas Working Interests

On April 7, 1998, the Company purchased six working leasehold interests in oil and gas wells in Oklahoma. These wells are primarily natural gas but occasionally produce a load of oil. The Company paid the sum of $208,000 for the minority working interests in each of 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 used approximately $120,000 of its own cash and borrowed the balance of $90,000 on a one year Bank Note. The purchase was completed effective April 1, 1998 and the Company began receiving revenues the second half of 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.

In 1994, the Company purchased small working interests in a gas well in New Mexico; a gas well in Alabama; an oil well in Montana, a gas well in Oklahoma; and a waterflood in Wyoming in which the Company already had a working interest. The Company spent an aggregate of less than $25,000 on these purchases. In 1993, the Company sold its working interest in the five wells which it had purchased in 1992 in Frio County, Texas. It determined these wells were not profitable and were sold for salvage value. The company did not participate in any other drilling in 1993, and did not purchase any further working interests, but received a royalty interest on four new wells.

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 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. In 1998 the Company participated in a tiny working interest in a new well; but until oil and natural gas prices improve, the Company does not anticipate participating in any further drilling.

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, 1998, 1997, and 1996. 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, 1998, 1997, and 1996.

Reserve Category

As of	Proved Developed		Proved Undeveloped		Total	
12/31	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)	Oil (Bbls)	Gas (Mcf)
1996	38,101	265,748	13,011	9,376	51,012	275,124
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

The Company sold oil reserves in 1996, and purchased natural gas reserves in 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, 1996, 1997, and 1998 are summarized as follows:

	Proved Developed		Proved Undeveloped		Total	
As of 12/31	Future Net Revenue	Present Value of Future Net Revenue	Future Net Revenue	Present Value of Future Net Revenue	Future Net Revenue	Present Value of Future Net Revenue
1996	$942,653	$574,473	$238,347	$191,527	$1,181,000	$766,000
1997	$970,392	$629,784	$199,701	$129,606	$1,170,093	$759,390
1998	$892,795	$579,423	$147,038	$ 95,428	$1,039,832	$674,851

"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, 1997, 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, 1996, 1997, and 1998.

"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, 1998.

Oil Wells (1)		Gas Wells (2)	
Gross	Net	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, 1996, 1997, and 1998:

	Crude Oil (Barrels)	Natural Gas (Thousands of Cubic Feet) MCF
Year Ended December 31, 1996:	5,886	44,938
Year Ended December 31, 1997:	5,295	46,222
Year Ended December 31, 1998:	5,278	65,673

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 1996, 1997, and 1998.

	1996	1997	1998
Average sales price per bbl of oil	$20.38	$18.55	$11.74
Average production cost per bbl	$ 5.90	$ 4.24	$ 5.57
Average sales price per Mcf of natural gas	$ 1.86	$ 2.03	$ 1.81
Average production cost per Mcf of natural gas	$ .51	$ .40	$ .61

The average production cost for oil was higher in 1998, when compared to 1997, $5.57 per barrel in 1998 and $4.24 per barrel in 1997. The Company had more workovers on its oil wells in 1998, and a greater percentage of income from working interests. In 1997 there were fewer workovers, but more production taxes due to higher oil prices.

The average production cost for natural gas increased in 1998 due to more production from working interests in higher cost wells in Oklahoma. These Oklahoma wells added up to a third of natural gas production which was mostly from royalty wells in 1997.

The average production cost for natural gas dropped in 1997, due to a large amount of royalty gas from San Juan County, New Mexico. The cost of production for natural gas was $ .61 in 1998, $.40 in 1997, and $.51 in 1996. This was caused by increased sales of natural gas but with more production coming from working interest wells, resulting in a high production cost per MCF.

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

Mining Interests

The Company formerly owned stock and a note in Carbon Opportunities, L.L.C. which was secured against the assets of Buck Creek Coal Company in Indiana. The Company thus had an indirect interest in coal leases in Sullivan County, Indiana. These coal leases were security for a promissory note owned by Carbon Opportunities, L.L.C., in which the Company holds a 2% interest. The leases were operated as the Buck Creek Coal Mine during 1995, but have since gone into bankruptcy and are currently in a Chapter 11 liquidation. The Company has not made any reserve estimates of coal in place on such leases as the value of the leases has been written off. The Company currently has no mining operations on its mineral interests.

Corporate Offices and Employees

The corporate offices are located at 1675 Broadway, Suite 1030, Denver, Colorado 80202. 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 hold a shareholder's meeting in 1998, due to a meeting being held late in the preceding year, on November 25, 1997. The results of this meeting are in the 10-K filed for December 31, 1997. The Company intends to hold a shareholder's meeting 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. 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.

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 - 516,315 SHARES OUTSTANDING

BID RANGE (1), (2), (3)

	Calendar Quarter	Bid	Asked
1996:	First Quarter	$1.10	$1.20
	Second Quarter	$1.10	$1.20
	Third Quarter	$1.10	$1.20
	Fourth Quarter	$1.10	$1.20
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)

Only a few transactions resulting in the transfer of stock took place in 1996, 1997 or 1998.

(1) In 1991, the Company tendered for its own 1:10 reverse split shares at $1.00 per share net to the shareholder. Approximately 29,000 shares were purchased by the Company. All prices shown are following the implementation of the reverse split.

(2) The Company repurchased approximately 10,000 of its common shares for its Treasury in 1995 at $1.00 and $1.05 per share from an estate and a bankruptcy trustee.

(3) (4) 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, 1998, 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- 490,859 SHARES OUTSTANDING

BID RANGE (1), (2), (3), (4)

	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

ITEM 6. SELECTED FINANCIAL DATA

Fiscal Year Ended December 31:

	1994	1995	1996	1997	1998
REVENUES					
Operations					
Oil and Gas	$196,780	$195,834	$216,870	$193.099	$ 193,971
Other Revenues	$ 6,139	$ 9,596	$ 27,181	$	

				14,790	$ 7,505
Expenses	$167,080	$173,919	$170,258	$220.627	$ 213,970
Net Income	$ 34,183	$ 31,511	$ 73,793	$(12,738)	$(15,582)
Per Common Share	$ .06	$ .06	$ .14	$ (.12)	$ (.01)
Working capital	$ 74,401	$ 26,457	$226,367	$205,339	$ 1,866
Long-term debt	--	--	--	--	--
Total assets	$430,327	$505,018	$515,704	$504,875	$508,847
Stockholders' equity	$418,856	$440,527	$510,880	$497,892	$458,123
Dividends per share	NONE	NONE	NONE	NONE	NONE

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 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.

Oil and gas sales for the fiscal year ended December 31, 1996, increased from $195,834 in 1995 to $216,870 in 1996. This was caused by several factors, natural gas production from coal seam gas increased, the price of oil reached a three year high, and production from purchased oil wells was added. Oil prices in 1996 benefited from a cold winter that caused heating oil to rise carrying crude prices upward. Then prices firmed up at the higher levels and increased again at the end of the year. The shortage of oil in Western Colorado and Eastern Utah resulted in a premium price for much of this oil. Natural gas prices benefited from the cold winter which drew down storage levels. An actual or perceived shortage of natural gas during November, 1996, through February, 1997, resulted in a price level of $3-$4 per MCF by early 1998.

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.

Operating costs increased from $55,584 in 1995 to $58,356 in 1996. This increase in lease operating expenses was due to higher costs in some of the Utah fields where Coastal completed workovers on wells acquired from Linmar Petroleum Company. The overall strategy of the Company in using its cash flow to purchase interests in oil and gas properties has resulted in gradual increases in total oil and gas production. The Company has attempted to sell or abandon its interest in wells with high operational costs, as a percent of revenues.

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 1999. 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.

General and administrative expenses increased in the fiscal year ended December 31, 1996, to $73,673 from $66,698 in 1995. This increase was due to a higher legal, accounting and administrative expense incurred in designing, authorizing and delivering the new capital structure of the Company including the Preferred B shares which were issued in 1996. Other income also increased due to higher interest being paid on the Company's higher cash balances, and profits on sales of oil and gas properties.

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. This 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 potential adverse effect upon the Company would be third party service and product suppliers for which the Company depends including payment by the various companies which operate the wells in which the Company has interests in, and which provide the Company's cash flow.

The Company has addressed the first of its systems, 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 intends to have its complete 1999 records on the Roughneck system and fully compliant by the second quarter of 1999. 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 no operations of its own, and 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.

Capital Resources and Liquidity

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 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, and the Company's current liabilities should drop, to less than half of the Company's current assets in 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. As the Company purchased oil and natural gas properties, the current ration dropped during 1998.

In 1996, the Company increased its current ratio by decreasing its current liabilities from $64,491 to $4,824, while increasing its current assets to $231,191. In 1996, the Company's current ratio increased as it paid off bank debt and paid down payables and utilized its cash flow to accumulate cash.

The Company, in March 1999, paid off the final installments of its' bank debt. The Company intends to pay down payables and accumulate cash during the next year. 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 22 (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

(a)(b)(c) 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, 1999.

GERALD L. JENSEN, 59, 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. 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., 69, 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, 58, 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., 67, 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, 50, 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, 1998, there were no officers, employees or directors whose total cash or other remuneration exceeded $60,000.

Summary Compensation Table
1998 Compensation of C.E.O. (1)

Salary	Bonus	Other	Stock Options	Total All Compensation
$53,625 per annum	0	0	No new options	$53,625

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, 1998, 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 expiration date of the warrants is December 31, 1999. No stock options were granted in the fiscal year ending December 31, 1998.

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 (1998)

	Warrant to Buy	Termination Date	Exercise Price	Current Value (Estimated) (1)	Director Compensation (2)
Directors (Excluding President):	10,000 Shares	12/31/99	$1.00	$ 6,500	$ 1,050
President and Director:	20,000 Shares	12/31/99	$1.00	$13,000	$53,625

(1) Based on a current stock price of $1.00 for Preferred B shares and $.75 for common shares for a total estimated value of $1.65, 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, 1998, 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 1675 Broadway, Suite 1030 Denver, Colorado 80202	132,130 (1)	25.58%
Gerald L. Jensen	71,215 (2)	13.27%

1675 Broadway, Suite 1030 Denver, Colorado 80202		
Edwin W. Peiker, Jr. 550 Ord Drive Boulder, Colorado 80401	14,000 (2)	2.66%
Dilworth A. Nebeker 201 East Figueroa Street Santa Barbara, California 93101	11,300 (2)	2.15%
Richard H. Mandel, Jr. 3333 E. Florida #94 Denver, Colorado 80210	10,100 (2)	1.92%
Julian D. Jensen 311 South State Street, Suite 380 Salt Lake City, Utah 84111	46,532 (2)(3)	8.84%
Directors as a Group	285,277	49.48%

(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, 1999. Mr. Gerald L. Jensen's warrant is for 20,000 shares. None of the warrants have been 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 during the last year 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 1998, 1997, and 1996 are, respectively, $525, $2,086, and $4,398.

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 of the 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 31, 1998 By: /S/Gerald L. Jensen
Gerald L. Jensen, President,
Chief Executive Officer

Date: March 31, 1998 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 31, 1998 By: /S/Gerald L. Jensen
Gerald L. Jensen, President

Date: March 31, 1998 By: /S/ Richard H. Mandel
Richard H. Mandel, Jr., Director

Date: March 31, 1998 By: /S/ Edwin Peiker
Edwin Peiker, Jr., Director

Date: March 31, 1998 By: /S/ Dilworth A. Nebeker
Dilworth A. Nebeker, Director

Date: March 31, 1998 By: /S/ Julian D. Jensen
Julian D. Jensen, Director

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, 1997 and 1998, and the related statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of management. Our responsibility is to express an opinion on them 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, 1997 and 1998, and the results of its operations and its cash flows
for each of the three years in the period ended December 31, 1998, in conformity
with generally accepted accounting principles.

Denver, Colorado
March 17, 1999 CAUSEY
DEMGEN & MOORE INC.

CROFF ENTERPRISES, INC.
BALANCE SHEET
December 31, 1997 and 1998

ASSETS

	1997	1998
Current assets:		
Cash and cash equivalents	$166,883	$ 14,294
Marketable equity securities	15,687	3,125
Accounts receivable:		
Oil and gas purchasers	26,552	32,271
Refundable income taxes	3,200	2,900
Total current assets	212,322	52,590
Oil and gas properties, at cost, successful efforts method:		
Proved properties	429,903	636,595
Unproved properties	97,102	97,102
	527,005	733,697
Less accumulated depletion and depreciation	(250,729)	(288,717)
Net property and equipment	276,276	444,980
Coal investment (Note 2)	16,277	11,277
	$504,875	$508,847

See accompanying notes.

CROFF ENTERPRISES, INC.
BALANCE SHEET
December 31, 1997 and 1998

LIABILITIES AND STOCKHOLDERS' EQUITY

	1997	1998
Current liabilities:		
Note payable - bank (Note 3)	$ -	$ 23,369
Accounts payable	4,378	19,290
Accrued liabilities (Note 4)	2,605	8,065
Total current liabilities	6,983	50,724
Contingencies (Note 2)		
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, 516,505 shares (1997) and 490,859 shares (1998) issued and outstanding	364,328	329,559
Common stock, $.10 par value; 20,000,000 shares authorized, 579,143 shares issued	57,914	57,914
Capital in excess of par value	542,215	552,797
Accumulated deficit	(383,669)	(399,251)
	580,788	541,019
Less treasury common stock at cost, 62,828 shares (1997 and 1998)	(82,896)	(82,896)
Total stockholders' equity	497,892	458,123
	$504,875	$508,847

See accompanying notes.

CROFF ENTERPRISES, INC.
STATEMENT OF OPERATIONS
For the years ended December 31, 1996, 1997 and 1998

	1996	1997	1998
Revenue:			
Oil and gas sales (Note 8)	$216,870	$193,099	$193,971
Gain (loss) on disposal of oil and gas properties	19,678	-	(3,088)
Other income	7,503	14,790	7,505
Total revenue	244,051	207,889	198,388
Costs and expenses:			
Lease operating expense and production taxes	58,356	40,824	68,981
General and administrative (Note 4)	73,673	79,495	75,467
Rent expense - related party (Note 4)	16,800	17,200	19,200
Depreciation and depletion	20,759	21,108	39,577
Interest	670	-	5,745
Write down of coal investment (Note 2)	-	62,000	5,000
Total costs and expenses	170,258	220,627	213,970
Net income (loss) (Note 6)	73,793	(12,738)	(15,582)
Net income (loss) applicable to preferred stock (Note 5)	-	49,262	(10,582)
Net income (loss) applicable to common shareholders	$ 73,793	$(62,000)	$ (5,000)
Basic and diluted net income (loss) per common share (Note 7)	$ .14	$ (.12)	$ (.01)

See accompanying notes.

CROFF ENTERPRISES, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
For the years ended December 31, 1996, 1997 and 1998

	Preferred stock		Common stock		Capital in excess of par value	Treasury stock	Accumulated deficit
	Shares	Amount	Shares	Amount			
Balance, December 31, 1995	-	$ -	579,143	$ 57,914	$ 909,983	$ (82,646)	$ (444,724)
Issuance of preferred stock (Note 5)	516,505	233,744	-	-	(233,744)	-	-
Costs of issuance of preferred stock	-	-	-	-	(3,440)	-	-
Net income for the year ended December 31, 1996	-	-	-	-	-	-	73,793
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)

See accompanying notes.

CROFF ENTERPRISES, INC.
STATEMENT OF CASH FLOWS
For the years ended December 31, 1996, 1997 and 1998

	1996	1997	1998
Cash flows from operating activities:			
Net income (loss)	$ 73,793	$ (12,738)	$ (15,582)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and depletion	20,759	21,108	39,577
(Gain) loss on disposal of properties	(19,678)	-	3,088
(Gain) loss on marketable equity securities	(3,012)	(1,377)	(2,438)
Loss on write down of investment	-	62,000	5,000
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(3,411)	6,374	(5,419)
Increase (decrease) in accounts payable	(7,665)	1,214	14,912
Increase (decrease) in accrued liabilities	(2,002)	945	5,460
Total adjustments	(15,009)	90,264	60,180
Net cash provided by operating activities	58,784	77,526	44,598
Cash flows from investing activities:			
Note receivable	4,800	-	-
Proceeds from sale and leases of property	131,585	-	-
Purchase of oil and gas interests	(15,875)	(95,404)	(211,369)
Purchase of marketable equity securities	-	(3,810)	-
Proceeds from sale of marketable equity securies	8,012	-	15,000
Distributions from coal investment	12,766	4,256	-
Net cash provided by (used in) investing activities	141,288	(94,958)	(196,369)
Cash flows from financing activities:			
Purchase of preferred stock	-	-	(24,187)
Purchase of treasury stock	-	(250)	-
Proceeds from note payable	-	-	90,000
Repayment of note payable	(50,000)	-	(66,631)
Cost of issuance of preferred stock	(3,440)	-	-

Net cash provided by (used in) financing activities	(53,440)	(250)	(818)
Increase (decrease) in cash	146,632	(17,682)	(152,589)
Cash and cash equivalents at beginning of year	37,933	184,565	166,883
Cash and cash equivalents at end of year	$184,565	$166,883	$14,294

Supplemental disclosure of cash information:

During the years ended December 31, 1996, 1997 and 1998, the Company paid cash for interest in the amount of $1,115, $0 and $5,745, respectively.

CROFF ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 1996, 1997 and 1998

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 at December 31, 1997 and 1998 was $5,958 and $1,663, 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.

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 (9.75% at December 31, 1998). The loan is unsecured, guaranteed by an officer and shareholder of the Company as a co-borrower, and is due in twelve monthly installments of principal plus interest, with final payment due March 23, 1999. At December 31, 1998, $23,369 remains outstanding under this obligation.

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, 1996, 1997 and 1998 amounted to $4,398, $2,086 and $525, 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, 1998 include $4,800 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 affilated 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). At December 31, 1998, $4,860 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. During 1995, the warrants were extended and are exercisable at any time through December 31, 1999. The warrants must be exercised for not less than 5,000 shares at any time of exercise. As of December 31, 1998, no warrants 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, 1996, 1997 or 1998

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 and 1998, the Company conducted a clearing house where it brough 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 April 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, leaving a remaining balance of 490,859 shares.

6. Income taxes

At December 31, 1998, the Company had net operating loss carry-forwards of approximately $501,000, which, if not used, will expire as follows:

Year of expiration	Amount
2000	$471,000
2001	23,000
2018	7,000
	$501,000

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, 1996 due to the utilization of a tax loss carryforward for the year. The recognized tax benefit of the utilized carryforward was $15,600 for the year ended December 31, 1996. The Company has a financial statement loss carryover of approximately $399,000 remaining at December 31, 1998. 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, 1997 and 1998, total deferred tax assets, liabilities and valuation allowance are as follows:

	1997	1998
Deferred tax assets resulting from loss carryforward	$168,000	$ 187,000
Deferred tax liabilities	(21,000)	(39,000)
Valuation allowance	(147,000)	(148,000)
	$ -	$ -

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 1996, 1997 and 1998. 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, 1996, 1997 and 1998:

	1996	1997	1998
Oil and gas:			
Customer A	23.7%	23.0%	13.9%
Customer B	11.1%	12.2%	10.4%
Customer C	*	*	21.0%
Customer D	10.5%	18.4%	*

* - 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, 1998, crude oil prices decreased and natural gas prices were stable. 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, 1996, 1997 and 1998:

	1996	1997	1998
Revenues	$216,870	$193,099	$193,971
Lease operating costs	47,759	26,966	52,679
Production taxes	10,597	13,858	16,302
Depletion and depreciation	20,759	21,108	39,577
	79,115	61,932	108,558
Income tax expense	-	-	-
Results of operations from producing activities (excluding corporate overhead and interest expense)	$137,755	$131,167	$ 85,413

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,		
	1996	1997	1998
Future cash inflows	$1,540,000	$1,487,000	$1,346,000
Future production and development costs	(359,000)	(317,000)	(306,000)
	1,181,000	1,170,000	1,040,000
Future income tax expense	-	-	-
Future net cash flows	1,181,000	1,170,000	1,040,000
10% annual discount for estimated timing of cash flows	(415,000)	(411,000)	(365,000)
Standardized measure of discounted future net cash flows	$ 766,000	$ 759,000	$ 675,000

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

	1996	1997	1998
Beginning balance	$ 736,000	$ 766,000	$ 759,000
Evaluation of proved undeveloped reserves, net of future production and development costs	(5,000)	(22,000)	(8,000)
Purchase of proved reserves	16,000	95,000	211,000
Sales and transfer of oil and gas produced, net of production costs	(264,000)	(152,000)	(166,000)
Net increase (decrease) in prices and costs	204,000	(20,000)	(151,000)
Extensions and discoveries	74,000	53,000	12,000
Revisions of previous quantity estimates	(7,000)	28,000	8,000
Accretion of discount	12,000	11,000	10,000
Net change in income taxes	-	-	-
Other	-	-	-
Ending balance	$ 766,000	$ 759,000	$ 675,000

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, 1995	70,555	217,976
Revisions of previous estimates	(2,493)	23,148
Purchase of reserves	700	26,000
Extensions, discoveries and other additions	550	54,000
Sale of reserves	(12,414)	- -
Production	(5,886)	(46,000)
	-------	-------
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
	=======	=======
Proved developed reserves		
December 31, 1996	38,101	265,748
December 31, 1997	39,339	301,343
December 31, 1998	36,686	410,651

Costs incurred in oil and gas producing activities for the years ended December 31, 1996, 1997, 1998 are as follows:

	1996	1997	1998
	----	----	-----
Property acquisition, exploration and			

development costs capitalized	$ 15,875	$ 95,404	$ 211,369
Production costs	58,356	40,824	68,981
Depletion and depreciation	20,759	21,108	39,577

CROFF ENTERPRISES, INC.

INDEX TO FINANCIAL STATEMENTS, SCHEDULES
AND SUPPLEMENTAL INFORMATION

5

This schedule contains financial information extracted from form 10-K for period ended December 31, 1998 and is qualified in its entirety by refernece to such 10-k for period ended December 31. 1998.

0000025743
CROFF ENTERPRISES, INC.

YEAR
DEC-31-1998
JAN-01-1998
DEC-31-1998
14,294
3,125
35,171
0
0
52,590
733,697
288,717
508,847
50,724
0
0
329,559
57,914
70,650
458,123
193,971
198,388
0
68,981
144,989
0
5,745
(15,582)
0
(15,582)
0
0
0
(15,582)
(.01)
(.01)

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No.	Call	Collateral	Account	Officer	Initials
$90,000.00	03-23-1998	03-23-1999	215378		5000	403153	028	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: CROFF ENTERPRISES, INC., A UTAH CORPORATION; Et AL
1675 BROADWAY, SUITE 1030
DENVER, CO 80202

Lender: Union Bank & Trust
Main Office
100 Broadway
Denver, Co 8d203

Principal Amount: $90,000.00 Initial Rate: 10.500% Date of Note: March 23, 1998

PROMISE TO PAY. CROFF ENTERPRISES, INC., A UTAH CORPORATION and GERALD L JENSEN (referred to in this Note Individually and collectively as "Borrower") Jointly and severally promise to pay to Union Bank & Trust ("Lender'", or order, In lawful money of the United
Stales of America, the principal amount of Ninety Thousand & 00/100 Dollars ($90,000.00), together with Interest on the unpaid principal balance from March 23,1998, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the index, Borrower will pay this loan in ii payments of $7,941.85 each payment and an irregular last payment estimated at $7,941.91. Borrower's first payment is due April 23, 1998, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on March23, 1999, and will be for all principal and all accrued interest not yet paid. Payments Include principal and Interest. The annual interest rate for this Note is computed on a 36S~flSO basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay tender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments Will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Norwest Bank Colorado, NA. Prime Rate (the 'Index"). The index is not necessarily the lowest rate charged by Lender on its loans. lithe Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based oh other rates as well. The interest rate change will not occur more often than each day. The Index currently Is 8.500% per annum. The Interest rate to be applied to the unpaid principal
balance of this Note will be at a rate of 2.000 percentage points over the Index, resulting in an initial rate of 10.500% per annum. NOTICE:

Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following: (a) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (b) increase Borrower's payments to cover accruing interest, (c) increase the number of Borrower's payments, and (d) continue Borrower's payments at the same amount and increase Borrower's final payment.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary' or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of $25.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower making fewer payments.

DEFAULT. Borrower will be in default if any of the following happens: (a) Borrower fails to make any payment when due. (b) Borrower breaks any promise Borrower has made to Lender, or Borrower fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Note or any agreement related to this Note, or in any other agreement or loan Borrower has with Lender. (a) Any representation or statement made or furnished to Lender by Borrower or on Borrower's behalf is false or misleading in any material respect either now or at the time made or furnished. (d) Borrower becomes insolvent, a receiver is appointed for any part of Borrower's property, Borrower makes an assignment for the benefit of creditors, or any proceeding is commenced either by Borrower or against Borrower under any bankruptcy or insolvency laws. (e) Any creditor tries to take any of Borrower's property on or in which Lender has a lien or security interest. This includes a garnishment of any of Borrower's accounts with Lender. (f) Any guarantor dies or any of the other events described in this default section occurs with respect to any guarantor of this Note. (g) A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon default, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, increase the variable interest rate on this 'vale to 8.000 percentage points over the index. The interest rate will not exceed the maximum rate permitted by applicable law. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' lees and Lender's legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post~udgment collection services. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law. This Note has been delivered to Lender and accepted by Lender In the Stare o~ Colorado. It there Is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the court of Denver County, the State of Colorado. Subject to the provIsions on arbitration, this Note shall be governed by and construed in accordance with the laws of the State of Colorado.

RIGHT OF SETOFF. Borrower grants to Lender a contractual possessory security interest In, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and an twst accounts tar which the grant of a security interest would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

ARBITRATION. Lender and Borrower agree that all disputes, clams and controversies between them, whether individual, Joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association, upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage;

obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article S of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right. concerning any collateral securing this Note, including any claim to rescind, reform, or otherwise modify any agreement relating to the collateral securing this Note, shall also be arbitrated. provided however that no arbitrator shall have the right or the power to enjoin or restrain any act oI any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing In this Note shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

GENEflAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms any indebtedness, Including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (I) determine how, when and what application of payments and credits shall be made on any other indebtedness owing by such other borrower. Borrower and any other person who signs, guarantees or endorses this fiote, to (he extent allowed by law, waive presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan, or release any party or guarantor or collateral; or impair, fall to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. ~l such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are Joint and several

CORPORATE RESOLUTION TO BORROW

Princ ipal	Loan Date	Matur ity	Loan No.	Call	Colla teral	Accou nt	Offic er	Initi als
$90,0 00.00	03-23- 1998	03-23- 1999	21537 8		5000	40315 3	028	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: CROFF ENTERPRISES, INC., A UTAH CORPORATION; Et AL
1675 BROADWAY, SUITE 1030
DENVER, CO 80202

Lender: Union Bank & Trust
Main Office
100 Broadway
Denver, CO 80203

Principal Amount: $90,000.00 Initial Rate: 10.500% Date of Note: March 23, 1998

I, the undersigned Secretary or Assistant Secretary' of CROFF ENTERPRISES, INC., A UTAH CORPORATION (the "Corporation"), HEREBY CERTIFY that the Corporation is organized and existing under and by virtue of the laws of the Stale of Utah as a corporation for profit, with its principal office at 167S BROADWAY, SUITE 1030, DENVER, CO 80202, and is duly authorized to transact business In the State of Colorado.

I FURTHER CERTIFY that at a meeting of the Directors of the Corporation, duly called and held on March 10, 1998, at which a quorum was present and voting, or by other duly authorized corporate action In lieu of a meeting, the following resolutions were applied:

BE IT RESOLVED, that any one (1) of the following named officers, employees, or agents of this Corporation, whose actual signatures are shown below:

NAME	POSITION
GERALD L. JENSEN	PRESIDENT

acting for and on behalf of the Corporation and as its act and deed be, and he or she hereby Is, authorized and empowered:

Borrow Money. To borrow from time to time from Union Bank & Trust ("Lender"), on such terms as may b agreed upon between the Corporation and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory' note or notes, or other evidence of credit accommodations of the Corporation, on Lender's forms, at such rates of Interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any indebtedness of the Corporation to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancing, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender, as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory' notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced, any property now or hereafter belonging to the Corporation or In which the Corporation now or hereafter may have an interest, including without limitation all real property and all personal property (tangible or Intangible) of the Corporation. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated, or encumbered at the time such loans are obtained or such Indebtedness is incurred, or at any other time or times, and may be either In addition to or In lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated, or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which may be submitted by Lender, and which shall e'4'dence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given: and also to execute and deliver to Lender any other written Instruments, any chattel paper, or any other collateral, of any kind or nature, which he or she may In his or her discretion deem reasonably necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory' notes, or other evidences of indebtedness payable to or belonging to the Corporation in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the account of the Corporation with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate Individuals as being authorized to request advances thereunder, and In all cases, to do and perform such other acts and things, to pay any and all foes and costs, and to execute and deliver such other documents and agreements as he or she may in his or her discretion deem reasonably necessary' or proper in order to carry Into effect the provisions of these Resolutions.

BE IT FURTHER RESOLVED, that any and all acts authorized pursuant to these Resolutions and performed prior to the passage of these Resolutions are hereby ratified and approved, that these Resolutions shall remain In full force and effect and Lender may rely on these Resolutions until written notice of his or her revocation shall have been delivered to and received by Lender. Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

BE IT FURTHER RESOLVED, that the Corporation may enter Into transactions in which there are multiple borrowers on obligations to Lender and the Corporation understands and agrees that, with or without notice to the Corporation, discharge or release of any party or collateral securing an obligation, any extension of time for payment, any delay in enforcing any rights granted to Lender, or any other action or Inaction will not cause Lender to lose any of its rights against the Corporation; and that Lender may modify transactions without the consent of or notice to anyone other than the party with whom the modification Is made.

BE IT FURTHER RESOLVED, that the Corporation will notify Lender In writing at Lender's address shown above (or such other addresses as Lender may designate from lime to time) prior to any (a) change in the name of the Corporation, (b) change in the assumed business name(s) of the Corporation, (c) change In the management of the Corporation,, (d) change In the authorized signer(s), (e) conversion of the Corporation to a new or different type of business entity, or (f) change In any other aspect of the Corporation that directly or Indirectly relates to any agreements between the Corporation and Lender. No change In the name of the Corporation will take effect until after Lender has been notified.

I FURTHER CERTIFY that the officer, employee, or agent named above Is duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupies the position set opposite the name; that the foregoing Resolutions now stand of record on the books of the Corporation; and that the Resolutions are In full force and effect and have not been modified or revoked In any manner whatsoever. The Corporation has no corporate seal, and therefore, no seal Is affixed to this certificate.

IN TESTIMONY WHEREOF, I have hereunto set my hand on Match 23,199B and attest that the signatures set opposite the names tinted above are their genuine signatures.

C RTIFIED TO AND

ATTESTED BY: r

X Colleen Jensen

X Assistant

Secretary

NOTE: in case the secretary or other certifying officer is designated by the foregoing resolutions as one of the signing officers, it is advisable to have this certificate signed by a second Officer or Director of the corporation.

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STATE OF UTAH

DEPARTMENT OF COMMERCE

CERTIFICATION

OF GOOD STANDING

THE UTAH DIVISION OF CORPORATIONS AND COMMERCIAL CODE HEREBY CERTIFIES THAT

CROFF ENTERPRISES, INC.

is a Utah corporation and is qualified to transact business in the State of Utah, and that its most recent annual report required by Utah law has been filed, and that Articles of Dissolution have not been filed, A Certificate of Incorporation was issued from this office on NOVEMBER 13, 1907 and said corporation is in good standing, as appears of record in the offices of the Division

This certification is not intended to reflect the financial condition, business activity or practices of this corporation.

File Number: CO 006667

Dated this 19th day
Of March, 1998
Korla T Woods
Director, Division of
Corporations and
Commercial Code

CROFF PURCHASE AGREEMENT

This Purchase Agreement is being made and entered into between Croff Oil Company, St. James Oil Company, and Jenex Operating Company, this seventh day of April, 1998. Croff Oil Company of 1675 Broadway, Suite 1030, Denver, Colorado 80202, is hereafter referred to as "Croff", Jenex Operating Company of 1675 Broadway, Suite 1030, Denver, Colorado 80202, is hereafter referred to as "Jenex", and St. James Oil Company of P.O. Box 5188, Stateline Nevada, 89449, is hereafter referred to as "St. James".

RECITALS

St. James owns certain producing leases on which Jenex is the operator of certain oil and gas wells in Oklahoma. St. James desires to sell these operated wells for cash to Croff. Croff is interested in purchasing these wells from St. James. Jenex is the operator of these wells and has agreed to rebate a fixed portion of the operating revenues to Croff.

AGREEMENT

1. Croff hereby agrees to buy the following leases from St. James, and the operating wells thereon commonly known as the Mueggenborg, Duncan, Fannie Brown, Miller, Dickerson, and one-half of the Harper, which leases and wells are more particularly described on Exhibit "A", attached hereto and by this reference incorporated herein. The leases shall include all the interest of St. James in these mineral estates. All operated wells, all equipment, inventory, receivables, and rights and offsets are included, except for the Harper well in which St. James is conveying 1/2 of its leasehold interest, the other half being conveyed to Jenco Petroleum Corporation.

2. St. James hereby agrees to convey to Croff the leases set out on Exhibit "A" by Quit Claim deed effective April 1, 1998, including all of St. James net revenue interest, which includes all of its present leasehold estate except in the Harper well in which is included 1/2 of St. James' leasehold estate. Such leases will be conveyed by quitclaim assignment with a stipulation that purchaser will assume full responsibility for all leases in their present condition, including any and all environmental or remedial work which should be attributed to a non-operating working interest. A sample of such quitclaim assignment is attached hereto as Exhibit "B".

3. The consideration to be paid by Croff for the assignment of the leases as described on Exhibit "A", shall be $208,000. The consideration shall be paid by wire transfer or cashier's check at closing.

4. Jenex hereby agrees to provide a credit of $150 dollars per month for each well being purchased by Croff, as long as the lease is held by Croff. The total credit will be $150 per well, for six wells, or a total of $900 per month. This credit is available only to Croff, and is not transferable to any subsequent purchaser.

5. This Purchase Agreement has been approved by the Board of Directors of Croff and Croff has authorized its President to enter into this Agreement. Croff represents that it is in the oil and natural gas business and will conduct its own due diligence with respect to these leases.

6. St. James hereby represents and warrants that it is a Nevada Corporation, that it has full authority to enter into this Agreement, that James Jensen, the officer, executing this Agreement is duly authorized, that it has full authority to sell the leases being conveyed, and that it is not aware of any information with respect to these leases which is not available to Croff through Jenex Operating Company, at 1675 Broadway, Suite 1030, Denver, Colorado 80202; that such leases are free and clear of any liens and encumbrances, and there are no claims or litigation threatened or filed with respect to these leases.

7. Jenex Operating Company hereby represents and warrants that

it is a Colorado Corporation, that this Agreement has been duly authorized by its Board of Directors, and that this Agreement is binding on Jenex, effective with the transfer of all ownership in Jenex Operating Company to Jenco Petroleum Corporation.

8. Closing shall take place at the offices of Jenex Operating Company at 1675 Broadway, Suite 1030, Denver, Colorado 80202 at 10:00 A.M. on April 8, 1998. Notwithstanding the date of closing, the effective date of all Assignments of the leases shall be midnight, March 31, 1998.

9. All revenue prior to the effective date shall belong to St. James and all revenue subsequent to the effective date shall belong to Croff. All joint interest billings, expenses, and costs of the well prior to the effective date shall be paid by St. James, and after the effective date by Croff.

10. This Agreement is being entered into in the State of Colorado, and Colorado law shall apply for all purposes.

11. This Agreement shall be binding upon the parties hereto, their successors, transferee's, or assigns.

12. This Agreement shall be executed in counterparts, each of which shall be an original.

13. Croff Oil Company shall have the sole right to make any public announcement of this purchase.

In witness whereof, the parties hereto have made in entered into this Purchase Agreement, the day and year first above written.

Attest:

Croff Oil Company

Attest:

Jenex Operating Company

Attest:

St. James Oil Company

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EXHIBIT "A"

Harper #1	T22N-R18W-Sec. 20 Woodward County, Oklahoma	One-half St. James interest in this well
Miller	T22N-R18W-Sec. 29 Woodward County, Oklahoma	
Fannie Brown	T9N-R10W-Sec. 11 Caddo County, Oklahoma	
Dickerson	T15N-R5W-Sec. 34 Kingfisher County, Oklahoma	
Mueggenborg	T15N-R5W-Sec. 35 Kingfisher County, Oklahoma	
Duncan	T9N-R25E-Sec. 21 LeFlore County, Oklahoma	

ASSIGNMENT OF OIL, GAS AND MINERAL LEASE

THIS Assignment of Oil, Gas and Mineral Lease is made and entered in to this ___ day of April, 1998, by and between SAINT JAMES OIL LIMITED, a Nevada corporation, with offices at P.O. Box 5188, Stateline Nevada, 89449, hereafter referred to as "Assignor", and CROFF OIL COMPANY, a Nevada corporation whose address is 1675 Broadway, Suite 1030, Denver, Colorado 80202, hereafter referred to as "Assignee".

Assignor, in consideration of the covenants and agreements between the parties hereto, does hereby grant, bargain, sell, assign, transfer and convey unto Assignee and Assignee's successors in title and assigns, an undivided working interest, constituting an undivided net revenue interest in and to the Properties (hereinafter defined) listed on Exhibit "A", attached hereto and made a part hereof.

The properties include all of Assignor's right, title and interest in and to the following:

(a) Those oil, gas and/or mineral leases, including amendments and ratifications thereof, pertaining to production of hydrocarbons from the Wells (the "Leases");

(b) All petroleum, hydrocarbons and associated gases stored upon or produced from the Leases, or attributable to them in any unit in which any of the Wells is included;

(c) All rights to use the surface of any of the lands for access to the Wells and Leases and all contractual rights relating to such lands and the Wells and Leases;

(d) All of the presently existing and valid pooling and unitization agreements covering any Well;

(e) All equipment and other personal and mixed property, receivables, inventory, improvements, easements, rights-of-way, permits, licenses, servitudes, surface leases, water leases and any other estate in land situated upon, or used, or held for future use in connection with the exploration, development and production of oil, gas and other minerals from any of the lands subject to the Leases or the treatment, storage or transportation of such substances therefrom, and all other fixtures and improvements appurtenant to or used or useful in connection with operations on the Leases;

(f) The oil and/or gas production or injection wells identified in Exhibit "A", together with all personal property, fixtures and improvements used for the production, treatment, sale or disposal or injection of hydrocarbons, water or brine produced therefrom or attributable thereto, including all equipment, casing, tubing, pumps, lines, separators, wellhead and in-hole equipment, pipe, tanks, motors, pipeline, meters, regulators, gathering lines, fixtures, and all other oilfield equipment and material, installed and in inventory, used or useful in the operation of such Wells.

This Assignment is made without warranty of any kind, express or implied.

This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective successors and assigns.

EXECUTED this ____ day of April, 1998, but effective as of the 1st day of April, 1998.

ATTEST SAINT JAMES OIL CORPORATION

By:_____________________________

By:__________________________________

James L. Jensen, President

STATE OF)
)
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of April, 1998, by James L. Jensen, as President of Saint James Oil, Ltd., a Nevada Corporation, on behalf of said Corporation.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

ATTEST

CROFF OIL COMPANY

By:____________________________

By:_________________________________

Gerald L. Jensen

STATE OF)
)
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of April, 1998, by Gerald L. Jensen, as President of Croff Oil Company, a Nevada Corporation, on behalf of said Corporation.

WITNESS my hand and official seal.

Notary Public

My Commission Expires:

C:\WORD\LEGAL\ASSIGNME\ STJAMES.DOC

EXHIBIT "A"

Miller #1-29
Township 22 North, Range 18 West, Section 29
Woodward County, Oklahoma

EXHIBIT "A"

Fannie Brown #1-11
Township 9 North, Range 10 West, Section 11
Caddo County, Oklahoma

EXHIBIT "A"

Dickerson #1-34
Township 15 North, Range 5 West, Section 34
Kingfisher County, Oklahoma

Mueggenborg #1
Township 15 North, Range 5 West, Section 35
Kingfisher County, Oklahoma

EXHIBIT "A"

Duncan #1-21
Township 9 North, Range 25 East, Section 21
LeFlore County, Oklahoma