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, 2003

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

Registrant's telephone number, including area code (303) 383-1515

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 March 16, 2004, 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: $280,000.

As of March 16, 2004, the Registrant had outstanding 566,900 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, 2003

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. 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. 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 as a working interest owner in approximately 50 wells or units of several wells. Croff holds small royalty interests in approximately 200 wells.

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 over the last four years acquired three wells in Michigan, one well in Montana, six wells in Oklahoma and eight wells in Texas. The Company continues to actively explore oil and natural gas properties that may fit into our overall business strategy. The Company's plans for ongoing development, acquisition and exploration expenditures, and possible equity repurchases over and beyond the Company's operating cash flows will depend entirely on the Company's ability to secure acceptable financing.

Summary of Current Events

During 2003, the Company began preparing a drilling fund that could potentially be sold, along with the Company's common stock, to raise money for exploratory or development drilling. Last year, the Board of Directors authorized management to draft a preliminary plan, discuss financing, and investigate joint venture partners and identify prospective properties. No financing commitments have been obtained at this time and there is no assurance of any such financing being obtained. To date, Croff has executed a joint venture agreement with Cavalier Oil & Natural Gas Inc. of Austin, Texas, to acquire leases for a natural gas development in the Edwards and Wilcox formations in South Texas. During 2003, the Company acquired non-producing mineral leases with re-entry wells in DeWitt County, Texas for $119,190 and spent $28,518 for land work, pipe and other tangible costs related to this 2004 Edwards-Wilcox Natural Gas Development Program. This Program contains up to 12 re-entry wells with three Edwards and Wilcox prospects and nine Wilcox re-entries in Dewitt County, Texas. Management believes these zones were not depleted during earlier production due to lack of pipelines, markets and low natural gas prices. Management acquired these leases after reviewing the existing logs as to the potential size and productivity of the Edwards limestone and Wilcox natural gas producing sands. Existing logs show both permeability and porosity, and can be further evaluated from offsetting Wilcox natural gas-producing wells. Additional production may be possible from new offset drilling after the re-entry wells are in production.

At December 31, 2003, the Company had 1,036,039 thousand cubic feet equivalent (Mcfe) of proved reserves having a pretax present value (PV10%) of $1,464,000 based on non-escalated prices and costs. The valuation reflected average wellhead prices of $4.03 per Mcf and $30.14 per barrel at year-end. During 2003, the quantity of the Company's reserves increased 19%. The growth was attributable to acquisitions which increased reserves by 34,036 barrels of oil and 91,496 Mcf of natural gas and increased the pretax present value (PV10%) by approximately $450,000. In addition, the value of the Company's proved reserves increased as a result of higher prices at December 31, 2003 as compared to December 31, 2002. At December 31, 2003, approximately 51% of the Company reserves were natural gas. Oil and natural gas equivalents are based on 6 Mcf of natural gas being equivalent to one barrel of oil.

Revenues and net income for 2003 totaled $415,926 and $94,109, respectively. Cash provided from operations in 2003 totaled $140,003. Capital expenditures for 2003 totaled $247,708. The Company acquired non-producing mineral leases with re-entry wells in DeWitt County, Texas for $119,190 and spent $28,518 for land work, pipe and other tangible costs related to this South Texas development program. In 2003, the Company acquired a 10% working interest in one well in Hardin County, Texas for $30,000 and a 20% working interest in one well in Cheboygan County, Michigan for $70,000.

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 current oil and natural 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, as of the February 28, 1996 record date, received an equal number of preferred B shares, one for one, at the time of this restructuring of the capital of the Company.

Material Subsequent Events

The Company undertakes to report what it deems to be material subsequent events as occurring since the close of its current fiscal year on December 31, 2003 and up to the date of this report.

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, 2001, 2002 and 2003:

	2001	2002	2003
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%	23.0%

* less than 10%

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 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. The Company does not believe that it has any direct responsibility for or control over these matters, as it does not act as operator of any oil or natural gas wells.

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 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 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 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.

As indicated above, the Company does not have any direct control over or responsibility for insuring compliance with such environmental or employee regulations as they primarily pertain to the operator of oil and natural gas wells and leases. Currently, the Company does not act as the operator of the oil and natural gas wells from which it receives revenues. The effect of a violation by an Operator of a well in which the Company had a working interest would be that the Company might incur its pro-rata share of the cost of the violation.

The Company is not aware of any instance in which it was found to be in violation of any environmental or employee regulations or laws, and the Company is not subject to any present litigation or claims concerning such matters. In some instances the Company could in the future incur liability, even as a non-operator, for potential environmental waste or damages or employee claims occurring on oil and 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 621 17th Street, Suite 830, Denver, Colorado 80293. The Company is not a party to any lease, but during 2003 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, $24,000 and $30,000 for the years ended 2001, 2002 and 2003, 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 two 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

General

The Company remains focused on finding low risk oil and natural gas opportunities. In 2002, the Company purchased working interests in ten new wells, two in Michigan, seven in Texas, and one in Montana. In addition, the Company acquired an additional 44% working interest in one natural gas well located in Le Flore County, Oklahoma, in which the Company previously held a 5% working interest. During 2003, the Company prepared for a drilling program to develop an oil and natural gas producing trend in the Wilcox sand and Edwards limestone in South Texas. In 2003, the Company also continued its acquisition program by purchasing working interests in two producing wells, one in Michigan and one in Texas.

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 2003, the Company's production averaged 145 Mcf of natural gas and 21 Bbl of oil per day. "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 2003 which averaged $28.32 per barrel of oil and $4.09 per Mcf of natural gas or in some cases constant prices in effect at December 31, 2003. 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.

Proved developed reserves are proved reserves that are expected to be recovered from existing wells with existing equipment and operating methods under current economic conditions. Proved undeveloped reserves are proved reserves that are expected to be recovered from new wells drilled to known reservoirs on undrilled acreage for which the existence and recoverability of such reserves can be estimated with reasonable certainty, or from existing wells where a relatively major expenditure is required to establish production.

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 must be recognized as 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.

An independent petroleum engineering firm compiled the proved oil and natural gas reserves and future revenues as of December 31, 2002 and December 31, 2003 for the Company's most significant wells. Management completed the 2002 and 2003 reserve reports from these base studies. Since December 31, 2003, 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. Management of the Company, none of whom are licensed as either petroleum reservoir engineers or geologists, compiled the entire 2001 reserve estimates.

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, 2003.

ESTIMATED PROVED RESERVES
As of December 31, 2003

Area	Net Oil (Bbls)	Net Gas (Mcf)	Pre-Tax Present Value 10%
Alabama	-	1,357	$ 3,188
Colorado	2,520	38,145	106,663
Michigan	47,346	86,906	506,130
New Mexico	49	89,820	168,870
North Dakota	6,235	2,384	40,454
Oklahoma	4,446	135,902	174,893
Texas	1,835	22,160	49,931
Utah	9,575	75,907	136,865
Wyoming	2	24,686	70,006

Total	75,904	477,267	$1,257,000

For the year ended December 31, 2003, the Company had no delivery commitments with respect to the production of oil and natural gas. The Company is unaware of the circumstances pertaining to any delivery commitments on royalty wells. The following table sets forth summary information with respect to oil and natural gas production for the year ended December 31, 2003.

STATE GEOGRAPHIC DISTRIBUTION OF NET PRODUCTION

State	Net Oil (Bbls)	Net Gas (Mcf)
Alabama	-	304
Colorado	148	9,029
Michigan	3,091	6,541
Montana	164	-
New Mexico	-	8,728
North Dakota	757	561
Oklahoma	499	21,339
Texas	355	2,376
Utah	2,167	1,532
Wyoming	475	2,591
Total	7,656	52,998

The following table sets forth summary information with respect to the Company's estimated number of productive wells as of December 31, 2003.

PRODUCTIVE WELLS AND ACREAGE (1)
As of December 31, 2003

Area	Gross Oil Wells(2)	Gross Gas Wells(2)	Net Oil Wells	Net Gass Wells	Net with Production
Alabama	-	2	-	.01	10
Colorado	1	9	.04	.02	40
Michigan	3	33	.98	.19	188
New Mexico	178	205	.01	.03	55
North Dakota	2	2	.12	.12	38
Oklahoma	1	5	.25	1.28	173
Texas	6	7	.08	.08	349
Utah	238	28	.20	.13	650
Wyoming	2	1	.14	.12	120
Total	431	292	1.82	1.92	1,645

The Company's "Gross Wells" is defined as total number of wells in which the Company has any interest in; "Net Wells" is defined as the Company's total percentage of ownership interest; "Net acreage" is 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.

The following table sets forth summary information with respect to the Company's undeveloped acreage as of December 31, 2003.

UNDEVELOPED ACREAGE
As of December 31, 2003

Area	Total Undeveloped Acreage			
	Proven		Unproven	
	Gross Acres	Net Acres	Gross Acres	Net Acres
Colorado	80	7	600	40
Montana	-	-	3,800	250
Texas	1,100	900	-	-
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.

During the past three years, the Company has executed a few new leases or renewals on its perpetual mineral interests. Overall, however, the amount of new leasing was not significant. In 2003, the Company leased 22 acres of gross mineral interest in Duchesne County, Utah to Berry Corp. In 2002, the Company leased approximately 136 acres of its gross mineral interests in Duchesne County, Utah to Armstrong Oil and Gas and Petroglyph Corp. There was increased production from the Company's perpetual mineral interests in San Juan County, New Mexico, due to the fact that field drilling continued for coal bed methane natural gas. In 2001, the Company received revenues, which had been suspensed, from the Company's holdings in La Plata County, Colorado. These leases were part of a group of patented mineral rights being challenged by the Colorado Ute Indian Tribe as being invalid because they were on an Indian reservation. This lawsuit eventually reached the US Supreme Court where the Court ruled in favor of the holders of the mineral interests. After this decision, Amoco released suspensed royalty payments.

As of December 31, 2003, the Company was receiving royalties from approximately 200 producing wells, primarily in the Bluebell-Altamont field in Duchesne and Uintah Counties, Utah. Royalties also were received from scattered interests in Alabama, Colorado, New Mexico, Texas, and Wyoming.

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 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 average sales price per barrel (oil) and Mcf (1000 cubic feet of natural gas), together with production costs for units of production for the Company's production revenues 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*					
	2003		2002		2001		2003(1)		2002(1)		2001(2)	
Geographic Area	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas
Alabama	$ -	$ 4.18	$ -	$ 2.96	$ -	$ 2.22	$ n/a	$ 1.12	$ n/a	$ 0.79	$ -	$ -
Colorado	$31.54	$ 3.85	$21.28	$ 1.75	$24.64	$ 4.33	$12.58	$ 0.07	$ 8.49	$ 0.03	$ -	$ -
Michigan	$28.50	$ 4.39	$25.96	$ 3.15	$16.52	$ 3.13	$ 5.78	$ 1.17	$ 5.27	$ 0.84	$ -	$ -
Montana	$27.97	$ -	$20.58	$ -	$20.80	$ -	$14.31	$ n/a	$10.53	$ n/a	$ -	$ -
New Mexico	-	$ 4.42	$27.14	$ 3.10	$24.33	$ 4.35	$ n/a	$ 0.27	$ 2.34	$ 0.19	$ -	$ -
North Dakota	$28.43	$ 1.93	$23.49	$ 1.64	$24.40	$ 1.51	$ 8.42	$ 1.19	$ 6.96	$ 1.01	$ -	$ -
Oklahoma	$26.42	$ 4.28	$22.88	$ 2.18	$22.97	$ 4.07	$14.14	$ 2.75	$12.25	$ 1.40	$ -	$ -
Texas	$28.01	$ 4.18	$25.43	$ 2.89	$19.41	$ 4.28	$11.51	$ 2.23	$10.45	$ 1.54	$ -	$ -
Utah	$29.15	$ 2.99	$22.55	$ 1.49	$24.66	$ 2.85	$ 3.92	$ 0.04	$ 3.03	$ 0.02	$ -	$ -
Wyoming	$24.50	$ 4.05	$16.38	$ 2.36	$19.30	$ 2.93	$ 8.96	$ 1.05	$ 5.99	$ 0.61	$ -	$ -

* Oil is per Bbl and Gas is per Mcf.

(1) States with higher production from royalty interests such as Utah, reflect a lower cost per barrel or Mcf
(2) The Company did not account for production cost by state prior to 2002. Average production cost for the Company was $7.82 per barrel and $0.95 per Mcf for the year 2001.

The average production cost for oil increased in 2003 compared to 2002. This increase was generally attributable to higher production taxes as a result of higher sales prices received during 2003 compare to 2002. The average production cost for oil decreased in 2002 from 2001 due to higher prices and lower taxes on oil wells. The other costs were somewhat lower due to less workover related costs.

The average production cost for natural gas increased in 2003 compared to 2002. This increase was generally attributable to higher production taxes as a result of higher sales prices received during 2003 compare to 2002. The average production cost for natural gas decreased in 2002 due to lower production taxes and less workover expenses compared to 2001.

Present Activities - 2004 Edwards-Wilcox Natural Gas Development Program

During 2003, the Company began preparing a drilling program to develop an oil and natural gas producing trend in the Wilcox sand and Edwards limestone in South Texas. The Company acquired non-producing mineral leases with re-entry wells in DeWitt County, Texas for $119,190 and spent $28,518 for land work, pipe and other tangible costs related to this 2004 Edwards-Wilcox Natural Gas Development Program. The Wilcox exists at a depth of about 9,000 feet and the Edwards at about 14,000 feet in Croff's leases in DeWitt County, Texas. The Wilcox formation is a natural gas formation stretching from the Rio Grande northeast across South Texas. At this time, some independents are drilling in the Wilcox trend. The Company's management is in the process of seeking financing and at this time no financing commitments have been obtained. There is no assurance of any such financing being obtained at acceptable terms.

The 2004 Edwards-Wilcox Natural Gas Development Program contains up to 12 re-entry wells with three Edwards and Wilcox prospects and nine Wilcox re-entries. Management believes these zones were not depleted during earlier production due to lack of pipelines, markets and low natural gas prices. Existing logs of these wells permit reasonable prediction of the size and potential productivity of the Edwards limestone and Wilcox natural gas producing sands. They can be further evaluated from offsetting Wilcox natural gas-producing wells. Additional production may be possible from new offset drilling after the re-entry wells are in production.

The size, timing and extent of this proposed drilling program will depend on the Company's ability to secure acceptable financing or identify viable joint interest partners. The Company has planned a drilling program utilizing drilling with 3-1/2 inch tubing which would then be cemented in place after reaching the Wilcox. In addition, a small frac is usually necessary for completion. The re-completion into existing well bores is budgeted at less than $500,000 per average well. The Company has contracted with an experienced team of professionals, who will oversee the field operations. The area has several pipelines available.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any significant legal actions.

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

On December 19, 2003, 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 AND RELATED STOCKHOLDER MATTERS

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 566,900 shares are outstanding to 1,178 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. In 2002, the Company launched an Internet based site for trading its shares at www.croff.com. Bids and offers can be posted for both preferred B shares and common shares on this website. In addition the Company posts its recent SEC filings on the website.

The trading range for 2001 through 2003 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 - 566,900 SHARES OUTSTANDING FOR 2003 - (The following data is generated from limited trades from the Company's website, the over-the-counter bulletin board or internal purchases by the Company or its management.)

BID RANGE

	Calendar Quarter	Bid	Asked
2001:	First Quarter	$ .90	$1.00
	Second Quarter	$ .90	$1.00
	Third Quarter	$ .90	$1.00
	Fourth Quarter	$ .90	$1.00
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

As of December 31, 2003, there were 1,178 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
2001:	First Quarter	No Trading	No Trading
	Second Quarter	No Trading	No Trading
	Third Quarter	No Trading	No Trading
	Fourth Quarter	No Trading	No Trading
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*

* In early 2004, 250 shares preferred stock were traded at $1.05 per share in two separate private transactions.

Historical Events of Interest

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 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.

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

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected historical financial data of the Company for the five-year period ended December 31, 2003. 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:

	1999	2000	2001	2002	2003
STATEMENT OF OPERATIONS DATA					
Operations					
Oil and Gas	$214,190	$368,022	$332,573	$286,602	$392,564
Other Revenues	$ 4,115	$ 1,347	$ 32,652	$ 28,726	$ 23,362
Expenses	$205,875	$237,701	$303,690	$216,416	$321,817
Net Income	$ 12,430	$131,668	$ 61,535	$ 98,912	$ 94,109
Per Common Share	$ *	$ .01	$ .06	$ .04	
Working capital	$ 90,697	$273,295	$385,816	$419,475	
Dividends per share	NONE	NONE	NONE	NONE	NONE

* - Less than .01 per share

BALANCE SHEET DATA

	1999	2000	2001	2002	2003
Total assets	$498,162	$628,172	$695,124	$753,212	$898,221
Long-term debt**	NONE	NONE	NONE	NONE	NONE
Stockholders' equity	$480,353	$611,966	$672,085	$736,408	$866,112

** There were no long-term obligations from 1999-2003.

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 accounted for its oil and natural gas properties under the successful efforts method of accounting.

The Company periodically evaluates its oil and natural gas properties for possible impairment. 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 has designated its marketable equity securities as "securities available for sale".

Liquidity and Capital Resources

At December 31, 2003, the Company had assets of $898,221. At December 31, 2003, the Company's current assets totaled $368,580 compared to current liabilities of $32,109. Working capital at December 31, 2003 totaled $336,471, a decrease of 20% compared to $419,475 at December 31, 2002. The Company had a current ratio at December 31, 2003 of approximately 11:1. The market value of the Company's marketable equity securities were $41,210 below cost at December 31, 2003. During 2003, net cash provided by operations totaled $140,003, as compared to $100,077 in 2002. The Company's cash flow from operations is highly dependent on oil and natural gas prices. The Company had no short-term or long-term debt outstanding at December 31, 2003.

At December 31, 2003, there were no significant commitments for capital expenditures. Capital expenditures for 2003, totaled $247,708. The Company acquired non-producing mineral leases with re-entry wells in DeWitt County, Texas for $119,190 and spent $28,518 for land work, pipe and other tangible costs related to this South Texas development program. The successful development of these assets will require the Company to raise several million dollars. The Company was no financing commitments at this time. During 2003, the Company acquired a 10% working interest in one well in Hardin County, Texas for $30,000 and a 20% working interest in one well in Cheboygan County, Michigan for $70,000. The Company is uncertain at this time as to the size and extent of its 2004 capital budget.

In 2003, the Company prepared a drilling fund that could be sold, along with the Company's common stock to raise money for exploratory or development drilling. The Board of Directors authorized management to draft a preliminary plan, discuss financing, and investigate joint venture partners and identify prospective properties. No financing commitments have been obtained at this time and there is no assurance of any such financing being obtained.

The Company's plans for ongoing development, acquisition and exploration expenditures, and possible equity repurchases over and beyond the Company's operating cash flows will depend entirely on the Company's ability to secure acceptable financing. Bank borrowings may be utilized to finance the Company's 2004 capital budget as well as possible joint ventures or future public or private offerings of debt or the Company's equity securities. In addition, the Company will utilize its internal operating cash flows, however, future cash flows are subject to a number of variables, including the level of production and oil and natural gas prices, and there can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned levels of capital expenditures or that increased capital expenditures will not be undertaken.

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. In connection with consummating any significant acquisition or funding an exploratory or development drilling program, additional debt or equity financing will be required, which may or may not be available on terms that are acceptable to the Company.

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 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 loss during 2003 of $45,022 related to its purchase of natural gas "put" contracts which had a strike price of $4.75 per Mcf. 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.

Revenues for 2002 totaled $315,328, a decrease of 14% from 2001. Net income for 2002 totaled $98,912 compared to $61,535 in 2001. The decrease in revenue was due primarily to decreases in oil and natural gas prices, which more than offset increases in oil and natural gas production. The average sale price of oil in 2002 for the Company was $22.62 compared to $22.42 in 2001. The average sale price of natural gas in 2002 for the Company was $2.56 per Mcf, compared to $3.50 per Mcf in 2001. Production of oil increased approximately 29% in 2002, while production of natural gas remained constant. Oil production increased primarily due to the acquisition of new wells in Michigan. The Company realized a gain on the sale of marketable equity securities totaling $23,026 and $22,193 for the years ended December 31, 2002 and 2001, respectively. Other income, which is composed primarily of interest and dividend income, decreased approximately 46% during 2002 to $5,700 from $10,459 in 2001. The Company maintained a larger balance of its working capital in marketable equity securities than in interest and dividend bearing money market accounts for 2002 compared to 2001.

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.

Lease operating expense, which includes all production related taxes, decreased by approximately $39,000 in 2002 to $77,065 compared to $116,190 in 2001. The primary reason for this decrease was the facts that the Company did not participate in any well workovers or reworks during 2002, nor did the Company incur any impairment losses during 2002. In 2001, the Company had an impairment loss of approximately $34,000.

The Company incurred $13,780 in costs related to its proposed 2004 Edwards-Wilcox Natural Gas Development Program. During 2003, the Company began preparing a drilling fund that could be sold, along with the Company's common stock to raise money for exploratory or development drilling. The Board of Directors authorized management to draft a preliminary plan, discuss financing, and investigate joint venture partners and identify prospective properties. No financing commitments have been obtained at this time and there is no assurance of any such financing being obtained.

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.

General and administrative expense decreased approximately $6,000 to $107,351 in 2002 from $113,393 in 2001. This decrease was primarily attributable to lower annual meeting costs and lower website development costs during 2002.

Recent Accounting Pronouncements

In December 2002, the FASB issued SFAS No. 148, "Accounting fo Stock-Based Compensation - Transition and Disclosure - an amendment of SFAS No. 123." SFAS No. 148 amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on the reported results. SFAS No. 148 was effective for the Company's year ended December 31, 2002 and for interim financial statements commencing in 2003. The adoption of this pronouncement did not have an impact on the Company's financial condition or results of operations.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 is generally effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of this pronouncement did not have an impact on the Company's financial condition or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer measures certain financial instruments with characteristics of both liabilities and equity and requires that an issuer classify a financial instrument within its scope as a liability (or asset in some circumstances). SFAS No. 150 was effective for financial instruments entered into or modified after May 31, 2003 and otherwise was effective and adopted by the Company on July 1, 2003. As the Company has no such instruments, the adoption of this statement did not have an impact on the Company's financial condition or results of operations.

The FASB is currently evaluating the application of certain provisions of SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets," to companies in the extractive industries, including oil and natural gas companies. The FASB is considering whether the provisions of SFAS No. 141 and SFAS No.142 require registrants to classify costs associated with mineral rights, including both proved and unproved lease acquisition costs, as intangible assets in the balance sheet, apart from other oil and natural gas property costs, and provide specific footnote disclosures.

Historically, the Company has included oil and natural gas lease acquisition costs as a component of oil and natural gas properties. In the event the FASB determines that costs associated with mineral rights are required to be classified as intangible assets, approximately $216,000 of the Company's oil and natural gas property acquisition costs may be required to be separately classified on its balance sheets as intangible assets. However, the Company currently believes that its results of operations and financial condition would not be affected since such intangible assets would continue to be depleted and assessed for impairment in accordance with existing successful efforts accounting rules and impairment standards.

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 2003, ranged from a monthly low of $2.05 per Mcf to a monthly high of $6.19 per Mcf. Oil prices ranged from a monthly low of $20.05 per barrel to a monthly high of $35.67 per barrel during 2003. 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 2003, a 10% reduction in oil and natural gas prices would have reduced revenues by approximately $43,000.

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

None.

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.

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, Edwin W. Peiker, and Julian D. Jensen. Each director will serve until the next annual meeting of shareholders, or until his successor is duly elected and qualified. The 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 March 16, 2004.

GERALD L. JENSEN, 64, 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 atural 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, 35, CHIEF FINANCIAL OFFICER AND SECRETARY

Mr. Kroonenberg has been the Company's Chief Financial Officer since May 2001. Mr. Kroonenberg has over ten 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., 74, DIRECTOR

Mr. Mandel has been a director of Croff Enterprises, Inc. since 1986. 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.

DILWORTH A. NEBEKER, 63, 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., 72, 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.

Audit Committee

The Board has established an Audit Committee to assist it in the discharge of its responsibilities. The Audit Committee reviews the professional services provided by independent public accountants and the independence of such accountants from management. This Committee also reviews the scope of the audit coverage, the quarterly and annual financial statements and such other matters with respect to the accounting, auditing and financial reporting practices and procedures as it may find appropriate or as have been brought to its attention. Messrs. Nebeker and Peiker presently serve as members of the Audit Committee.

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

2003 Compensation Gerald L. Jensen, President. (No other executive salaries)

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

	2001	2002	2003
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 set salary by the Company, but are paid $350 for each half-day board meeting and $500 for each full-day board meeting.

Proposed Remuneration:

During 2004, 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 is paid $500 per quarter and the other member of the Audit Committee is paid at the rate of $350 per meeting. Based on the proposed remuneration, for the fiscal year ending December 31, 2003, 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, 2002 or 2003. During 2001, 40,000 warrants were exercised and 10,000 warrants expired. In December 2001, the Company loaned three of its directors a total of $40,000 associated with the exercise of their stock warrants. The fully recourse notes due on December 31, 2002 bore interest at 6% per annum. All notes have been repaid.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of Common stock and preferred B stock of the Company as of December 31, 2003, 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.

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 18, 2004

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 18, 2004

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, 2003 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 18, 2004

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, 2003 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 18, 2004

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

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

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
Croff Enterprises, Inc.

We have audited the balance sheets of Croff Enterprises, Inc. at December 31, 2002 and 2003, and the related statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2003. 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Croff Enterprises, Inc. as of December 31, 2002 and 2003, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Denver, Colorado
March 15, 2004

CAUSEY DEMGEN & MOORE INC.

CROFF ENTERPRISES, INC.
BALANCE SHEETS
December 31, 2002 and 2003

	2002	2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 316,473	$ 154,490
Investments		
Marketable equity securities, available for sale	61,540	48,470
Mutual funds	-	77,429
Natural gas "put" contracts, at fair value	-	7,660
Accounts receivable	48,948	80,531
Notes receivable, related parties	9,318	-
	436,279	368,580
Oil and gas properties, at cost, successful efforts method:		
Proved properties	640,755	888,463
Unproved properties	97,102	97,102
	737,857	985,565
Accumulated depletion and depreciation	(420,924)	(455,924)
	316,933	529,641
Total assets	$ 753,212	$ 898,221
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 15,481	$ 21,383
Accrued liabilities	1,323	10,726
	16,804	32,109
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	470,910	559,295
Common stock, $.10 par value; 20,000,000 shares authorized, 629,143 shares issued and outstanding	62,914	62,014
Capital in excess of par value	456,246	369,761
Treasury stock, at cost, 63,083 shares issued and outstanding	(83,151)	(83,151)
Accumulated other comprehensive loss	(65,205)	(41,210)
Accumulated deficit	(94,706)	(597)
Notes receivable from directors	(10,600)	-
	736,408	866,112
Total liabilities and stockholders' equity	$ 753,212	$ 898,221

See accompanying notes to the financial statements.

CROFF ENTERPRISES, INC.
STATEMENTS OF OPERATIONS
For the years ended December 31, 2001, 2002 and 2003

	2001	2002	2003
Revenues			
Oil and gas sales	$ 332,573	$ 286,602	$ 437,586
Loss on natural gas "put" contracts	-	-	(45,022)
Gain on sale of marketable equity securities	22,193	23,026	19,450
Other income	10,459	5,700	3,912
	365,225	315,328	415,926
Expenses			
Lease operating expense including production taxes	116,190	77,065	130,793
Proposed drilling fund	-	-	13,780
General and administrative	89,393	83,351	102,244
Overhead expense, related party	24,000	24,000	30,000
Impairment of oil and gas properties	34,107	-	-
Depletion and depreciation	40,000	32,000	35,000
	303,690	216,416	311,817
Pretax income	61,535	98,912	104,109
Provision for income taxes	-	-	10,000
Net income	61,535	98,912	94,109
Net income applicable to preferred B shares	30,000	73,825	88,385
Net income applicable to common shares	$ 31,535	$ 25,087	$ 5,724
Basic and diluted net income per common share	$ .06	$ .04	$ .01

See accompanying notes to the financial statements.

CROFF ENTERPRISES, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2001, 2002 and 2003

	Preferred B stock		Common stock		Capital in excess of par value	Treasury stock	Accumulated other comprehensive loss	Accumulated deficit
	Shares	Amount	Shares	Amount				
Balance at December 31, 2000	500,659	$475,359	589,143	$ 58,914	$ 415,797	$(82,951)	$ -	$ (255,153)
Stock warrants exercised	40,000	28,000	40,000	4,000	8,000	-	-	-
Purchase of 200 shares of treasury stock	-	-	-	-	-	(200)	-	-
Net unrealized loss on marketable equity securities	-	-	-	-	-	-	(1,150)	-
Net income for the year ended December 31, 2001	-	-	-	-	-	-	-	61,535
Stock reallocation	-	(136,274)	-	-	136,274	-	-	-
Preferred stock reallocation	-	30,000	-	-	(30,000)	-	-	-
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)

See accompanying notes to the financial statements.

CROFF ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2001, 2002 and 2003

	2001	2002	2003
Cash flows from operating activities:			
Net income	$ 61,535	$ 98,912	$ 94,109
Adjustments to reconcile net income to net cash provided by operating activities:			
Depletion and depreciation	40,000	32,000	35,000
Loss on disposal or impairment of property	34,107	-	-
Realized gain on marketable equity securities	(22,193)	(23,026)	(19,450)
Loss on natural gas "put" contracts	-	-	45,022
Other items, net	375	-	1,000
Changes in operating assets and liabilities:			
Accounts receivable	42,516	278	(31,583)
Accrued interest on notes receivable	(1,225)	(1,852)	600
Accounts payable	6,730	(2,087)	5,902
Accrued liabilities	103	(4,148)	9,403
Net cash provided by operating activities	161,948	100,077	140,003
Cash flows from investing activities:			
Purchase of natural gas "put" contracts	-	-	(58,041)
Proceeds from natural gas "put" contracts	-	-	5,359
Purchase of investments	(72,931)	(286,669)	(77,429)
Proceeds from sale of investments	95,124	188,700	56,515
Notes receivable issued	(15,000)	-	-
Payments from notes receivable	-	8,159	9,318
Additions to oil and gas properties	(21,705)	(62,664)	(247,708)
Net cash used in investing activities	(14,512)	(152,474)	(311,986)
Cash flows from financing activities:			
Purchase of treasury stock	(200)	-	-
Payments on notes receivable from directors	-	30,000	10,000
Net cash provided by (used in) financing activities	(200)	30,000	10,000
Net increase (decrease) in cash and cash equivalents	147,236	(22,397)	(161,983)
Cash and cash equivalents at beginning of year	191,634	338,870	316,473
Cash and cash equivalents at end of year	$ 338,870	$ 316,473	$ 154,490

Supplemental disclosure of non-cash investing and financing activities:
In December 2001, the Company received notes from certain Directors associated with the exercise of $40,000 in stock warrants. During the years ended December 31, 2001, 2002 and 2003, the Company had unrealized gains (losses) on available for sale securities in the amount of $(1,150), $(64,055) and $23,995 respectively. During the year ended December 31, 2003, the Company issued 1,000 shares of its common stock to a Director for services rendered valued at $1,000.

See accompanying notes to the financial statements.

CROFF ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2001, 2002 and 2003

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.

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). In 2001, 2002 and 2003, the Company received lease bonuses totaling $2,220, $150 and $1,101, respectively, which was 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

Producing property costs are evaluated for impairment and reduced to fair value if the sum of expected undiscounted future cash flows is less than net book value pursuant to Statement of Financial Accounting Standard No. 121 (SFAS 121) "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." Impairment of non-producing leasehold costs and undeveloped mineral and royalty interests are assessed periodically on a property-by-property basis, and any impairment in value is currently charged to expense. There was an impairment loss during 2001 in the amount of $34,107 due to the plugging and abandoning of the Fannie Brown well in Oklahoma. There was no impairment loss during either 2002 or 2003.

In August 2001, the Financial Accounting Standards Board approved for issuance Statement of Financial Accounting Standards No. 144 (SFAS 144), Accounting for the Impairment or Disposal of Long-Lived Assets. This standard addresses financial accounting and reporting for the impairment of disposal of long-lived assets. This standard establishes a single framework, based on Statement of Financial Accounting Standards No. 121 (SFAS 121), Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, for long-lived assets to be disposed of or held for sale and resolves certain implementation issues related to SFAS 121. SFAS 144 is effective for fiscal years beginning after December 15, 2001. The issuance of SFAS 144 did not have a material effect on the Company's 2002 or 2003 financial position, result of operations, or cash flows, as the Company did not have an impairment loss during 2002 or 2003.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated With Exit or Disposal Activities," which provides guidance for financial accounting and reporting of costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." This statement requires the recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred, as opposed to when the entity commits to an exit plan under EITF No. 94-3. The statement is effective for the Company in 2003. The adoption of SFAS No. 146 is not expected to have a material effect on the Company's financial position or results of operations as the Company currently is not the operator of its wells.

The FASB is currently evaluating the application of certain provisions of SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets," to companies in the extractive industries, including oil and natural gas companies. The FASB is considering whether the provisions of SFAS No. 141 and SFAS No.142 require registrants to classify costs associated with mineral rights, including both proved and unproved lease acquisition costs, as intangible assets in the balance sheet, apart from other oil and natural gas property costs, and provide specific footnote disclosures.

Historically, the Company has included oil and natural gas lease acquisition costs as a component of oil and natural gas properties. In the event the FASB determines that costs associated with mineral rights are required to be classified as intangible assets, approximately $216,000 of the Company's oil and natural gas property acquisition costs may be required to be separately classified on its balance sheets as intangible assets. However, the Company currently believes that its results of operations and financial condition would not be affected since such intangible assets would continue to be depleted and assessed for impairment in accordance with existing successful efforts accounting rules and impairment standards.

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, 2001, 2002 and 2003 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 Company had no such changes prior to 2001. The components of other comprehensive income net of the related tax effects for the twelve months ended December 31, 2001, 2002 and 2003 totaled $1,150, $64,055, and $23,995 respectively, and are related to a net unrealized loss on the Company's marketable equity securities, which are available for sale.

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, 2002 and 2003.

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 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 of $45,022 related to its purchase of these natural gas "put" contracts. During the years ended December 31, 2001 and 2002, 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 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 warrants. Since December 2001, the Company has had no outstanding stock options or warrants.

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, 2001, 2002, and 2003 was $(1,150), $(65,205), and $23,995 respectively and is reflected as accumulated other comprehensive loss. During 2001, 2002 and 2003, a portion of the available-for-sale securities were sold for $95,124, $188,700, and $56,515 respectively, resulting in a net gain before taxes of $22,193, $23,026, and $19,450 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. All of the Company's outstanding stock warrants were either exercised or expired on or prior to December 31, 2001.

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, 2001, 2002 and 2003 amounted to $1,800, $3,109 and $2,256, 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 during 2003 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, $24,000 and $30,000 for the years ended 2001, 2002 and 2003, respectively. Although these transactions were not a result of "arms length" negotiations, the Company's Board of Directors believes the transactions are reasonable.

In 2001 the Company considered acquiring Reef Energy Corporation, a private oil and gas firm, in which the Company's President had purchased approximately one-fourth interest. The Company loaned Reef Energy, as part of a larger loan, $15,000 secured by assets of Reef Energy. This short-term secured note bore interest at 10% per annum. At December 31, 2002, the balance on this note including accrued interest was $9,318. This note was paid off in full during 2003.

In 2001, the Company loaned three of its Directors, a total of $40,000 associated with the exercise of their stock warrants. The fully recourse notes due on December 31, 2002 carried interest at 6% per annum. At December 31, 2002, one note remained unpaid, which totaled $10,600 including accrued interest. This note was paid off in full during 2003.

Purchase of proved oil and gas properties

On April 7, 1998, the Company purchased certain working leasehold interests in oil and gas wells in Oklahoma, from an affiliated company, for cash in the amount of $208,000. Another affiliated entity is the operator of these wells, and agreed to offset the Company's lease operating expenses on these wells in the amount of $150 per month per well (an aggregate of $900 per month) for as long as the Company owns the wells. In August 2002, one well was plugged so this amount was lowered to $750 per month aggregate at the same rate of $150 per well. During the years ending December 31, 2001, 2002 and 2003, $10,800, $10,050, and $9,000 respectively, have been offset against lease operating expense, in this manner.

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 allocated $250,000 cash to the common stock and the balance of cash remaining with the preferred B stock. The Board then determined that all future oil and gas cash flow would be allocated solely to the preferred B stock. 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, 2002 and 2003. During 2001, warrants to purchase 40,000 common shares and 40,000 Class B Preferred shares were exercised by the Directors for $40,000. The Company issued short-term full recourse interest bearing notes related to this exercise of options that have paid back in full.

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, 2003, the Company had net tax capital loss carry-forwards of approximately $9,000. In addition, the Company has a depletion carryover of approximately $302,000, which has no expiration date.

The Company did not record an income tax provision for the years ended December 31, 2001 or 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 $17,100 and $40,000 respectively, for the years ended December 31, 2001 and 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, 2002 and 2003, total deferred tax assets; liabilities and valuation allowance are as follows:

	2002	2003
Deferred tax assets resulting from loss carry forwards	$ 156,900	$ 135,000
Valuation allowance	(156,900)	(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 526,000 shares in 2001 and 527,000 in 2002 and approximately 566,000 shares in 2003.

7. MAJOR CUSTOMERS

Customers which accounted for over 10% of oil and natural gas revenues were as follows for the years ended December 31, 2001, 2002 and 2003:

	2001	2002	2003
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%	23.0%

* less than 10%

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.

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

In November, 1982, the Financial Accounting Standards Board issued and the SEC adopted Statement of Financial Accounting Standards No. 69 (SFAS 69) "Disclosures about Oil and Gas Producing Activities". SFAS 69 requires that certain disclosures be made as supplementary information by oil and gas producers whose financial statements are filed with the SEC. The Company bases these disclosures upon estimates of proved reserves and related valuations. An independent petroleum engineering firm compiled provided oil and gas reserve and future revenues as of December 31, 2002 and December 31, 2003 for the Company's most significant wells. Management completed the 2002 and 2003 reserve report from these studies. For 2001, management of the Company, none of whom are licensed as either a petroleum reservoir engineer or geologist, compiled these estimates. No attempt is made in this presentation to measure "income" from the changes in reserves and costs.

The standardized measure of discounted future net cash flows relating to proved reserves as computed under SFAS 69 guidelines may not necessarily represent the fair value of 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, 2003, crude oil and natural gas prices were highly volatile. 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. 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, 2001, 2002 and 2003:

	2001	2002	2003
Revenues			
Oil and natural gas sales	$332,573	$286,602	$437,586
Loss on natural gas "put" contracts	-	-	(45,022)
	332,573	286,602	392,564
Lease operating costs	83,700	61,238	100,563
Production taxes	32,490	15,827	30,230
Depletion and depreciation	40,000	32,000	35,000
Income tax expense	-	-	10,000
	156,190	109,065	175,793
Results of operations from producing Activities (excluding capital expenditures, impairment charges corporate overhead, and interest expense)	$176,383	$177,537	$216,771

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,		
	2001	2002	2003
Future cash inflows	$1,486,000	$3,019,000	$4,655,000
Future production and development costs	(223,000)	(1,075,000)	(2,134,000)
	1,263,000	1,944,000	2,521,000
Future income tax expense	(210,000)	(274,000)	(444,000)
Future net cash flows	1,053,000	1,670,000	2,077,000
10% annual discount for estimated timing of cash flows	(418,000)	(651,000)	(820,000)
Standardized measure of discounted future net cash flows	$ 635,000	$1,019,000	$1,257,000

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

	2001	2002	2003
Beginning balance	$1,241,000	$ 635,000	$1,019,000
Evaluation of proved undeveloped reserves, net of future production and development costs	14,000	8,000	(9,000)
Purchase of proved reserves	-	200,000	450,000
Sales and transfer of oil and gas produced, net of production costs	(218,000)	(210,000)	(307,000)
Net increase (decrease) in prices and costs	(663,000)	871,000	385,000
Extensions and discoveries	-	12,000	-
Revisions of previous quantity estimates	57,000	268,000	58,000
Accretion of discount	414,000	(701,000)	(169,000)
Net change in income taxes	(210,000)	(64,000)	(170,000)
Other	-	-	-
Ending balance	$ 635,000	$1,019,000	$1,257,000

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, 2000	40,144	469,749
Revisions of previous estimates	(241)	(12,479)
Extensions, discoveries and other additions	-	(2,000)
Production	(4,760)	(57,804)
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

Proved developed reserves		
December 31, 2001	26,223	387,974
December 31, 2002	54,411	448,028
December 31, 2003	75,904	477,267

Costs incurred in oil and gas producing activities for the years ended December 31, 2001, 2002, and 2003 are as follows:

	2001	2002	2003
Property acquisition, exploration and development costs capitalized	$ 21,705	$ 62,664	$247,708
Impairment of property	34,107	-	-
Production costs	116,190	77,065	130,793
Depletion and depreciation	40,000	32,000	35,000