UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2004

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transaction period from _______ to _________

Commission file number 1-100

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

Utah	87-0233535
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
3773 Cherry Creek Drive North, Suite 1025 Denver, Colorado	80209
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (303) 383-1555
Securities registered pursuant to Section 12(b) of the Act

Title of each class	Name of each exchange on which registered
Common Stock, $.10 par value	None

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
[X] Yes [_] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of February 22, 2005, 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: $395,667.

As of February 22, 2005, the Registrant had outstanding 568,900 shares of common stock ($0.10 par value)(excludes 53,243 common shares held as treasury stock).

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CROFF ENTERPRISES, INC.
Annual Report on Form 10-K
December 31, 2004

PART I

ITEM 1. BUSINESS

General

Croff Enterprises, Inc. ("Croff" or the "Company") is an independent energy Company engaged in the business of oil and natural gas production, primarily through ownership of perpetual mineral interests and acquisition of producing oil and natural gas leases. The Company's principal activity is oil and natural gas production from non-operated properties. Croff's business strategy is focused on targeting opportunities that are of lower risk with the potential for stable cash flow and long asset life while seeking to keep operating costs low. The Company acquires and owns producing and non-producing leases and perpetual mineral interests in Alabama, Colorado, Michigan, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah and Wyoming. Over the past ten years, the Company's primary source of revenue has been oil and natural gas production from leases and producing mineral interests. Other companies operate almost all of the wells from which Croff receives revenues and Croff has no control over the factors which determine royalty or working interest revenues, such as markets, prices and rates of production. Croff participates presently as a working interest owner in approximately 40 wells or units of several wells. Croff holds small royalty interests in approximately 250 wells.

Summary of Current Events

During 2004, the Company continued to acquire and renew leases, and develop its drilling package with the goal of attracting development partners principally for the Company's Yorktown Re-entry Program in DeWitt County, Texas. The majority of these leases were acquired in 2003. The existing logs appear to indicate potential productivity in the Edwards limestone and Wilcox natural gas producing sands in this area. These leases contain eight existing wellbores, of which two were drilled to the Edwards formation and six were drilled to the Wilcox formation. The Company re-entered the Helen Gips #1 well in DeWitt County, Texas, and re-completed the wellbore to the Wilcox formation during 2004. The Helen Gips #1 well currently, has been perforated, fraced, and completion efforts are still in process.

In November 2004, the Company signed a Prospect Participation Agreement ("Agreement") with Tempest Energy Resources, LP ("Tempest") to participate in the development of its Yorktown Re-entry Program located in Dewitt County, Texas. The Company reported this Agreement on November 19, 2004, on Form 8-K. Significant portions of this Agreement are summarized below; and the Agreement is set-out in its entirety as a Form 8-K exhibit to this filing: The Agreement outlines the Parties intent to potentially develop an area containing approximately 830 acres with 8 re-entry prospects, as well as potential new drilling locations. The Program is targeting wells which may produce natural gas and condensate from either the Edwards limestone or Wilcox formations. The Agreement provides for the parties to work together in this area of mutual interest ("AMI") for a period of up to 5 years. Under the general terms of the

Agreement, Croff will assign 75% interest in the leases, excluding the Helen Gips #1 wellbore, to Tempest, subject to all royalties. Tempest will pay Croff $100 per net acre assigned. Tempest will pay Croff a participation fee of $50,000 per well re-entry that the Parties agree to develop. On all re-entry wells the Parties agree to develop, Croff will have a carried working interest of 15% through the drilling and development stages of the re-entry wells and Croff can participate on a equal cost sharing basis for an additional 10% working interest. Management believes that should both Parties agree to develop the remaining seven re-entry prospects that it would cost Croff approximately $700,000 to elect to participate on an equal cost sharing basis for an additional 10% working interest. On all new wells the Parties agree to develop, Croff can elect to participate on an equal cost sharing basis for up to 25% of the working interest. Tempest or its designee will assume operating control and shall become the operator of record for all wells covered by this Agreement.

The Parties agreed to the following with respect to the Helen Gips #1 well, which Croff previously had begun to develop. Croff agreed to assign 60% of the working interest in the Helen Gips #1 to Tempest. Tempest agreed to pay a $100,000 participation fee, to reimburse Croff for certain costs incurred on the Helen Gips #1 prior to closing of the Agreement, and pay the remaining completion costs and assume operations.

In 2003, the Company acquired a 10% working interest in one oil and natural gas well in Hardin County, Texas for $30,000 and a 20% working interest in one oil well in Cheboygan County, Michigan for $70,000. These acquisitions increased reserves by 34,036 barrels of oil and 91,496 Mcf of natural gas and increased the present value (PV10%) at December 31, 2003 by approximately $450,000.

The estimated value of the Company's discounted future net cash flows increased 26% to $1,583,000 at December 31, 2004 compared to $1,257,000 as of December 31, 2003. This increase in the estimated value of the Company's discounted future net cash flows was primarily the result of higher prices at December 31, 2004 as compared to December 31, 2003. The December 31, 2004 valuation reflected average wellhead prices of $5.30 per Mcf and $41.17 per barrel, while the December 31, 2003 valuation reflected average wellhead prices of $4.03 per Mcf and $30.14 per barrel. At December 31, 2004, approximately 54% of the Company reserves were from oil. The Company's oil reserves as of December 31, 2004 and 2003 were estimated at 80,468 barrels and 84,110 barrels respectively. During 2004, the Company had production of 8,011 barrels of oil compared to production of 7,656 barrels during 2003. The Company's natural gas reserves as of December 31, 2004 and 2003 were estimated at 407,084 Mcf and 531,377 Mcf, respectively. During 2004, the Company had production of 59,959 Mcf of natural gas compared to production of 52,998 Mcf of natural gas during 2003. The Company's December 31, 2004, reserve study included an overall downward revision in the Company's estimated natural gas reserves which totaled 66,834 Mcf. The natural gas revisions primarily were in Michigan and Utah.

Revenues and net income for 2004 totaled $576,162 and $142,116, respectively. Cash provided from operations in 2004 totaled $207,727. The Company's cash flow from operations is highly dependent on oil and natural gas prices. Capital expenditures for 2004 totaled $311,054 and were primarily attributable to the acquisition and potential development of non-producing mineral leases with re-entry wells in DeWitt County, Texas. The Company had no short-term or long-term debt outstanding at December 31, 2004.

History

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 natural gas properties as Croff Oil Company.

In 1996, the Company created a class of preferred B stock to which the perpetual mineral interests and other oil and natural gas assets were pledged. Thus, the preferred B stock represents the majority of the Company's oil and natural gas assets, exclusive of the Company's interests in DeWitt County, Texas. All other assets are represented by the common stock. Each common shareholder, as of the February 28, 1996 record date, received an equal number of preferred B shares, one for each common share, at the time of this restructuring of the capital of the Company. Subsequent to this date the Company's securities have been separately traded. The Company's common stock is listed and occasionally traded on the Over the Counter Bulletin Board (www.otcbb.com) under the symbol "COFF". The preferred B shares also have an extremely limited market. The Company maintains a clearinghouse for these shares at its Web site (www.croff.com).

Material Subsequent Events

As of the date of this filing, the Company is not aware of any material subsequent events.

Available Information

Our Internet address is www.croff.com. We make available through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

Major Customers

Customers which accounted for over 10% of oil and natural gas revenues were as follows for the years ended December 31, 2002, 2003 and 2004:

	2002	2003	2004
Burlington Resources Oil and Gas Company	10.0%	*	*
El Paso Production	14.6%	*	*
Energetics, LTD.	10.0%	*	*
Jenex Petroleum Corp., a related party	17.2%	23.0%	18.1%
Merit Energy	*	*	14.4%
Sunoco, Inc.**	*	*	11.9%

* less than 10%

** Replaced Energetics as the purchaser on the Scheffler and Sunbelt oil wells in Michigan

Management believes that the loss of any individual purchaser would not have a long-term material adverse impact on the financial position or results of operations of the Company.

Financial Information About Industry Segments

The Company's operations presently consist of oil and natural gas production. During previous years the Company has generated revenues through the sale or leasing of oil and natural gas leasehold interests; however, no significant revenues were generated from this source for the last five years.

Government Regulation

The Company's operations are primarily indirectly affected by political developments and by federal, state and local laws and regulations. Legislation and administrative regulations relating to the oil and natural gas industry are periodically changed for a variety of political, economic and other reasons. Numerous federal, state and local departments and agencies issue rules and regulations binding on the oil and natural gas industry, some of which carry substantial penalties and sanctions for failure to comply. The regulatory burden on the industry increases the cost of doing business, decreases flexibility in the timing of operations and may adversely affect the economics of capital projects.

In the past, the federal government has regulated the prices at which oil and natural gas could be sold. Prices of oil and natural gas sold by the Company are not currently regulated, but there is no assurance that such regulatory treatment will continue indefinitely into the future. Congress, or in the case of certain sales of natural gas by pipeline affiliates over which it retains jurisdiction, the Federal Energy Regulatory Commission ("FERC") could re-enact price controls or other regulations in the future.

In recent years, FERC has taken significant steps to increase competition in the sale, purchase, storage and transportation of natural gas. FERC's regulatory programs allow more accurate and timely price signals from the consumer to the producer and, on the whole, have helped natural gas become more responsive to changing market conditions. To date, the Company believes it has not experienced any material adverse effect as the result of these initiatives. Nonetheless, increased competition in natural gas markets can and does add to price volatility and inter-fuel competition, which increases the pressure on the Company to manage its exposure to changing conditions and position itself to take advantage of changing markets. Additional proposals are pending before Congress and FERC that might affect the oil and natural gas industry. The oil and natural gas industry has historically been heavily regulated at the federal level; therefore, there is no assurance that the less stringent regulatory approach recently pursued by FERC and Congress will continue.

State statutes govern exploration and production operations, conservation of oil and natural gas resources, protection of the correlative rights of oil and natural gas owners and environmental standards. State Commissions implement their authority by establishing rules and regulations requiring permits for drilling, reclamation of production sites, plugging bonds, reports and other matters. There can be no assurance that, in the aggregate, these and other regulatory developments will not increase the cost of operations in the future.

Environmental Matters

The Company's operations are primarily indirectly subject to numerous laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection.

The Company's operations are primarily indirectly subject to stringent federal, state and local laws governing the discharge of materials into the environment or otherwise relating to environmental protection. Numerous governmental departments such as the federal Environmental Protection Agency ("EPA") issue regulations to implement and enforce such laws, which are often difficult and costly to comply with and which carry substantial civil and criminal penalties and sanctions for failure to comply. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities and concentrations of various substances that can be released into the environment in connection with drilling, production and transporting through pipelines, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands, frontier and other protected areas, require some form of remedial action to prevent pollution from former operations such as plugging abandoned wells, and impose substantial liabilities for pollution resulting from operations. In addition, these laws, rules and regulations may restrict the rate of production. The regulatory burden on the oil and natural gas industry increases the cost of doing business and affects profitability. Changes in environmental laws and regulations occur frequently, and changes that result in more stringent and costly waste handling, disposal or clean-up requirements could adversely affect the Company's operations and financial position, as well as the industry in general.

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 natural gas properties or leases in which the Company has an ownership interest.

Forward-Looking Statements

Certain information included in this report, other materials filed or to be filed by the Company with the Securities and Exchange Commission ("SEC"), as well as information included in oral statements or other written statements made or to be made by the Company contain or incorporate by reference certain statements (other than statements of historical or present fact) that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical or present facts, that address activities, events, outcomes or developments that the Company plans, expects, believes, assumes, budgets, predicts, forecasts, estimates, projects, intends or anticipates (and other similar expressions) will or may occur in the future are forward-looking statements. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Form 10-K. Such forward-looking statements appear in a number of places and include statements with respect to, among other things, such matters as: future capital, development and exploration expenditures (including the amount and nature thereof), drilling, deepening or refracing of wells, oil and natural gas reserve estimates (including estimates of future net revenues associated with such reserves and the present value of such future net revenues), estimates of future production of oil and natural gas, expected results or benefits associated with recent acquisitions, business strategies, expansion and growth of the Company's operations, cash flow and anticipated liquidity, grassroots prospects and development and property acquisition, obtaining financial or industry partners for prospect or program development, or marketing of oil and natural gas. We caution you that these forward-looking statements are subject to all of the risks and uncertainties, many of which are beyond our control, incident to the exploration for and development, production and sale of oil and natural gas. These risks include but are not limited to: general economic conditions, the market price of oil and natural gas, the risks associated with exploration, the Company's ability to find, acquire, market, develop and produce new properties, operating hazards attendant to the oil and natural gas business, uncertainties in the estimation of proved reserves and in the projection of future rates of production and timing of development expenditures, the strength and financial resources of the Company's competitors, the Company's ability to find and retain skilled personnel, climatic conditions, labor relations, availability and cost of material and equipment, environmental risks, the results of financing efforts, regulatory developments and the other risks described in this Form 10-K.

Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data and the interpretation of that data by geological engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, these revisions could change the schedule of any further production and/or development drilling. Accordingly, reserve estimates are generally different from the quantities of oil and natural gas that are ultimately recovered.

Should one or more of the risks or uncertainties described above or elsewhere in this Form 10-K occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements. We specifically disclaim all responsibility to publicly update any information contained in a forward-looking statement or any forward-looking statement in its entirety and therefore disclaim any resulting liability for potentially related damages.

All forward-looking statements attributable to Croff or its management are expressly qualified in their entirety by this cautionary statement.

Fluctuations in Profitability of the Oil and Natural Gas Industry

The oil and natural gas industry is highly cyclical and historically has experienced severe downturns characterized by oversupply and weak demand. Many factors affect our industry, including general economic conditions, consumer preferences, personal discretionary spending levels, interest rates and the availability of credit and capital to pursue new production opportunities. It is possible that the oil and natural gas industry will experience sustained periods of decline in the future. Any such decline could have a material adverse affect on our business.

Competition

The oil and natural gas industry is highly competitive. The Company encounters competition in all of its operations, including the acquisition of exploration and development prospects and producing properties. The Company competes for acquisitions of oil and natural gas properties with numerous entities, including major oil companies, other independents, and individual producers and operators. Almost all of these competitors have financial and other resources substantially greater than those of the Company. The ability of the Company to increase reserves in the future will be dependent on its ability to select and successfully acquire suitable producing properties and prospects for future development and exploration.

Estimates of Oil and Natural Gas Reserves, Production and Replacement

The information on proved oil and natural gas reserves included in this document are simply estimates. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment, assumptions used regarding quantities of oil and natural gas in place, recovery rates and future prices for oil and natural gas. Actual prices, production, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves will vary from those assumed in our estimates, and such variances may be significant. If the assumptions used to estimate reserves later prove incorrect, the actual quantity of reserves and future net cash flow could be materially different from the estimates used herein. In addition, results of drilling, testing and production along with changes in oil and natural gas prices may result in substantial upward or downward revisions.

Corporate Offices and Employees

The corporate offices are located at 3773 Cherry Creek Drive North, Suite 1025, Denver, Colorado 80209. The Company is not a party to any lease, but during 2004 paid Jenex Petroleum Corporation, 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 were $24,000, $30,000 and $48,000 for the years ended 2002, 2003 and 2004, respectively. Although these transactions were not a result of "arms length" negotiations, the Company's Board of Directors believes the transactions are reasonable.

The Company currently has five (5) directors. The Company has one employee, the President, and three part-time contract workers. The contract workers are provided to the Company as part of its office lease and overhead agreement. The President and the contract workers work from the Company's corporate offices. None of the Croff staff is represented by a union.

Foreign Operations and Subsidiaries

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

ITEM 2. PROPERTIES

Present Activities

The Company remains focused on finding lower risk oil and natural gas opportunities. During 2004, the Company continued to acquire and renew leases, and develop its drilling package with the goal of attracting development partners principally for the Company's Yorktown Re-entry Program in DeWitt County, Texas. The majority of these leases were acquired in 2003, after the Company's management reviewed the existing logs as to the potential size and productivity of the Edwards limestone and Wilcox natural gas producing sands in this area. These leases contain eight existing wellbores, of which two were drilled to the Edwards formation and six were drilled to the Wilcox formation.

In November 2004, the Company signed a Prospect Participation Agreement ("Agreement") with Tempest Energy Resources, LP ("Tempest") to participate in the development of its Yorktown Re-entry Program located in Dewitt County, Texas. The Company reported this Agreement on November 19, 2004, on Form 8-K. Significant portions of this Agreement are summarized below; and the Agreement is set-out in its as a Form 8-K exhibit to this filing: The Agreement outlines the Parties intent to potentially develop an area containing approximately 830 acres with 8 re-entry prospects, as well as potential new drilling locations. The Program is targeting wells which may produce natural gas and condensate from either the Edwards limestone or Wilcox formations. The Agreement provides for the parties to work together in this area of mutual interest ("AMI") for a period of up to 5 years. Under the general terms of the Agreement, Croff will assign 75% interest in the leases, excluding the Helen Gips #1 wellbore, to Tempest, subject to all royalties. Tempest will pay Croff $100 per net acre assigned. Tempest will pay Croff a participation fee of $50,000 per well re-entry that the Parties agree to develop. On all re-entry wells the Parties agree to develop, Croff will have a carried working interest of 15% through the drilling and development stages of the re-entry wells and Croff can participate on a equal cost sharing basis for an additional 10% working interest. Management believes that should both Parties agree to develop the remaining seven re-entry prospects that it would cost Croff approximately $700,000 to elect to participate on an equal cost sharing basis for an additional 10% working interest. On all new wells the Parties agree to develop, Croff can elect to participate on an equal cost sharing basis for up to 25% of the working interest. Tempest or its designee will assume operating control and shall become the operator of record for all wells covered by this Agreement.

The Parties agreed to the following with respect to the Helen Gips #1 well, which Croff previously had begun to develop. Croff agreed to assign 60% of the working interest in the Helen Gips #1 to Tempest. Tempest agreed to pay a $100,000 participation fee, to reimburse Croff for certain costs incurred on the Helen Gips #1 prior to closing of the Agreement, and pay the remaining completion costs, and assume operations.

In 2003, the Company acquired a 10% working interest in one oil and natural gas well in Hardin County, Texas for $30,000 and a 20% working interest in one oil well in Cheboygan County, Michigan for $70,000. These acquisitions increased reserves by 34,036 barrels of oil and 91,496 Mcf of natural gas and increased the present value (PV10%) at December 31, 2003 by approximately $450,000.

Drilling Activities

The Company re-entered the Helen Gips #1 well in DeWitt County, Texas, and re-completed the wellbore to the Wilcox formation during 2004. The Helen Gips #1 well currently, has been perforated, fraced, and completion efforts are still in process. Under the successful efforts method of accounting the Company has capitalized $65,213 as of December 31, 2004, for costs incurred on this unevaluated exploratory well. The capitalized costs associated with this unevaluated exploratory well have been excluded from depletion and depreciation during the 2004.

Delivery Commitments

For the year ended December 31, 2004, the Company had no delivery commitments with respect to the production of oil and natural gas. The Company is unaware of any arrangements pertaining to any delivery commitments on royalty wells.

General

The Company's "Developed acreage" consists of leased 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 natural gas. The Company's "Gross acreage" is defined as total acres in which the Company has an interest; "Net acreage" is the actual number of mineral acres owned by the

Company. Most developed acreage is held by production. The remaining acreage leases expire in 1 to 3 years. The acreage is concentrated in Alabama, Michigan, New Mexico, Oklahoma, Texas, and Utah and is widely dispersed in Colorado, Montana, North Dakota, and Wyoming.

During 2004, the Company's production averaged 168 Mcf of natural gas and 22 Bbl of oil per day. The Company's average daily production during 2003 was 145 Mcf of natural gas and 21 Bbl of oil. "Proved developed" oil and natural gas reserves are reserves expected to be recovered from existing wells with existing equipment and operating methods. "Proved undeveloped" oil and natural 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 re-completion.

The quantities and values in the tables that follow are based on average prices for the year 2004 which averaged $38.81 per barrel of oil and $4.87 per Mcf of natural gas or in some cases constant prices in effect at December 31, 2004. These average prices are lower than the December 31, 2004 prices used in the Company's 2004 reserve study. Higher prices increase reserve values by raising the future net revenues attributable to the reserves and increasing the quantities of reserves that are recoverable on an economic basis. Price decreases have the opposite effect. A decline in the prices of oil or natural gas could have a material adverse effect on the Company's financial condition and results of operations.

Future prices received from production and future production costs may vary, perhaps significantly, from the prices and costs assumed for purposes of these estimates. There can be no assurance that the proved reserves will be developed within the periods indicated or that the prices and costs will remain constant. There can be no assurance that actual production will equal the estimated amounts used in the preparation of reserve projections.

The present values shown should not be construed as the current market value of the reserves. The quantities and values shown in the tables that follow are based on oil and natural gas prices in effect on December 31, 2003. The value of the Company's assets is in part dependent on the prices the Company receives for oil and natural gas, and a decline in the price of oil or natural gas could have a material adverse effect on the Company's financial condition and results of operations. The 10% discount factor used to calculate present value, which is specified by the Securities and Exchange Commission (the "SEC"), is not necessarily the most appropriate discount rate, and present value, no matter what discount rate is used, is materially affected by assumptions as to timing of future production, which may prove to be inaccurate. The calculation of estimated future net revenues does not take into account the effect of various cash outlays, including, among other things, general and administrative costs.

There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures. The data in the tables that follow represent estimates only. Oil and natural gas reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Results of drilling, testing and production after the date of the estimate may justify revisions. Accordingly, reserve estimates are often materially different from the quantities of oil and natural gas that are ultimately recovered.

Independent petroleum engineering firms compiled the proved oil and natural gas reserves and future revenues as of December 31, 2002, 2003 and 2004 for the Company's most significant wells. Management completed the 2002, 2003 and 2004 reserve reports from these base studies. Since December 31, 2004, the Company has not filed any estimates of its oil and natural gas reserves with, nor was any such estimates included in any reports to, any state or federal authority or agency, other than the Securities and Exchange Commission.

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

The following table sets forth summary information with respect to estimated proved reserves at December 31, 2004.

ESTIMATED PROVED RESERVES
As of December 31, 2004

Area	Net Oil (Bbls)	Net Natural Gas (Mcf)	Pre-Tax Present Value 10%
Alabama	-	977	$ 2,700
Colorado	300	46,446	143,000
Michigan	48,979	37,729	575,200
Montana	2,556	-	17,800
New Mexico	1,460	80,532	210,100
North Dakota	2,663	1,330	54,100
Oklahoma	1,252	120,529	237,300
Texas	1,407	20,472	70,500
Utah	8,894	22,233	224,000
Wyoming	4,751	22,726	108,300
Total	72,262	352,974	$1,643,000

The following table sets forth summary information with respect to oil and natural gas production for the year ended December 31, 2004.

STATE GEOGRAPHIC DISTRIBUTION OF NET PRODUCTION

State	Net Oil (Bbls)	Net Natural Gas (Mcf)
Alabama	-	190
Colorado	66	9,253
Michigan	4,553	4,625
Montana	219	-
New Mexico	38	9,387
North Dakota	570	1,348
Oklahoma	376	23,134
Texas	194	4,817
Utah	1,367	3,583
Wyoming	628	3,622
Total	8,011	59,959

The following table sets forth summary information with respect to the Company's estimated number of productive wells as of December 31, 2004.

PRODUCTIVE WELLS AND ACREAGE (1)(2)(3)
As of December 31, 2004

Area	Gross Oil Wells(2)	Gross Gas Wells(2)	Net Oil Wells	Net Gass Wells	Net Acreage with Production
Alabama	-	2	-	.01	10
Colorado	1	13	.04	.02	40
Michigan	3	33	.98	.19	188
Montana	1	-	.05	-	5
New Mexico	-	57(3)	.01	.03	55
North Dakota	10	6	.12	.12	38
Oklahoma	3	8	.25	1.28	173
Texas	5	7	.08	.08	349
Utah	116	29	.20	.13	650
Wyoming	5	7	.14	.12	120
Total	144	162	1.87	1.98	1,628

The Company's "Gross Wells" are defined as total number of wells in which the Company has any interest in; "Net Wells" are defined as the Company's total aggregate percentage of ownership interest from wells in which the Company has an ownership interest in a defined area; "Net acreage" are the actual number of mineral acres owned by the Company.

(1) This chart contains estimates associated with small mineral interests and small leases.
(2) Wells included twice if it produces both oil and gas.
(3) These natural gas wells in New Mexico also produce some condensate.

The following table sets forth summary information with respect to the Company's undeveloped acreage as of December 31, 2004.

UNDEVELOPED ACREAGE
As of December 31, 2004

Area	Total Undeveloped Acreage			
	Proven		Unproven	
	Gross Acres	Net Acres	Gross Acres	Net Acres
Colorado	80	7	600	40
Montana	-	-	3,800	250
Texas	351	281	829	207
Utah	8,000	140	102,000	3,300

Oil and Natural 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 primarily in Duchesne, Uintah and Wasatch Counties in Utah, and approximately 40 net mineral acres in La Plata County, Colorado, and San Juan County, New Mexico.

The Company continues to execute a few new leases or renewals on its perpetual mineral interests. Overall, however, the amount of new leasing activity during 2003 and 2004 was not significant. In November 2004, the Company leased 93.5722 net acres to Petroglyph, for mineral interests in Uintah County, Utah. In December 2004, the Company leased 50.2374 net acres in Duchesne County, Utah to Flying J. During 2003, the Company leased 22 acres of gross mineral interest in Duchesne County, Utah to Berry Corp.

As of December 31, 2004, the Company was receiving royalties from approximately 250 producing wells, primarily in the Bluebell-Altamont field in Duchesne and Uintah Counties, Utah and from coal bed methane wells in the four corners region of Colorado and New Mexico. Royalties also were received from scattered interests in Alabama, Texas, and Wyoming. Other significant royalties were paid from the four corners region.

Oil and Natural Gas Working Interests

The Company has sought to increase its production of oil and natural gas through the purchase of producing leases. The Company believes, in general, that it is able to purchase working interests at a more reasonable price than royalty interests. A working interest requires the owner to pay its proportionate share of the costs of producing the well, while a royalty is paid out of the revenues without a deduction for the operating costs of the well. When oil or natural gas prices drop, the proportion of the revenues going to pay the expense of operating the well increases, and when oil and natural gas prices are rising, expenses decrease as a percentage of total revenues. The Company's purchases of working interests are intended to increase oil and natural gas production over time. Earlier than 1985, the Company participated in new wells drilled 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. Since 1985, the Company primarily participates as a working interest owner in drilled wells.

AVERAGE SALES PRICES AND PRODUCTION COST

The following table sets forth summary information with respect to the Company's approximate average sales price per barrel (oil) and Mcf (1000 cubic feet of natural gas), together with approximate average production costs for units of production for the Company's production revenues by geographic area for the last three years.

AVERAGE SALES PRICES AND PRODUCTION COST
Past Three Years by Geographic Area

	Average Sales Price*						Average Production Cost*					
	2004		2003		2002		2004(1)		2003(1)		2002(1)	
Geographic Area	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas
Alabama	$ -	$ 6.10	$ -	$ 4.18	$ -	$ 2.96	$ n/a	$ 2.24	$ n/a	$ 1.12	$ n/a	$ 0.79
Colorado	$36.01	$ 5.05	$31.54	$ 3.85	$21.28	$ 1.75	$ 6.64	$ 1.11	$12.58	$ 0.07	$ 8.49	$ 0.03
Michigan	$38.80	$ 6.10	$28.50	$ 4.39	$25.96	$ 3.15	$16.91	$ 2.82	$ 5.78	$ 1.17	$ 5.27	$ 0.84
Montana	$40.45	$ -	$27.97	$ -	$20.58	$ -	$24.30	$ -	$14.31	$ n/a	$10.53	$ n/a
New Mexico	$40.26	$ 4.73	-	$ 4.42	$27.14	$ 3.10	$ 3.12	$ .52	$ n/a	$ 0.27	$ 2.34	$ 0.19
North Dakota	$39.25	$ 2.12	$28.43	$ 1.93	$23.49	$ 1.64	$10.60	$ 1.63	$ 8.42	$ 1.19	$ 6.96	$ 1.01
Oklahoma	$38.20	$ 4.66	$26.42	$ 4.28	$22.88	$ 2.18	$10.46	$ 1.74	$14.14	$ 2.75	$12.25	$ 1.40
Texas	$39.58	$ 5.33	$28.01	$ 4.18	$25.43	$ 2.89	$ 7.27	$ 1.21	$11.51	$ 2.23	$10.45	$ 1.54
Utah	$40.42	$ 5.07	$29.15	$ 2.99	$22.55	$ 1.49	$ 6.70	$ 1.12	$ 3.92	$ 0.04	$ 3.03	$ 0.02
Wyoming	$34.73	$ 4.64	$24.50	$ 4.05	$16.38	$ 2.36	$10.03	$ 1.67	$ 8.96	$ 1.05	$ 5.99	$ 0.61

* Oil is per Bbl and Gas is per Mcf.

(1) States with higher production from Croff's royalty interests such as New Mexico and Utah, reflect a lower cost per barrel or Mcf

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any legal actions.

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

On December 3, 2004, the annual meeting of shareholders was held. The shareholders elected the five board members listed under Item 10, and ratified Causey Demgen & Moore, Inc. as independent auditors of the Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S SECURITIES, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is listed and occassionally traded on the Over The Counter Bulletin Board (www.otcbb.com) under symbol "COFF". The Company has authorized 20,000,000 shares of common stock, of which only 568,900 shares are outstanding to 1,168 shareholders. The preferred B shares also have an extremely limited market, but are traded from time to time through a Clearinghouse held by the Company. The Company acts as its own transfer agent with respect to these preferred B shares. The Company maintains a clearinghouse for its shares at (www.croff.com). Bids and offers can be posted for both preferred B shares and common shares on this Web site. In addition the Company posts its recent SEC filings on the Web site.

The trading range for 2002 through 2004 is shown for common shares and preferred shares as a guide to as to what transactions have either taken place or of which the Company is aware of the bid or ask price.

COMMON SHARES - 568,900 SHARES OUTSTANDING FOR 2004 - (The following data is generated from limited trades from the Company's website, the over-the-counter bulletin board including purchases by the Company's management.)

BID RANGE

	Calendar Quarter	Bid	Asked
2002:	First Quarter	$ .90	$1.00
	Second Quarter	$ .90	$1.00
	Third Quarter	$ .90	$1.00
	Fourth Quarter	$ .90	$1.00
2003:	First Quarter	$ .90	$1.00
	Second Quarter	$ .90	$1.00
	Third Quarter	$ .90	$1.00
	Fourth Quarter	$ .90	$1.25
2004:	First Quarter	$ .55	$1.10
	Second Quarter	$ .25	$1.60
	Third Quarter	$1.75	$1.80
	Fourth Quarter	$1.01	$2.20

As of December 31, 2004, there were 1,168 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 - 540,659 SHARES OUTSTANDING - (The following data is generated solely from private transactions or internal purchases by the Company)

BID RANGE

	Calendar Quarter	Bid	Asked
2002:	First Quarter	No Trading	No Trading
	Second Quarter	No Trading	No Trading
	Third Quarter	No Trading	No Trading
	Fourth Quarter	No Trading	No Trading
2003:	First Quarter	No Trading	No Trading
	Second Quarter	No Trading	No Trading
	Third Quarter	No Trading	No Trading
	Fourth Quarter	No Trading	No Trading
2004:	First Quarter	$1.05	$1.05
	Second Quarter	No Trading	No Trading
	Third Quarter	No Trading	No Trading
	Fourth Quarter	No Trading	No Trading

Historical Events of Interest

In November 1991, Croff reverse-split the common stock on a ratio of 1 share of common stock for every 10 shares previously held. A trading range of approximately $1.00 to $1.10 per bid was established and prevailed for approximately four years.

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 issued all of the preferred shares and delivered the preferred B shares to each of the shareholders for which it had a current address.

In June 2000, the Company approved the increase in the authorized Class B Preferred stock to 1,000,000 shares.

During 2001, the Board determined that the cash of the Company, which had been building during a period of high oil prices, should be formally allocated between the common stock and the preferred B stock. The Board decided to allocate $250,000 cash to the common stock and the balance of cash remaining with the preferred B stock. The Board then determined that future oil and gas cash flow from the preferred B assets would be accumulated for preferred B shareholders. The Company established separate investment accounts for the preferred B and common stock investments.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected historical financial data of the Company for the five-year period ended December 31, 2004. Future results may differ substantially from historical results because of changes in oil and natural gas prices, production increases or declines and other factors. This information should be read in conjunction with the Financial Statements, and notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations, presented elsewhere herein.

STATEMENT OF OPERATIONS DATA

Fiscal Year Ended December 31:

	2000	2001	2002	2003	2004
STATEMENT OF OPERATIONS DATA					
Operations					
Oil and Natural Gas	$368,022	$332,573	$286,602	$392,564	$ 608,132
Other Revenues	$ 1,347	$ 32,652	$ 28,726	$ 23,362	$ (31,970)
Expenses	$237,701	$303,690	$216,416	$321,817	$ 434,046
Net Income	$131,668	$ 61,535	$ 98,912	$ 94,109	$ 142,116
Per Common Share (1)	$ .01(1)	$ .06(1)	$ .04(1)	$ .01(1)	$ (.13)(1)
Working capital	$273,295	$385,816	$419,475	$336,471	$ 330,243
Dividends per share	NONE	NONE	NONE	NONE	NONE
BALANCE SHEET DATA					
Total assets	$628,172	$695,124	$753,212	$898,221	$1,088,553
Long-term debt**	NONE	NONE	NONE	NONE	NONE
Stockholders' equity	$611,966	$672,085	$736,408	$866,112	$1,051,438

** There were no long-term obligations from 2000-2004.

(1) The Company allocates its net income between preferred B shares and common shares; accordingly, net income (loss) applicable to common shares varies from a fixed ratio to net income.

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

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial condition and results of operation are based upon Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these Financial Statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the year. The Company analyzes its estimates, including those related to oil and natural gas revenues, oil and natural gas properties, marketable securities, income taxes and contingencies. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its Financial Statements and the uncertainties that it could impact our results of operations, financial condition and cash flows. 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. Impairments are recorded when management believes that a property's net book value is not recoverable based on current estimates of expected future cash flows. The Company provides for depreciation and depletion of its investment in producing oil and natural gas properties on the unit-of-production method, based upon estimates of recoverable oil and natural gas reserves from the property. The Company designated its marketable equity securities as "securities available for sale"

Liquidity and Capital Resources

At December 31, 2004, the Company had assets of $1,088,553. At December 31, 2004, the Company's current assets totaled $367,358 compared to current liabilities of $37,115. Working capital at December 31, 2004 totaled $330,243, a decrease of 2% compared to $336,471 at December 31, 2003. The Company had a current ratio at December 31, 2004 of approximately 10:1. During 2004, net cash provided by operations totaled $207,727, as compared to $140,003 for 2003. The Company's cash flow from operations is highly dependent on oil and natural gas prices; which were at historic highs in 2004. The Company had no short-term or long-term debt outstanding at December 31, 2004.

At December 31, 2004, there were several contingent commitments for capital expenditures under the Prospect Participation Agreement with Tempest. Capital expenditures for 2004 totaled $311,054 and were primarily attributable to the acquisition and potential development of non-producing mineral leases with re-entry wells in DeWitt County, Texas. The majority of those properties are now part of the area of mutual interest under the Prospect Participation Agreement with Tempest. The Company estimates its 2005 capital budget to be approximately $600,000. The Company believes that borrowings from financial institutions, projected operating cash flows and the cash on hand will be sufficient to cover its working capital requirements for the next 12 months.

While certain costs are affected by the general level of inflation, factors unique to the oil and natural gas industry result in independent price fluctuations. Over the past five years, significant fluctuations have occurred in oil and natural gas prices. Although it is particularly difficult to estimate future prices of oil and natural gas, price fluctuations have had, and will continue to have, a material effect on the Company. Overall, it is management's belief that inflation is generally favorable to the Company since it does not have significant operating expenses.

Results of Operations

Revenues for 2004 totaled $576,162, an increase of 39% from 2003. Net income for 2004 totaled $142,116 compared to $94,109 for 2003. The increase in revenue was due primarily to increases in oil and natural gas prices as well as a 5% increase in oil production and a 16% increase in natural gas production. The average sale price of oil in 2004 for the Company was $38.81 compared to $28.32 in 2003. The average sale price of natural gas in 2004 for the Company was $4.87 per Mcf, compared to $4.09 per Mcf in 2003. The Company realized a net loss during 2004 of $7,599 related to its 2003 purchase of natural gas "put" contracts which had a strike price of $4.75 per Mcf. The Company realized a net loss on the sale of marketable equity securities totaling $38,166. Other income, which is composed primarily of interest and dividend income as well as lease bonus payments, increased approximately 58% during 2004 to $6,196 from $3,912 in 2003.

Revenues for 2003 totaled $415,926, an increase of 32% from 2002. Net income for 2003 totaled $94,109 compared to $98,912 in 2002. The increase in revenue was due primarily to increases in oil and natural gas prices as well as a 25% increase in oil production, which more than offset an 8% decrease in natural gas production. The average sale price of oil in 2003 for the Company was $28.32 compared to $22.62 in 2002. The average sale price of natural gas in 2003 for the Company was $4.09 per Mcf, compared to $2.56 per Mcf in 2002. Production of oil increased approximately 25% in 2003, while production of natural gas decreased 8% compared to 2002 production levels. Oil production increased primarily due to the acquisition of certain oil producing properties in 2002. The Company realized a gain on the sale of marketable equity securities totaling $19,450 and $23,026 for the years ended December 31, 2003 and 2002, respectively. Other income, which is composed primarily of interest and dividend income, decreased approximately 31% during 2003 to $3,912 from $5,700 in 2002. Net income for 2003 decreased slightly from 2002 primarily as a result of a realized a loss incurred of $45,022 during 2003, related to the purchase of natural gas "put" contracts which had a strike price of $4.75 per Mcf.

Lease operating expense for 2004, which includes all production related taxes, totaled $192,187 compared to $130,793 for 2003. The Company began paying lease operating expenses during 2004 on the State Forest well in Michigan which totaled $7,000 and on the PICA well in Texas which totaled $2,400. The Company paid $5,400 in lease operating expenses on the four wells it acquired and now operates in DeWitt County, Texas. In addition, the Company paid higher production related taxes associated with the increases in oil and natural gas prices.

Lease operating expense, which includes all production related taxes, increased by approximately $54,000 in 2003 to $130,793 compared to $77,065 in 2002. Lease operating expenses increased primarily due to the acquisition of certain working interests in 2002, as well as increases associated with higher production related taxes associated with the increases in oil and natural gas prices.

In 2004, the Company incurred $30,825 in costs related to its Yorktown Re-entry Program in DeWitt County, Texas. These costs included professional fees, travel expenses and insurance premiums associated with the acquisition and potential development of these leases in DeWitt County, Texas. In November 2004, the Company entered into a Prospect Participation Agreement with Tempest related to this program.

During 2003, the Company incurred $13,780 in costs related to its proposed Yorktown Re-entry Program in DeWitt County, Texas. In November 2004, the Company entered into a Prospect Participation Agreement with Tempest related to this program.

General and administrative expense, including rent for 2004, totaled $160,157 which was $27,913 higher than 2003 which totaled $132,244. This increase was primarily attributable to approximately $18,000 in additional overhead costs incurred due to higher workload on the Yorktown Re-entry Program, in DeWitt County, Texas, which were paid to a related party and $7,000 in additional depletion and depreciation costs.

General and administrative expense, including rent for 2003, totaled $132,244 which is $24,893 higher than 2002 which totaled $107,351. This increase was primarily attributable to approximately $15,000 in additional costs incurred related to the preparation of the Company's Annual Report and compliance with the Sarbanes-Oxley Act of 2002. In addition, the Company incurred approximately $10,000 in additional general and administrative expenses associated with the development of its proposed drilling fund.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 123R, "Share-Based Payment." This revised standard addresses the accounting for share- based payment transactions in which a company receives employee services in exchange for either equity instruments of the company or liabilities that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments. Under the new standard, companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with APB 25. Instead, companies will be required to account for such transactions using a fair-value method and recognize the expense in the statements of operations. SFAS 123R will be effective for all interim or annual periods beginning after June 15, 2005. The adoption of this announcement in July 2005, is not expected to have a material impact on the Company's financial condition or results of operations as the Company currently receive employee services in exchange for either equity instruments of the company or liabilities that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets - an amendment of APB Opinion No. 29". This standard requires exchanges of productive assets to be accounted for at fair value, rather than at carryover basis, unless (1) neither the asset received nor the asset surrendered has a fair value that is determinable within reasonable limits or (2) the transactions lack commercial substance. The Statement is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company has not entered into these types of nonmonetary asset exchanges during the last five years. Accordingly, the adoption of this pronouncement is not expected to have a material impact on the Company's financial condition or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's major market risk exposure is in the pricing applicable to its oil and natural gas production. Realized pricing is primarily driven by the prevailing domestic price for oil and natural gas. Historically, prices received for oil and natural gas production have been volatile and unpredictable. Pricing volatility is expected to continue. Natural gas price realizations during 2004, ranged from a monthly low of $1.92 per Mcf to a monthly high of $7.87 per Mcf. Oil prices ranged from a monthly low of $25.79 per barrel to a monthly high of $49.19 per barrel during 2004. A decline in prices of oil or natural gas could have a material adverse effect on the Company's financial condition and results of operations. In 2004, a 10% reduction in oil and natural gas prices would have reduced revenues by approximately $60,000.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the Index to Financial Statements on page F-1 for a listing of the Company's Financial Statements and notes thereto and for the financial statement schedules contained herein.

Management Responsibility for Financial Statements

The Financial Statements have been prepared by management in conformity with accounting principles generally accepted in the United States of America. Management is responsible for the fairness and reliability of the Financial Statements and other financial data included in this report. In the preparation of the Financial Statements, it is necessary to make informed estimates and judgments based on currently available information on the effects of certain events and transactions. The Company maintains accounting and other controls which management believes provide reasonable assurance that financial records are reliable, assets are safeguarded and transactions are properly recorded.

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

The Company has had no disagreements on accounting and financial disclosure matters with its registered public accounting firm during the 2003, 2004, or from January 1, 2005 through the date of this filing.

ITEM 9A. CONTROLS AND PROCEDURES

The Company's principal executive officer and principal financial officer have evaluated the effectiveness of Croff's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) and 15d-15(c) of the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Annual Report on Form 10-K. Based upon their evaluation, they have concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, since the date the controls were evaluated.

ITEM 9B. OTHER INFORMATION

The Company is not aware of any previously undisclosed, but required information from the fourth quarter of 2004.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Identification of Directors, Officers and Significant Employees.

The Croff Board consists of Gerald L. Jensen, Dilworth A. Nebeker, Richard H. Mandel Jr., Edwin W. Peiker Jr., 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 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. The following is provided with respect to each officer and director of the Company as of February 25, 2005.

GERALD L. JENSEN, 65, 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 natural gas company, for over ten years, and an officer and director of other Jenex companies. In 2000, Mr. Jensen became Chairman of Provisor Capital Inc., a private finance company. Mr. Jensen was a director of Pyro Energy Corp., a public company (N.Y.S.E.) engaged in coal production and oil and natural gas, from 1978 until it was sold in 1989. Mr. Jensen is also an owner of private real estate, finance, and oil and natural gas companies.

STUART D. KROONENBERG, 36, CHIEF FINANCIAL OFFICER AND SECRETARY

Mr. Kroonenberg has been the Company's Chief Financial Officer since May 2001. Mr. Kroonenberg has over eight years experience as a CPA, including two years as an Assurance Services Manager, for a large international CPA firm. Mr. Kroonenberg has extensive experience working with small and mid-size public and privately held companies. Mr. Kroonenberg is a contract employee of the company described in Item 13.

RICHARD H. MANDEL, JR., 75, DIRECTOR

Mr. Mandel has been a director of Croff Enterprises, Inc. since 1985. Since 1982, Mr. Mandel has been President and a Board Member of American Western Group, Inc., an oil and natural gas producing company in Denver, Colorado. From 1977 to 1984, he was President of Universal Drilling Co., Denver, Colorado. Prior to 1977, Mr. Mandel worked for the Superior Oil Co., Honolulu Oil Co., and Signal Oil and Gas Co. as an engineer and in management.

DILWORTH A. NEBEKER, 64, 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 is presently a consultant. Mr. Nebeker was a lawyer in private practice from 1986 to 2001. 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. Mr. Nebeker is Chairman of the Croff Audit Committee.

EDWIN W. PEIKER, JR., 73, DIRECTOR

Mr. Peiker currently serves as director of Croff. He 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 natural gas exploration and production. Mr. Peiker was employed in responsible positions with AMAX, Inc., a public corporation, from 1963 to 1983. Mr. Peiker is a member of the Croff Audit Committee.

JULIAN D. JENSEN, 56, DIRECTOR

Mr. Jensen has been a director of Croff Enterprises, Inc. since November 1991. Mr. Jensen is the brother of the Company's president and has served as legal counsel to the Company for the past nine years. Mr. Jensen has practiced 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 & Dibb, which acts as legal counsel for the Company.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Based solely on a review of such forms furnished to the Company and certain written representations from the Executive Officers and Directors, the Company believes that all Section 16(a) filing requirements applicable to its Executive Officers, Directors and greater than ten percent beneficial owners were complied with on a timely basis in 2004.

Audit Committee

The Board has established an Audit Committee to assist it in the discharge of its responsibilities including the presentation and disclosures of Croff's financial condition and results of operations and disclosure controls and procedures. The Audit Committee is presently comprised of Dilworth A. Nebeker and Edwin W. Peiker, Jr. both of whom are independent directors of Croff. Mr. Nebeker is the Chairman of the Committee and the "Audit Committee Financial Expert."

During 2004, the Audit Committee selected and recommended the firm of Causey Demgen & Moore Inc. ("CDM") to act as Croff's auditors for the year to the full Board of Directors. The Board of Directors and shareholders approved the retention of CDM. The Audit Committee then negotiated and executed an agreement between Croff and CDM.

The Audit Committee reviewed each of the quarterly Form 10-Q's filed with the SEC during the year 2004. Members of the Committee discussed each of the filings with management of Croff before the filings were made. The Committee also discussed Croff's disclosure controls and procedures with management each quarter. The Committee met and reviewed each of the Form 10-Q's prior to filing with the SEC.

The Audit Committee members have each reviewed this 2004 Form 10-K. Members of the Committee have discussed the Form 10-K and Financial Statements for the year 2004 with management of Croff. The Committee has also discussed Croff's disclosure controls and procedures with management. The Audit Committee met and discussed the Form 10-K and Financial Statements prior to this filing. The Audit Committee voted to recommend this 2004 Form 10-K and Financial Statements to the Board of Directors for filing with the SEC.

A designated member of the Audit Committee has discussed the audit and financial statements with the appropriate principal of CDM including those matters required by SAS 61. They also discussed Croff's disclosure controls and procedures.

The Croff Board of Directors have each received a letter from CDM that as of February 7, 2005, CDM were independent accountants with respect to Croff, within the meaning of the Securities Acts administered by the SEC and the requirements of the Independence Standard Board.

ITEM 11. EXECUTIVE COMPENSATION

Remuneration

During the fiscal year ended December 31, 2003, there were no officers, employees or directors whose total cash or other remuneration exceeded $80,000.

Summary Compensation Table

2004 Compensation Gerald L. Jensen, President. (No other executive salaries)

Name and position:
Gerald L. Jensen, President and Chairman

	2002	2003	2004
Annual Compensation			
Salary	$54,000	$54,000	$54,000
Bonus	$ -	$ -	$ -
Other Annual Compensation	$ -	$ -	$ -
Long Term Compensation			
Awards			
Restricted Stock Awards	$ -	$ -	$ -
Payouts			
No. Shares Covered by Option Grant	20,000	-	-
Long Term Incentive Plan Payout	$ -	$ -	$ -
All Other Compensation	$ 1,620(1)	$ 1,620(1)	$ 1,620(1)

(1) Company IRA Contribution

Gerald L. Jensen is employed as the President and Chairman of Croff Enterprises, Inc. Mr. Jensen commits a substantial amount of his time, but not all, to his duties with the Company. Directors, excluding the President, are not paid a salary by the Company, but are paid $350 for each half-day board meeting and $500 for each full-day board meeting. The Chairman of the Company's Audit Committee is paid $500 per quarter and the other member of the Audit Committee is paid at the rate of $350 per meeting.

Proposed Remuneration:

During 2005, the Company intends to compensate outside directors at the rate of $350 for a half day meeting and $500 for a full day meeting. The Chairman of the Company's Audit Committee will be paid $500 per quarter and the other member of the Audit Committee will be paid at the rate of $350 per meeting. Based on the proposed remuneration, for the fiscal year ending December 31, 2004, no officer or director shall receive total cash remuneration in excess of $80,000.

Options, Warrants or Rights

The Company had no outstanding stock options, warrants or rights as of December 31, 2003 or 2004.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth the beneficial ownership of common stock and preferred B stock of the Company as of December 31, 2004, 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.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company currently has an office sharing arrangement with Jenex Petroleum Corporation, hereafter "Jenex", which is owned by the Company's President. The Company is not a party to any lease, but during 2003 paid Jenex for office space and all office services, including rent, phone, office supplies, secretarial, land, and accounting. Mr. Stuart Kroonenberg, the Chief Financial Officer of the Company, is paid by Jenex pursuant to this arrangement, but serves as an officer of Croff. These arrangements were entered into to reduce the Company's overhead and are currently on a month-to-month basis. The Company's expenses for these services were $48,000, $30,000 and $24,000 for the years ended 2004, 2003 and 2002, respectively. Although these transactions were not a result of "arms length" negotiations, the Company's Board of Directors believes the transactions are reasonable.

The Company retains the legal services of Jensen, Duffin, & Dibb, LLP. Julian Jensen, a Director of the Company, is part of this professional firm. Legal fees paid to this law firm for the years ending 2004, 2003, and 2002 were $2,410, $2,256 and $3,109, respectively.

The Company has working interests in five Oklahoma natural gas wells, which are operated by Jenex, a company solely owed by Gerald Jensen, the Company's President. As part of the 1998 purchase agreement, Jenex agreed to rebate to Croff $150 of operating fees per well, each month, which now totals $750 per month, as long as Jenex operated the wells and Croff retained its interest.

The Company compensated Richard H. Mandel, Jr., a member of its Board of Directors, 1,000 and 2,000 shares of common stock during 2003 and 2004, respectively, for consulting services rendered in connection with the Company's Yorktown Re-entry Program in south Texas. The common shares were valued at $1.00 per share.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Causey Demgen & Moore Inc. ("CDM") was recommended by the Audit Committee of the Board and approved by the Company stockholder's for reappointment as the registered public accounting firm for the Company for the fiscal year ended December 31, 2004. CDM is a member of the SEC Practice Section of the American Institute of Certified Public Accountants. CDM have been acting as independent accountants for the Company for fourteen years. Aggregate fees for professional services rendered by CDM in connection with its audit of the Company's Financial Statements as of and for the year ended December 31, 2002, and its limited reviews of the Company's unaudited condensed quarterly Financial Statements during 2003 totaled $8,580. Aggregate fees for professional services rendered by CDM in connection with its audit of the Company's Financial Statements as of and for the year ended December 31, 2003, and its limited reviews of the Company's unaudited condensed quarterly Financial Statements during 2004 totaled $10,263. During 2003 and 2004, CDM did not perform any additional services for the Company.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

Form 8-K; August 11, 2004; Item 5
Form 8-K; November 19, 2004; Item 8

Exhibit Index
Index certifications, Financial Statements, and supplemented information.

REGISTRANT:

CROFF ENTERPRISES, INC.

Date: March 1, 2005	By: /S/Gerald L. Jensen Gerald L. Jensen, President, Chief Executive Officer
Date: March 1, 2005	By: /s/Stuart D. Kroonenberg Stuart D. Kroonenberg, Chief Financial Officer

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

Date: March 1, 2005	By: /S/Gerald L. Jensen Gerald L. Jensen, Chairman
Date: March 1, 2005	By: /S/Richard H. Mandel, Jr. Richard H. Mandel, Jr., Director
Date: March 1, 2005	By: /S/Edwin Peiker, Jr. Edwin Peiker, Jr., Director
Date: March 1, 2005	By: /S/Dilworth A. Nebeker Dilworth A. Nebeker, Director
Date: March 1, 2005	By: /S/Julian D. Jensen Julian D. Jensen, Director

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934: RULES 13a-14, 13a-15, 15d-14, and 15d-15
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gerald L. Jensen, certify that:

1. I have reviewed this annual report on Form 10-K of Croff Enterprises, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant is made known to us, particularly during the period in which this annual report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the registrant's board of directors:

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 1, 2005

By: /S/Gerald L. Jensen

Gerald L. Jensen, President,
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934: RULES 13a-14, 13a-15, 15d-14, and 15d-15
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stuart D. Kroonenberg, certify that:

1. I have reviewed this annual report on Form 10-K of Croff Enterprises, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant is made known to us, particularly during the period in which this annual report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the registrant's board of directors:

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 1, 2005

By: /S/Stuart D. Kroonenberg

Stuart D. Kroonenberg
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Croff Enterprises, Inc. (the "Company") on Form 10-K for the period ending December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald L. Jensen, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 1, 2005

By: /S/Gerald L. Jensen

Gerald L. Jensen, President,
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Croff Enterprises, Inc. (the "Company") on Form 10-K for the period ending December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stuart D. Krooneberg, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 1, 2005

By: /S/Stuart D. Kroonenberg
Stuart D. Kroonenberg
Chief Financial Officer

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

REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Croff Enterprises, Inc.

We have audited the balance sheets of Croff Enterprises, Inc. at December 31, 2003 and 2004, and the related statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit 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, 2003 and 2004, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

Denver, Colorado
February 26, 2005

CAUSEY DEMGEN & MOORE INC.

CROFF ENTERPRISES, INC.
BALANCE SHEETS
December 31, 2003 and 2004

	2003	2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 154,490	$ 257,667
Investments		
Marketable equity securities, available for sale	48,470	-
Mutual funds	77,429	-
Natural gas "put" contracts, at fair value	7,660	-
Accounts receivable	80,531	109,691
	368,580	367,358
Oil and gas properties, at cost, successful efforts method:		
Proved properties	769,389	952,571
Unproved properties	216,176	266,548
	985,565	1,219,119
Accumulated depletion and depreciation	(455,924)	(497,924)
	529,641	721,195
Total assets	$ 898,221	$1,088,553
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 21,383	$ 28,410
Accrued liabilities	10,726	8,705
	32,109	37,115
Stockholders' equity:		
Class A Preferred stock, no par value 5,000,000 shares authorized, none issued	-	-
Class B Preferred stock, no par value; 1,000,000 shares authorized, 540,659 shares issued and outstanding	559,295	772,929
Common stock, $.10 par value; 20,000,000 shares authorized, 620,143 and 622,143 shares issued and outstanding at December 31, 2003 and 2004, respectively	62,014	62,214
Capital in excess of par value	369,761	157,927
Treasury stock, at cost, 63,083 shares issued and outstanding	(83,151)	(83,151)
Accumulated other comprehensive loss	(41,210)	-
Retained earnings (deficit)	(597)	141,519
	866,112	1,051,438
Total liabilities and stockholders' equity	$ 898,221	$1,088,553

See accompanying notes to the financial statements.

CROFF ENTERPRISES, INC.
STATEMENTS OF OPERATIONS
For the years ended December 31, 2002, 2003 and 2004

	2002	2003	2004
Revenues			
Oil and natural gas sales	$ 286,602	$ 437,586	$ 615,731
Loss on natural gas "put" contracts	-	(45,022)	(7,599)
Gain (loss) on sale of marketable equity securities	23,026	19,450	(38,166)
Other income	5,700	3,912	6,196
	315,328	415,926	576,162
Expenses			
Lease operating expense including production taxes	77,065	130,793	192,187
Proposed drilling program	-	13,780	30,825
General and administrative	83,351	102,244	112,157
Overhead expense, related party	24,000	30,000	48,000
Depletion and depreciation	32,000	35,000	42,000
	216,416	311,817	425,169
Pretax income	98,912	104,109	150,993
Provision for income taxes	-	10,000	8,877
Net income	98,912	94,109	142,116
Net income applicable to preferred B shares	73,825	88,385	213,634
Net income (loss) applicable to common shares	$ 25,087	$ 5,724	$ (71,518)
Basic and diluted net income (loss) per common share	$ .04	$ .01	$ (.13)

See accompanying notes to the financial statements.

CROFF ENTERPRISES, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2002, 2003 and 2004

	Preferred B stock		Common stock		Capital in excess of par value	Treasury stock	Accumulated other comprehensive loss	Retained earnings (deficit)
	Shares	Amount	Shares	Amount				
Balance at December 31, 2001	540,659	$397,085	629,143	$ 62,914	$ 530,071	$(83,151)	$ (1,150)	$ (193,618)
Net unrealized loss on marketable equity securities	-	-	-	-	-	-	(64,055)	-
Net income for the year ended December 31, 2002	-	-	-	-	-	-	-	98,912
Preferred stock reallocation	-	73,825	-	-	(73,825)	-	-	-
Balance at December 31, 2002	540,659	470,910	629,143	62,914	456,246	(83,151)	(65,205)	(94,706)
Net unrealized gain on marketable equity securities	-	-	-	-	-	-	23,995	-
Net income for the year ended December 31, 2003	-	-	-	-	-	-	-	94,109
Common stock issued for services	-	-	1,000	100	900	-	-	-
Cancellation of treasury stock	-	-	(10,000)	(1,000)	1,000	-	-	-
Preferred stock reallocation	-	88,385	-	-	(88,385)	-	-	-
Balance at December 31, 2003	540,659	$559,295	620,143	$ 62,014	$ 369,761	$(83,151)	$ (41,210)	$ (597)
Realization of net loss on marketable equity securities	-	-	-	-	-	-	41,210	-
Net income for the year ended December 31, 2004	-	-	-	-	-	-	-	142,116
Common stock issued for services	-	-	2,000	200	1,800	-	-	-
Preferred stock reallocation	-	213,634	-	-	(213,634)	-	-	-
Balance at December 31, 2004	540,659	$772,929	622,143	$ 62,214	$ 157,927	$(83,151)	$ -	$ 141,519

See accompanying notes to the financial statements.

CROFF ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2002, 2003 and 2004

	2002	2003	2004
Cash flows from operating activities:			
Net income	$ 98,912	$ 94,109	$ 142,116
Adjustments to reconcile net income to net cash provided by operating activities:			
Depletion and depreciation	32,000	35,000	42,000
Realized (gain) loss on marketable equity securities	(23,026)	(19,450)	38,116
Loss on natural gas "put" contracts	-	45,022	7,599
Other items, net	-	1,000	2,000
Changes in operating assets and liabilities:			
Accounts receivable	278	(31,583)	(29,160)
Accrued interest on notes receivable	(1,852)	600	-
Accounts payable	(2,087)	5,902	7,027
Accrued liabilities	(4,148)	9,403	(2,021)
Net cash provided by operating activities	100,077	140,003	207,727
Cash flows from investing activities:			
Purchase of natural gas "put" contracts	-	(58,041)	-
Proceeds from natural gas "put" contracts	-	5,359	61
Purchase of investments	(286,669)	(77,429)	-
Proceeds from sale of investments	188,700	56,515	128,943
Payments from notes receivable	8,159	9,318	-
Net participation fees received	-	-	77,500
Additions to oil and gas properties	(62,664)	(247,708)	(311,054)
Net cash used in investing activities	(152,474)	(311,986)	(104,550)
Cash flows from financing activities:			
Payments on notes receivable from directors	30,000	10,000	-
Net cash provided by financing activities	30,000	10,000	-
Net increase (decrease) in cash and cash equivalents	(22,397)	(161,983)	103,177
Cash and cash equivalents at beginning of year	338,870	316,473	154,490
Cash and cash equivalents at end of year	$ 316,473	$ 154,490	$ 257,667

Supplemental disclosure of non-cash investing and financing activities:

During the years ended December 31, 2002, and 2003, the Company had unrealized gains (losses) on available for sale securities in the amount of $(64,055) and $23,995 respectively. During the years ended December 31, 2003, and 2004, the Company issued 1,000 and 2,000 shares of its common stock to a Director for services rendered valued at $1,000 and $2,000 respectively.

See accompanying notes to the financial statements.

1. ORGANIZATIONS AND NATURE OF BUSINESS

Croff Enterprises, Inc. (the Company) is engaged in the business of oil and gas exploration and production, primarily through ownership of perpetual mineral interests and acquisition of producing oil and gas leases. The Company's principal activity is oil and natural gas production from non-operated properties. The Company also acquires, owns, and sells, producing and non-producing leases and perpetual mineral interests in Alabama, Colorado, Michigan, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah, and Wyoming. Over the past ten years, the Company's primary source of revenue has been oil and gas production from leases and producing mineral interests. Croff participates as a working interest owner in approximately 50 wells. Croff holds small royalty interests in approximately 200 wells.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Producing activities

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.

The Company re-entered the Helen Gips #1 well in DeWitt County, Texas, and re-completed the wellbore to the Wilcox formation during 2004. The Helen Gips #1 well currently, has been perforated, fraced, and completion efforts are still in process. Under the successful efforts method of accounting the Company has capitalized $65,213 as of December 31, 2004, for costs incurred on this unevaluated exploratory well. The capitalized costs associated with this unevaluated exploratory well have been excluded from depletion and depreciation during the 2004.

Maintenance and repairs are charged to expense; betterments of property are capitalized and depreciated as described below.

Lease bonuses

The Company defers bonuses received from leasing minerals in which unrecovered costs remain by recording the bonuses as a reduction of the unrecovered costs. Bonuses received from leasing mineral interests previously expensed are taken into income. For federal income tax purposes, lease bonuses are regarded as advance royalties (ordinary income). The Company received lease bonuses totaling $150, $1,101 and $3,743, for the years ended December 31, 2002, 2003, and 2004, respectively, which were included in other income.

Depreciation and depletion

The Company provides for depreciation and depletion of its investment in producing oil and gas properties on the unit-of-production method, based upon estimates of recoverable oil and gas reserves from the property.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 123R, "Share-Based Payment." This revised standard addresses the accounting for share- based payment transactions in which a company receives employee services in exchange for either equity instruments of the company or liabilities that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments. Under the new standard, companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with APB 25. Instead, companies will be required to account for such transactions using a fair-value method and recognize the expense in the statements of operations. SFAS 123R will be effective for all interim or annual periods beginning after June 15, 2005. The adoption of this announcement in July 2005, is not expected to have a material impact on the Company's financial condition or results of operations as the Company currently receive employee services in exchange for either equity instruments of the company or liabilities that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets - an amendment of APB Opinion No. 29". This standard requires exchanges of productive assets to be accounted for at fair value, rather than at carryover basis, unless (1) neither the asset received nor the asset surrendered has a fair value that is determinable within reasonable limits or (2) the transactions lack commercial substance. The Statement is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company has not entered into these types of nonmonetary asset exchanges during the last five years. Accordingly, the adoption of this pronouncement is not expected to have a material impact on the Company's financial condition or results of operations.

Revenue recognition

Oil and gas revenues are accounted for using the sales method. Under this method, revenue is recognized based on the cash received rather than the Company's proportionate share of the oil and gas produced. Oil and gas imbalances and related value at December 31, 2002, 2003 and 2004 were insignificant.

Risks and uncertainties

Historically, oil and gas prices have experienced significant fluctuations and have been particularly volatile in recent years. Price fluctuations can result from variations in weather, levels of regional or national production and demand, availability of transportation capacity to other regions of the country and various other factors. Increases or decreases in prices received could have a significant impact on future results.

Comprehensive Income

The Company follows the provisions of SFAS No. 130, "Reporting Comprehensive Income," which establishes standards for reporting comprehensive income. In addition to net income, comprehensive income includes all changes in equity during a period, except those resulting from investments and distributions to the owners of the Company. The components of other comprehensive income net of the related tax effects for the twelve months ended December 31, 2002 and 2003 totaled $(64,055) and $23,995, respectively, and were related to net unrealized gains (losses) on the Company's marketable equity securities, which were available for sale. The Company liquidated its marketable equity securities and recognized a net realized loss of $38,166 for the year ended December 31, 2004.

Fair value of financial instruments

The carrying amounts of financial instruments including cash and cash equivalents, marketable equity securities, accounts receivable, notes receivable, accounts payable and accrued liabilities approximate fair value as of December 31, 2003 and 2004.

Concentrations of credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash, cash equivalents and accounts receivable. 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.

Derivative instruments and hedging activities

On March 21, 2003, the Company purchased a series of put contracts for 10,000 MMBTU's per month of natural gas beginning in June 2003 and ending May 2004 at the strike price of $4.75. The Company paid $58,044 for these twelve contracts. The Company realized a loss during 2003 and 2004 of $45,022 and $7,599, respectively, related to its purchase of these natural gas "put" contracts. During the years ended December 31, 2002 and 2004, the Company did not enter into commodity derivative contracts or fixed-price physical contracts to manage its exposure to oil and gas price volatility.

Stock options and warrants

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" related to its stock options and warrants. Since December 2001, the Company has had no outstanding stock options or warrants.

Reclassifications

Certain reclassifications have been made to amounts reported in previous years to conform to the 2004 presentation.

Cash equivalents

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

Marketable equity securities

The Company has designated its marketable equity securities as "securities available for sale" pursuant to Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities. The net unrealized gains (losses) related to these securities before taxes for December 31, 2002, 2003, and 2004 was $(65,205), $23,995, and $0 respectively and is reflected as accumulated other comprehensive loss. During 2002, 2003 and 2004, a portion of the available-for-sale securities were sold for $188,700, $56,515, and $128,943 respectively, resulting in a net gain (loss) before taxes of $23,026, $19,450, $(38,166) respectively, based upon historical cost.

Accounts receivable

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

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.

Net income per common share

In accordance with the provisions of SFAS No. 128, "Earnings per Share," basic income per common share amounts were computed by dividing net income after deduction of the net income attributable to the preferred B shares by the weighted average number of common shares outstanding during the period. Diluted income per common share assumes the conversion of all securities that are exercisable or convertible into either preferred B or common shares that would dilute the basic earnings per common share during the period.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

3. 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, 2002, 2003 and 2004 amounted to $3,109, $2,256 and $2,410, respectively.

The Company currently has an office sharing arrangement with Jenex Petroleum Corporation, hereafter "Jenex", which is owned by the Company's President. The Company is not a party to any lease, but paid Jenex for office space and all office services, including rent, phone, office supplies, secretarial, land, and accounting. The Company's expenses for these services were $24,000, $30,000, and $48,000 for the years ended 2002, 2003 and 2004, respectively. Although these transactions were not a result of "arms length" negotiations, the Company's Board of Directors believes the transactions are reasonable.

The Company has working interests in five Oklahoma natural gas wells, which are operated by Jenex, a company solely owed by Gerald Jensen, the Company's President. As part of the 1998 purchase agreement, Jenex agreed to rebate to Croff $150 of operating fees per well, each month, which now totals $750 per month, as long as Jenex operated the wells and Croff retained its interest. During the years ending December 31, 2002, 2003 and 2004, $10,050, $9,000, and $9,000 respectively, have been offset against lease operating expense, in this manner. Total trade accounts receivable from Jenex as of December 31, 2003 and 2004, totaled $26,490 and $21,750, respectively.

The Company compensated Richard H. Mandel, Jr., a member of its Board of Directors, 1,000 and 2,000 shares of common stock during 2003 and 2004, respectively, for consulting services rendered in connection with the Company's Yorktown Re-entry Program in south Texas. The common shares were valued at $1.00 per share

4. STOCKHOLDERS' EQUITY

During 2001, the Board determined that the cash of the Company, which had been building during a period of high oil prices, should be formally allocated between the common stock and the preferred B stock. The Board decided to allocate $250,000 cash to the common stock and the balance of cash remaining with the preferred B stock. The Board then determined that future oil and gas cash flow from the preferred B assets would be accumulated for preferred B shareholders. The Company established separate investment accounts for the preferred B and common stock investments.

The Company has no outstanding stock options, warrants or rights as of December 31, 2003 or 2004.

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.

In 1996, the Company created a class of preferred B stock to which the perpetual mineral interests and other oil and gas assets were pledged. Thus, the preferred B stock represents the current oil and gas assets of the Company, exclusive of the 2004 Edwards-Wilcox Natural Gas Development Program, 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 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 its 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 Class B Preferred shares have an extremely limited market, but are traded from time to time through a clearinghouse held by the Company. The Company established a bid and ask format, whereby any shareholder could submit a bid or ask price for each Class B Preferred share. The Company is acting as its own transfer agent, with respect to these Class B Preferred shares only.

5. INCOME TAXES

At December 31, 2004, the Company had capital loss carry-forwards of approximately $60,000. In addition, the Company has a depletion carryover at December 31, 2004, of approximately $3,000, which has no expiration date.

The Company did not record an income tax provision for the year ended December 31, 2002 due to the utilization of various tax loss carry forwards and general business credits. The recognized tax benefit of the utilized carry forward was approximately $40,000 for the year ended December 31, 2002. The difference in financial statement and tax return loss carryovers is principally the difference in the timing of deducting intangible drilling costs as well as from expired and unused tax net operating losses.

As of December 31, 2003 and 2004, total deferred tax assets; liabilities and valuation allowance are as follows:

	2003	2004
Deferred tax assets resulting from loss carry forwards	$ 135,000	$ -
Valuation allowance	(135,000)	(-)
	$ -	$ -

6. 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 566,100, 566,100 and 568,400 shares in 2002, 2003 and 2004 respectively.

7. MAJOR CUSTOMERS

Customers which accounted for over 10% of oil and natural gas revenues were as follows for the years ended December 31, 2002, 2003 and 2004:

	2002	2003	2004
Burlington Resources Oil and Gas Company	13.2%	10.0%	*
El Paso Production	10.6%	14.6%	*
Energetics, LTD.	*	10.0%	*
Jenex Petroleum Corp., a related party	24.3%	17.2%	18.1%
Merit Energy	*	*	14.4%
Sunoco, Inc.**	*	*	11.9%

* less than 10%
** Replaced Energetics as the purchaser on the Scheffler and Sunbelt oil wells in Michigan

Management believes that the loss of any individual purchaser would not have a long-term material adverse impact on the financial position or results of operations of the Company.

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. The Company bases these disclosures upon estimates of proved reserves and related valuations. Independent petroleum engineering firms compiled oil and gas reserve and future revenues as of December 31, 2002, 2003 and 2004 for the Company's most significant wells. Management completed the 2002, 2003, and 2004 reserve reports from these studies.

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 the Company'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.

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 AND GAS PRICES

During the year ended December 31, 2004, crude oil and natural gas prices remained highly volatile. The average sale price of oil per barrel in 2004 for the Company was $38.81, compared to $28.32 in 2003. The average sale price of natural gas per Mcf in 2004 for the Company was $4.87 per Mcf, compared to $4.09 per Mcf in 2003. 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, impairment charges, corporate overhead and interest expense, are as follows for the years ended December 31, 2002, 2003 and 2004:

	2002	2003	2004
Revenues			
Oil and natural gas sales	$286,602	$437,586	$615,731
Loss on natural gas "put" contracts	-	(45,022)	(7,599)
	286,602	392,564	608,132
Lease operating costs	61,238	100,563	148,844
Production taxes	15,827	30,230	43,343
Depletion and depreciation	32,000	35,000	42,000
Income tax expense	-	10,000	8,877
	109,065	175,793	243,064
Results of operations from producing Activities (excluding capital expenditures, impairment charges corporate overhead, and interest expense)	$177,537	$216,771	$365,068

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,		
	2002	2003	2004
Future cash inflows	$3,019,000	$4,655,000	$5,310,000
Future production and development costs	(1,075,000)	(2,134,000)	(2,331,000)
	1,944,000	2,521,000	2,979,000
Future income tax expense	(274,000)	(444,000)	(521,000)
Future net cash flows	1,670,000	2,077,000	2,458,000
10% annual discount for estimated timing of cash flows	(651,000)	(820,000)	(875,000)
Standardized measure of discounted future net cash flows	$1,019,000	$1,257,000	$1,583,000

The following are the principal sources of change in the standardized measure of discounted future net cash flows:			
Beginning balance	$ 635,000	$1,019,000	$1,257,000
Evaluation of proved undeveloped reserves, net of future production and development costs	8,000	(9,000)	-
Purchase of proved reserves	200,000	450,000	7,000
Sales and transfer of oil and gas produced, net of production costs	(210,000)	(307,000)	(405,000)
Net increase (decrease) in prices and costs	871,000	385,000	1,022,000
Extensions and discoveries	12,000	-	-
Revisions of previous quantity estimates	268,000	58,000	(166,000)
Accretion of discount	(701,000)	(169,000)	(55,000)
Net change in income taxes	(64,000)	(170,000)	(77,000)
Other	-	-	-
Ending balance	$1,019,000	$1,257,000	$1,583,000

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 at December 31, 2001	35,143	397,466
Revisions of previous estimates	14,342	(2,352)
Extensions, discoveries and other additions	19,989	119,932
Production	(6,143)	(57,526)
Balance at December 31, 2002	63,331	457,520
Revisions of previous estimates	(5,601)	35,359
Extensions, discoveries and other additions	34,036	91,496
Production	(7,656)	(52,998)
Balance at December 31, 2003	84,110	531,377
Revisions of previous estimates	4,119	(66,834)
Extensions, discoveries and other additions	250	2,500
Production	(8,011)	(59,959)
Balance at December 31, 2003	80,468	407,084
Proved developed reserves		
December 31, 2002	54,411	448,028
December 31, 2003	75,904	477,267
December 31, 2004	72,262	352,974

Costs incurred in oil and gas producing activities for the years ended December 31, 2002, 2003, and 2004 are as follows:

	2002	2003	2004
Property acquisition, exploration and development costs capitalized	$ 62,664	$247,708	$311,054
Impairment of property	-	-	-
Production costs	77,065	130,793	192,187
Depletion and depreciation	32,000	35,000	42,000

FORM 8-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 25049

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES ACT OF 1934

Date of Report (date of earliest event reported): September 12, 2004

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

Utah	1-100	87-0233535
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS Employer identification Number)

621 17th St., Suite 830, Denver, Colorado 80293
(Address of principal executive offices) (Zip Code)

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

ITEM 8. OTHER ITEMS.

On November 8, 2004, Croff Enterprises, Inc., hereafter "Croff",entered into a Prospect Participation Agreement, hereafter "Agreement", related to its Yorktown Re-entry Program with an independent oil and gas company, hereafter "Participant". The parties intend to complete wells in the Wilcox formation for natural gas and condensate. The parties will be jointly developed in an area containing up to 1,100 acres with 8 re-entry prospects as well as new drilling locations. The Agreement provides for the parties to work together in this area of mutual interest for a period of up to 5 years. Under the general terms of the Agreement Croff will retain a 40% working interest and the Participant will acquire a 60% working interest in the first well bore. The Participant will be the operator of the well. The prospect partner has the right to acquire a 75% working interest in all leases in this area of mutual interest. Croff recovered approximately $150,000 of costs expended in the re-entry of the first well at closing.

INDEX TO EXHIBITS FILED WITH THE CURRENT REPORT ON FORM 8-K.

Exhibit 10

Croff Enterprises press release dated November 12, 2004, entitled "Croff enters into a Prospect Participation Agreement related to its Yorktown Re-entry Program"

Exhibit 11

Prospect Participation Agreement

SIGNATURE

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

Dated: November 12, 2004

CROFF ENTERPRISES, INC.

By: /s/ Stuart D. Kroonenberg

Name: Stuart D. Kroonenberg
Title: Secretary and Chief Financial Officer

PROSPECT PARTICIPATION AGREEMENT

Yorktown Re-entry Prospect: DeWitt County, Texas

This Prospect Participation Agreement (together with the attachments and exhibits hereto, the "Agreement") is dated this ____ day of November, 2004, by and between Croff Enterprises, Inc., whose address is 621 17th St., Suite 830, Denver, CO 80293, hereinafter referred to as "Croff," and Tempest Energy Resources, LP, whose address is 5151 East Beltline, Suite 360, Dallas, TX 75254, hereinafter referred to as "Tempest." Croff and Tempest are hereinafter collectively referred to as "Participants" or "Parties," or individually as "Party."

RECITALS:

Croff is the owner and holder of certain oil and gas and mineral leases ("the Leases" or "the Property") located in Dewitt County, Texas as more particularly described on the attached Exhibit "A." The net revenue interest of the 100% working interest in each of the Leases is shown on Exhibit "A-1" attached hereto and by this reference incorporated herein. Croff is in the process of re-entering an existing wellbore on the Leases and has presented to Tempest a program to re-enter plugged wellbores or drill new wells on the Property. Tempest is in the business of developing and producing oil and natural gas and desires to acquire an assignment of an undivided 75% of the working interest in the Leases subject to the terms and conditions contained in this Agreement. Now therefore, in exchange for the mutual promises, conditions, and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto enter into the Prospect Participation Agreement ("Agreement") as follows:

AGREEMENT

1. Primary Agreements by Croff.

    1.1 Croff agrees to assign, pursuant to this Agreement, an undivided 75% interest in and to the Leases to Tempest.

    1.2 Croff shall retain, notwithstanding the overall assignment of a 75% interest in the leases, a 40% interest in the Helen Gips #1 wellbore, as shown on Exhibit C-1 hereto.

    1.3 Croff agrees that the payments provided in Section 2 shall be full consideration for all bonus, land, title, brokerage, geologic, geophysical, seismic, overhead, pre-October 1, 2004 re-entry, and all other costs or expenses incurred or committed to, prior to the Closing (defined below), within the area of mutual interest ("AMI") as defined in section 3 below.

    1.4 Unless Croff elects otherwise, pursuant to provisions contained within the Joint Operating Agreement (as defined in paragraph 3.3), Croff will pay 10% of all costs and expenses relating to re-entering or drilling all wells or any other normal operation expenses in the AMI subsequent to the Champlin - Helen Gips #1 well completion in return for its non-carried 10% working interest participation as shown on Exhibit "C-1" hereto.

    1.5 Croff will have a carried working interest of 15% (the remaining 10% of the 25% being a paid working interest) through the drilling and development stages of the re-entry wells on the Leases in the AMI, complete to connection to the pipeline or installation of tank battery, and shall thereafter pay 15% of all further costs and expenses of operating such wells, all in accordance with Exhibit "C-1."

    1.6 Croff shall provide Tempest with a bill of sale on the pre-October 1, 2004 work and equipment on the re-entry of the Helen Gips #1 well, which has 5 1/2 inch casing completed to approximately 13,500 feet through the Wilcox oil and gas producing zone which will be cemented and ready for perforation prior to the Closing.

    1.7 Croff has completed the Helen Gips #1 well up to the point of perforating and fracturing. Costs of completion work on or after October 1, 2004, shall be paid for and the responsibility of Tempest. These costs are estimated on the Authorization For Expenditure ("AFE") attached hereto as Exhibit "B." In the event the Helen Gips #1 well re-entry is unsuccessful, Tempest shall be entitled to recover all tangible equipment (e.g., without limitation, tubing, wellhead, etc.) located on the Helen Gips #1 well, which shall be owned 75% by Tempest and 25% by Croff.

    1.8 Croff shall provide Tempest, at least 48 hours prior to Closing, plugging reports for all prospective re-entry wells on the Leases covered by this Agreement.

2. Primary Agreements by Tempest.

    Tempest agrees, subject to the conditions contained herein, to do the following:

    2.1 Tempest shall pay a participation fee relating to the Helen Gips #1 well, by cashiers check or wire transfer, in the sum of $100,000 at Closing as more particularly described in paragraph 6.4 below.

    2.2 Tempest shall pay directly, or reimburse Croff if already paid, for the costs incurred between October 1, 2004, and Closing relating to completing the Helen Gips #1 well, which costs are estimated in the attached AFE for completion of such well and which AFE is attached hereto as Exhibit "B" and incorporated herein. Croff shall provide Tempest, at least 48 hours prior to Closing, a copy of all invoices received, including an itemized list of such invoices that shall also indicate whether or not such invoices have been paid by Croff, for work performed on the Helen Gips #1 well re-entry on or after October 1st, 2004.

    2.3 After Closing, the Participants shall commence the final completion of the Helen Gips #1 well re-entry. It is anticipated that the steps of completing the bond log, squeezing cement behind the Wilcox-Speary zone of interest and purchasing and hanging tubing to 10,000 feet will have been completed as of Closing, and the Helen Gips #1 well will be ready for perforation and fracturing.

    2.4 15 days after (a) completing the Helen Gips #1 as a commercial producer or (b) receipt of Tempest's written request (provided such written request is made within 60 days of the removal of the Helen Gips #1 completion rig), whichever is earlier, Croff shall execute, record and deliver assignments conveying to Tempest an undivided 75% interest in the Leases, subject only to the Royalties and the Reserved Overriding Royalty Interest as defined in Paragraph 4.5 below and shown on Exhibit A-1. Upon receipt of said recorded assignments, Tempest shall pay to Croff an amount equal to $100 per net acre assigned.

    2.5 Upon each future re-entry well proposed by Tempest or Croff on the Leases in which Tempest participates, Tempest will pay Croff a participation fee of $50,000 per well re-entry.

3. Area of Mutual Interest

3.1 Croff and Tempest designate the cross-hatched area on the plat attached as Exhibit "C" as an Area of Mutual Interest (the "AMI"). In the event that any Party to this Agreement, their successors or assigns, any principal, employee, agent, affiliated entity or company, or nominee of any Party to this Agreement ("Acquiring Party"), should hereafter acquire, directly or indirectly, any interest in any oil and gas leases, mineral interest, royalty, overriding royalty, option agreement, seismic agreement, or any other interest in the oil, gas or minerals, insofar and only insofar as said interest covers lands within the AMI ("Acquired Interest"), while the AMI is in effect, the Acquiring Party shall, within ten (10) days after the acquisition of such Acquired Interest, send a notice of such acquisition in writing to the other Party to this Agreement, by fax or by mail. The notice shall include a reasonable description of the Acquired Interest, including copies of leases, assignments, farmouts, and other documents of acquisition, title information, plats, and all other documentation reasonably available which will permit the Party receiving notice to evaluate the Acquired Interest and the actual direct cost of acquisition, including copies of paid drafts, brokerage invoices, charges and other supporting data.

3.2 Upon receipt of the notice of acquisition and accompanying required documentation, the other Party (the "Offeree") shall have the option to purchase a proportionate share in the Acquired Interest equal to the Offeree's "Subsequent Well" interest as set forth on Exhibit "C-1," upon the same terms obtained and for the same consideration paid by the Acquiring Party. Within fifteen (15) days following receipt of such notice, the Offeree may elect to acquire its pro rata share of the Acquired Interest by sending to the Acquiring Party written notice of such election, accompanied by payment of the Offeree's proportionate share of the actual direct cost of acquisition and its written agreement to bear its proportionate share of any obligation incurred in such acquisition. In the event that Offeree fails to respond in the manner described above within said fifteen (15) day period, such failure to respond shall constitute an election not to acquire such Offeree's share of the Acquired Interest. The Acquiring Party shall have the right to participate for the share of the interest of the declining Offeree.

3.3 The AMI shall continue in force for a period of 5 years from the date of this Agreement or for so long as any of the Leases covering lands in the AMI, or renewals, extensions, new options, top leases or new leases taken in lieu thereof, shall continue in force and effect, whichever is first to occur. Following the expiration of the AMI as provided above, either Party to this Agreement shall be free to acquire acreage or interests within the AMI, without obligation to offer any interest in such oil and gas leases so acquired to the other Party hereto. Upon expiration of the AMI, Acquired Interests or Leases which are jointly owned by the Parties shall be subject to the Joint Operating Agreement attached hereto as Exhibit "D" and incorporated herein (the "JOA").

3.4 Assuming Tempest has taken assignment of an undivided 75% interest pursuant to paragraph 2.4 above, then, (a) anytime after 90 days following initial production from the Helen Gips #1, or (b) April 1st, 2005, whichever occurs first, either Croff or Tempest may propose a subsequent re-entry or new well. Thereafter, proposals for subsequent re-entries and/or new wells shall be governed by the terms of the JOA. The Participants' interests shall be as shown on Exhibit "C-1" for "Subsequent Re-entries," "Subsequent Wells" or other operations within the AMI, as appropriate. Said proposal(s), and the elections of the Participants pursuant to such proposal(s), shall be handled in accordance with the procedures outlined under the JOA at the interests outlined in Exhibit "C-1" attached hereto.

4. Terms of Assignments

The assignments from Croff to Tempest shall be made under the following provisions:

4.1 Each assignment shall be an assignment by special warranty which shall provide that Croff warrants title only against any person claiming title by, through or under it.

4.2 All assignments shall be accompanied by complete copies of the Leases taken by Croff which will be provided to Tempest.

4.3 Croff shall have prepared, and shall deliver to Tempest prior to Closing, a drilling title opinion on the Helen Gips # 1 well covering all of the Leases (Tract A-1) on which the Helen Gips #1 well is located. In addition, Croff shall also cause its title attorney to review all other Leases owned by Croff in the AMI and to render an opinion as to the suitability of each Lease for inclusion into a Wilcox unit, noting any restrictions or limitations to such inclusion.

4.5 Tempest has acknowledged that Croff has reserved unto Carlton Gibson and Charles Lawson, including their associates, successors and assigns, overriding royalty interests (the Reserved Overriding Royalty Interests) equal to 2% of eight-eighths (2% of 8/8ths) and 1% of eight-eights (1% of 8/8ths), respectively, of all hydrocarbons produced, saved and sold from the Leases. The net revenue interest in each of the Leases, inclusive of the effects of the Reserved Overriding Royalty Interests, is shown on Exhibit "A-1." The Reserved Overriding Royalty Interests shall be calculated without deduction for the cost of compression, dehydration, separating, gathering, treating, processing, or actions otherwise making said hydrocarbons ready for sale, but may be charged with its proportionate share of all gross production, severance, ad valorem and similar taxes as well as their proportionate share of transportation charges paid to a third party for transporting said hydrocarbons to the point of sale. The Reserved Overriding Royalty Interests shall be responsible for providing their proportionate share of fuel for leasehold purposes (e.g., without limitation, dehydration and compression). Croff shall take all steps necessary to ensure that the Reserved Overriding Royalty Interests are appropriately and completely filed of record.

4.6 Croff hereby agrees to discharge its obligations to Carlton Gibson and Charles Lawson, as provided in paragraph 4.5 above, and to indemnify and hold harmless Tempest from any claim or cause of action resulting from any agreement with Carlton Gibson and/or Charles Lawson, and to assume any and all liability relating to its agreements with Carlton Gibson and Chuck Lawson. Notwithstanding the foregoing, Tempest or its designee, as operator, shall make distributions to all wellbore payees, including the Reserved Overriding Royalty Interests, in accordance with applicable division orders, and Croff shall provide Tempest with the applicable tax identification numbers for Carlton Gibson and Charles Lawson.

4.7 For Subsequent Re-entry wells, Tempest may, in its sole and exclusive discretion, make any and all payments directly to payees based upon such payees' respective interests set forth Exhibit "C-1" hereto.

5. Brokerage Fees

5.1 Croff represents that Hunter-Stuart Energy Advisors ("Hunter-Stuart"), pursuant to an agreement with Croff, is due a $22,500 fee and a 1.875% carried working interest on each re-entry well drilled on the Leases. Croff hereby agrees to discharge its obligations to Hunter-Stuart and to indemnify and hold harmless Tempest from any claim or cause of action resulting from any agreement with Hunter Stuart and to assume any and all liability relating to Hunter-Stuart, except as provided in this paragraph

5.1 On all subsequent re-entry wells on the Leases in which Tempest participates, the $22,500 fee due to Hunter-Stuart shall be included in the AFE as a cost of such re-entry well. For Subsequent Re-entry wells, Tempest may, in its sole and exclusive discretion, make any and all payments directly to Hunter-Stuart.

6. Closing

Closing of this Agreement shall take place on or around November 3, 2004 at the offices of Tempest Energy Resources LP, at 5151 E. Beltline Rd, Suite 360, Dallas, Texas, 75254, or at the offices of Croff Enterprises, Inc., at 621 17th Street, Suite 830, Denver, Colorado, 80293 at 10:30 A.M. C.S.T., which location Tempest shall designate in its sole discretion (the "Closing"). At Closing, the actions set out in this Agreement shall occur, including, but not limited to the following:

6.1 Croff shall deliver the drilling title opinion, other Lease opinions contemplated under paragraph 4.3, and all other deliveries and requirements set forth in this Agreement.

6.2 The JOA and attachments will be executed and delivered.

6.3 Tempest shall reimburse Croff for all substantiated costs of completion necessary on the Helen Gips #1 well incurred and paid by Croff from and on October 1, 2004, to Closing, as required by paragraph 2.2 of this Agreement.

6.4 Tempest shall pay to Croff the sum of $77,500 as required by paragraph 2.1 of this Agreement. Tempest shall further pay to Hunter-Stuart $22,500 as required by paragraph 2.1 of this Agreement. Such payments to Croff and Hunter-Stuart total and equate to the $100,000 Tempest is required to pay pursuant to paragraph 2.1 of this Agreement.

7. Joint Operating Agreement

7.1 Croff will continue as operator of record until Closing, at which time the JOA will be executed, and Tempest or its designee will assume operating control and shall become the Operator of record for all wells covered by this Agreement.

7.2 All operations to be conducted upon the Leases and within the AMI shall be conducted pursuant to the terms of the JOA which shall name Tempest or its designee as Operator. By execution of this Agreement, the Parties hereto agree to be bound by the terms of the JOA. It is understood and agreed that, in the event of a conflict between the terms and provisions of this Agreement and the JOA, the terms of this Agreement shall control.

7.3 As Operator, Tempest or its designee will maintain insurance for the benefit of Participants in accordance with the Schedule of Insurance as included in Exhibit "D" to the JOA. Tempest or its designee shall have no liability for any loss not covered by the insurance provided under the JOA, nor shall Tempest or its designee be liable for the failure of any insurer. Any Party desiring to insure for additional risks or in excess of the limits reflected in the JOA shall be responsible for obtaining its own additional coverage at its sole and exclusive expense.

7.4 As to each re-entry and new well drilled under this Agreement, Tempest or its designee shall provide to Croff copies of daily drilling or operations reports as are generated in the ordinary course of its business, as well as copies, if any, of intermediate logs, mud logs, electric logs, velocity surveys, core analysis, completion reports, four point tests, pressure tests, reserve reports and other well tests or data obtained by Participants in their operations upon any well re-entered, drilled or operated in the AMI, as well as all geological, geophysical and engineering data, performed for the joint account. Participants or their respective representatives shall, at their sole risk and expense, have complete access to the location and derrick floor of any well re-entered, drilled or reworked pursuant to this Agreement; provided, however, such access shall in no way impair the operations of Tempest or its designee.

8. Representations and Warranties of Croff.

Croff hereby makes the following representations and warranties as an inducement to Tempest to enter into this Agreement:

8.1 Croff is a duly organized and validly existing corporation licensed to do business in the States of Utah, Colorado and Texas.

8.2 Croff is a licensed and bonded oil and gas operator in the State of Texas pursuant to the statutes of the State of Texas and the rules of the Railroad Commission of Texas.

8.3 The designated representative of Croff executing this Agreement has been fully authorized and empowered to execute such Agreement by Croff's Board of Directors. Croff has full corporate power and authority to enter into this Agreement and to perform its obligations under this Agreement.

8.4 Croff is the owner and holder of the Leases or the Property located in Dewitt County, Texas as more particularly described on the attached Exhibit "A." Croff represents that the Leases are in full force and effect, that all royalties and rentals there under have been paid in full, and that the Leases are free and clear by any liens and encumbrances permitted by, through, or under Croff. Croff represents and warrants that there are no claims, lawsuits (either filed, threatened, or pending), demands or other causes of actions affecting, or which may affect, Croff, the Leases and/or Property.

8.5 Croff represents there are no other claims for brokerage fees, third party agreements, or other arrangements with respect to the Leases except as set out in paragraph 4.5 and section 5 of this Agreement.

8.6 The execution and delivery of this Agreement does not and shall not conflict with, result in a breach of, or constitute a default under any agreement or instrument to which Croff is a party or violate any provision of any legal obligation applicable to Croff.

8.7 Croff hereby acknowledges that they are in the oil and natural gas exploration business, and fully understand that the investment in oil and gas drilling and properties is of a highly speculative nature and that it understands the risks involved therein. Croff represents that it has provided Tempest access to all technical information, Leases, and relevant general information in its possession, and/or which it has reviewed, pertaining to the AMI and the Leases.

8.8 Croff has disclosed to Tempest all material facts and circumstances underlying and/or relating to the transactions contemplated by this Agreement.

8.9 Croff has the financial ability to carry out its obligations pursuant to this Agreement, including the ability to fund up to seven hundred thousand dollars ($700,000) as may be required if it decides to participate in the development of the Leases.

9. Representations and Warranties of Tempest.

Tempest, as an inducement to Croff to enter into this Agreement, warrants and represents as follows:

9.1 Tempest is a validly existing partnership under the laws of the State of Texas and is in good standing in the State of Texas.

9.2 Tempest is a licensed and bonded operator in the State of Texas pursuant to the statutes of the State of Texas and the rules of the Railroad Commission of Texas.

9.3 Tempest has the financial ability to carry out its obligations pursuant to this Agreement, including the ability to fund up to seven million dollars ($7,000,000) as may be required if it decides to develop the Leases.

9.4 This Agreement has been authorized by the general partner of Tempest and all other entities required to approve it, and the officer(s) executing this Agreement has(ve) been duly authorized to bind Tempest.

9.5 Tempest has entered into no other brokerage agreements, third party agreements or otherwise which would create any obligation with respect to Croff except as set out in this Agreement.

9.6 Tempest hereby acknowledges that they are in the oil and natural gas exploration business, and fully understand that the investment in oil and gas drilling and properties is of a highly speculative nature and that they understand the risks involved therein and that Croff has in no way or manner made any guarantees, warranties or promises to the certainty of the origin, quantity, quality, condition, interchangeability, fitness for any particular purpose, or existence of any reserves or future values to be derived therefrom. Tempest has had an opportunity to make an independent evaluation and examine all records provided by Croff relating to the AMI and the Leases.

10. Termination.

This Agreement shall continue in force for a period of 5 years from the date of this Agreement or for so long as any of the Leases covering lands in the AMI, or renewals, extensions, new options, top leases or new leases taken in lieu thereof, shall continue in force and effect, whichever is first to occur.

11. Miscellaneous.

11.1 Croff disclaims any warranties or representations with regard to the presence of any hazardous substances, as defined under federal or state laws, rules or regulations, and each Participant respectively represents that it has made a satisfactory assessment of the Leases with respect to environmental compliance and the presence of hazardous substances.

11.2 Nothing in this Agreement shall be construed as creating a partnership or joint venture or otherwise establishing joint or collective liability. No partnership, joint venture or mining partnership is intended or meant to be created by this Agreement, and no act by Croff or Tempest shall operate to create any such relationship. Neither Tempest, nor its contractors, subcontractors, agents, servants and/or employees are in any way contractors, subcontractors, agents and/or employees of Croff. Neither Croff, nor its contractors, subcontractors, agents, servants and/or employees are in any way contractors, subcontractors, agents and/or employees of Tempest.

11.3 This Agreement, along with its Exhibits, evidences the complete agreement of the Parties, and all prior or contemporaneous representations or communications are merged into this Agreement. This Agreement may be amended only by an agreement executed by Croff and Tempest in writing. The covenants and agreements herein shall not be superseded or merged into the assignment of the Leases.

11.4 This Agreement shall be freely assignable by either Party, in whole or in part; provided, however, any such assignment shall be made specifically subject to the terms hereof, including equivalent representations and warranties, especially as to financial capability, and the terms of the JOA. The covenants and agreements herein shall be covenants running with the land, and shall be binding upon and inure to the benefit of the Parties, their successors and assigns. The provisions of this Agreement shall survive Closing and shall not be merged into any subsequent assignment.

11.5 This Agreement and the transactions contemplated hereby shall be construed in accordance with and enforced under the laws of the State of Texas, without regard to rules concerning conflicts of laws.

11.6 Unless specifically otherwise disclosed herein, there are no third party beneficiaries of this Agreement.

11.7 All notices hereunder shall be deemed to be properly given, if in writing, and sent by certified mail, courier delivery or by confirmed facsimile transmission, addressed to the respective Party at the address as set listed below, or such other address as either Party shall hereafter designate in writing, from time to time, and provide notice thereof to the other Party.

Addresses:

Tempest Energy Resources LP
Attn: Roger Farrell
5151 East Beltline, Suite 360
Dallas, Texas 75254
Fax: (972) 934-2055

Croff Enterprises, Inc.
Attn: Gerald L. Jensen
621 17th Street, Suite 830
Denver, Colorado 80293
Fax: (303) 383-5018

11.8 This Agreement may be executed by the Parties in any number of multiple counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument.

11.9 The Parties acknowledge that they have read this Agreement, have had an opportunity to review it with an attorney of their choice, and have agreed to all of its terms. Under these circumstances, the Parties agree that the rule of construction that a contract be construed against the drafter may not be applied in interpreting this Agreement. In addition, notwithstanding anything contained in this Agreement to the contrary, each Party shall be wholly and solely responsible for the legal costs incurred by it in the negotiation and drafting of this Agreement and such costs shall not be allowed under the JOA.

11.10 If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws during the term hereof, such provision shall be fully severable and the remaining terms of this Agreement shall remain in full force and effect.

11.11 No waiver by any Party of any condition, or of any breach of any covenant, agreement, representation, or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of any breach of any other covenant, agreement, representation or warranty.

EXECUTED this __________ day of November, 2004 Croff Enterprises, Inc. dba Croff Oil Company

By: ____________________________________
Gerald L Jensen, President Tempest Energy Resources, LP

By: ____________________________________
Roger A. Farrell, Executive Vice President

List of Exhibits:

EXHIBIT "A" - Leases EXHIBIT "A-1" -Net Revenue Interest in each Lease

EXHIBIT "B" - AFE for Helen Gips #1 EXHIBIT "C" -AMI Plat

EXHIBIT "C-1" - Working Interest Table EXHIBIT "D" - JOA

NEWS RELEASE

CROFF ENTERS INTO A PROSPECT PARTICIPATION AGREEMENT RELATED TO ITS YORKTOWN RE-ENTRY PROGRAM

DENVER, COLORADO - NOVEMBER 12, 2004 - CROFF OIL COMPANY (OTCBB: COFF) announced today that it has signed a Prospect Participation Agreement with an independent energy company to participate in the development of its Yorktown Re-entry Program located in Dewitt County, Texas. Under the general terms of the Agreement Croff will retain a 25% working interest in the Prospect and the participant partner will acquire a 75% working interest. The companies will jointly develop the re-entry prospects in an area containing up to 1,100 acres with 8 re-entry prospects, as well as new drilling locations. The parties intend to complete wells in the Wilcox formation for natural gas and condensate. The Prospect Agreement provides for the parties to work together in this area of mutual interest for a period of up to 5 years. Croff will announce further details at a later date.

Croff is an independent energy company engaged in the business of oil and natural gas production, primarily through ownership of perpetual mineral interests and acquisition of producing oil and natural gas leases. The Company's principal activity is oil and natural gas production from non-operated properties. The Company acquires, owns, and produces, producing and non-producing leases and perpetual mineral interests in Alabama, Colorado, Michigan, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah and Wyoming. Further information is available from Croff's website at www.croff.com.

This release contains certain forward-looking statements within the meaning of the Federal securities laws. Such statements are based on management's current expectations, estimates and projections, which are subject to a wide range of uncertainties and business risks. Factors that could cause actual results to differ from those anticipated are discussed in the Company's periodic filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2004.

Contact: Stuart Krooneberg
Secretary and CFO
(303) 383-1555
stuart@croff.com

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FORM 8-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 25049

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES ACT OF 1934

Date of Report (date of earliest event reported): August 11, 2004

CROFF ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Utah	1-100	87-0233535
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS Employer identification Number)

621 17th St., Suite 830, Denver, Colorado	80293
(Address of principal executive offices)	(Zip Code)

(303) 383-1555

(Registrant's telephone number, including area code)

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ITEM 5. OTHER ITEMS.

The Company issued the following press release dated August 11, 2004.

NEWS RELEASE

CROFF SUCCUSSFULLY COMPLETES PHASE 1 DRILLING ON HELEN GIPS #1

DENVER, COLORADO - AUGUST 11, 2004 - CROFF OIL COMPANY (OTCBB: COFF) announced today that it has successfully completed Phase 1 on the Champlin Petroleum Helen Gips #1 well in Dewitt County, Texas. Croff Oil Company is developing an 11 well re-entry program on 1100 acres near Yorktown in Dewitt County, Texas. The Company is attempting to raise drilling funds to complete the program on its already leased acreage. The program consists of re-entry of wells that were plugged and abandoned or were cased and abandoned about 40 years ago. The primary target in the original drilling was crude oil, and the primary interest currently is natural gas from the Wilcox and Edwards formations.

In July, the Company moved a rig on the first well, a cased well drilled by Champlin Petroleum known as the Helen Gips #1. The original well was drilled to a depth of 14, 430 feet and 5 1/2 inch casing was set. During July and early August 2004, the Company reentered the plugged and abandoned well, drilled out the cement plugs and milled over the existing 5 1/2 inch casing. The Company completed an overshot which successfully captured the original 5 1/2 inch casing and cemented the overshot in place. The Company continued drilling and circulating the old mud out of the 5 1/2 inch casing to approximately 3000 feet. The Company intends to recomplete the well by drilling and circulating inside the 5 1/2 inch casing to the final cement plug above the Georgetown and Edwards formation at approximately 13,800 feet. The Company plans to whipstock out of the original 5 1/2 inch casing to penetrate the Edwards at approximately 421 feet from the original wellbore. The Company would then have the Edwards, Georgetown, and Wilcox formations behind pipe and will attempt to complete the well for its first production from the Edwards formation. The Company is currently seeking a larger rig to complete the operation. Total cost of operations to this point are approximately $177,000.

Croff is an independent energy company engaged in the business of oil and natural gas production, primarily through ownership of perpetual mineral interests and acquisition of producing oil and natural gas leases. The Company's principal activity is oil and natural gas production from non-operated properties. The Company acquires, owns, and produces, producing and non-producing leases and perpetual mineral interests in Alabama, Colorado, Michigan, Montana, New Mexico, North Dakota, Oklahoma, Texas, Utah and Wyoming.

This release contains certain forward-looking statements within the meaning of the Federal securities laws. Such statements are based on management's current expectations, estimates and projections, which are subject to a wide range of uncertainties and business risks. Factors that could cause actual results to differ from those anticipated are discussed in the Company's periodic filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2004.

Contact: Stuart Krooneberg
Secretary & CFO
(303) 383-1555
stuart@croff.com

SIGNATURE

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

Dated: August 11, 2004

CROFF ENTERPRISES, INC.

By: /s/ Stuart D. Kroonenberg

Name: Stuart D. Kroonenberg
Title: Secretary and Chief Financial Officer