

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

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
 For the period ended September 30, 1998

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

CROFF ENTERPRISES, INC.
 (Exact name of registrant as specified in its charter)
 Utah 87-0233535
 (State or other jurisdiction of (I.R.S. Employer
 incorporation or organization) Identification No.)
 1675 Broadway, Suite 1030, Denver, CO 80202
 (Address of principal executive offices) (Zip Code)
 (303)628-1963
 (Registrant's telephone number, including area code)

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

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

X Yes _____ No
 APPLICABLE ONLY TO ISSUERS INVOLVED
 IN BANKRUPTCY PROCEEDINGS DURING
 THE PRECEDING FIVE YEARS:

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

_____ Yes _____ No
 APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 516,265 shares, one class only, as of September 30, 1998.

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INDEX TO INFORMATION INCLUDED IN THE QUARTERLY REPORT (FORM 10-Q) TO THE SECURITIES AND EXCHANGE COMMISSION FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1998 (UNAUDITED).

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The condensed financial statements included herein are for the Registrant, Croff Enterprises, Inc. The financial statements for the nine months ended September 30, 1998 and 1997 are unaudited; however, they reflect all adjustments which, in the opinion of management, are necessary to present fairly the results of the interim periods. All adjustments necessary to a fair representation of the financial statements are of a normal recurring nature.

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

	Decembe r 31, 1997	Septemb er 30, 1998
CURRENT ASSETS:		
Cash and Cash Equivalents:	\$ 166,883	\$ 23,858
Marketable equity securities	15,687	2,500
Accounts receivable:		
Oil and gas purchasers	26,552	35,096
Refundable income taxes	3,200	3,131
Total current assets	\$ 212,322	\$ 64,585
PROPERTY AND EQUIPMENT, AT COST:		
Oil & gas properties, successful efforts method:		
Proved properties	429,903	646,769
Unproved properties	97,102	97,102
	\$ 527,005	\$ 743,871
Less accumulated depletion and depreciation	(250,729)	(276,811)
Net property and equipment	\$ 276,276	\$467,060
Coal Investment	16,277	16,277
Total Assets	\$ 504,875	\$ 547,922

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

	Decembe r 31, 1997	Septemb er 30, 1998
CURRENT LIABILITIES:		
Accounts payable	\$ 4,378	\$ 11,890
Accrued liabilities	2,605	2,160
Note payable - Union Bank	0	46,215
Total current liabilities	\$ 6,983	\$ 60,265
STOCKHOLDERS' EQUITY:		
Class A Preferred, none issued		
Class B Preferred stock, no par value:		
520,000 authorized, 516,265 shares issued 12/31/97	364,328	
520,000 authorized, 490,860 shares issued 9/30/98		346,232
Common stock, \$.10 par value 20,000,000 shares authorized 579,143 shares issued	57,914	57,914
Capital in excess of par value	542,215	542,215
Accumulated deficit	(383,669)	(375,808)
	\$ 580,788	\$ 570,553
Less common stock at cost, 62,628 shares in 1996 and 62,878 in 1997	(82,896)	(82,896)
Total stockholders' equity	\$ 497,892	\$ 487,657

Total Liabilities & Equity \$ 504,875 \$ 547,922

CROFF ENTERPRISES, INC.
Statement of Operations

For the Three And Nine Months Ended September 30, 1998
(Unaudited)

	For Three Months Ended		For Nine Months Ended	
	9/30/9 7	9/30/9 8	9/30/9 7	9/30/9 8
REVENUE:				
Oil and gas sales	\$ 45,537	\$ 51,485	\$ 151,054	\$ 141,890
Other income (loss).....	4,120	(363)	7,364	5,880
Total revenue	\$ 49,657	\$ 51,122	\$ 158,418	\$ 147,770
COSTS AND EXPENSES:				
Lease operating expense	7,589	11,572	25,760	32,717
Depreciation and depletion	6,000	13,000	18,000	25,500
General and administrative	17,668	19,441	58,584	62,015
Interest Expense	0	1,638	0	4,766
Rent Expense - Related Party	2,940	2,940	8,820	8,820
Write down of coal investment	62,000		62,000	
Total Expenses	\$ 96,215	\$ 48,591	\$ 173,164	\$ 133,818
Net income (loss)	\$ (46,558)	\$ 2,531	\$ (14,746)	\$ 13,953
Earnings (Loss) Per Share	\$ (.09)	\$.01	\$ (.03)	\$.02

CROFF ENTERPRISES, INC.
Statement of Cash Flows

	For the Nine Months Ended September 30, 1998	
	1997	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (14,746)	\$ 13,952
Adjustments to reconcile net income to net cash provided by operating activities and depletion:		
Depreciation and depletion	18,000	26,082
Write down of coal investment	62,000	0
Decrease(Increase) in receivables	11,850	(8,475)
Decrease(Increase) in other assets	0	8,555
Decrease(Increase) in accounts payable	1,713	(7,869)
Decrease(Increase) in notes payable		(46,215)
Decrease(Increase) in accrued liabilities	493	445
(Gains) on marketable securities		(1,813)
Total adjustments	90,630	(29,290)
Net cash provided by operating activities:	\$ 75,884	\$ (15,337)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase)Sale of oil & gas properties:	(38,496)	(208,500)
(Purchase) of Preferred Stock		(24,188)
Sale of marketable equity securities	(4,750)	15,000
	\$ (43,246)	\$ (217,688)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	(250)	
Proceeds from Note Payable	0	90,000
Increase (decrease) in cash:	32,388	(143,025)
Cash at beginning of period:	184,565	166,883
Cash at end of period:	\$ 216,953	\$ 23,858

CROFF ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 1998

BASIS OF PREPARATION

The condensed financial statements for the three and nine month periods ended September 30, 1998 and 1997 in this report have been prepared by the Company without audit pursuant to the rules and regulations of the Securities and Exchange Commission and reflect, in the opinion of management, all adjustments necessary to present fairly the results of the operations of the interim periods presented herein. Certain reclassifications have been made to the prior years' financial statements to conform to the 1998 presentation. Certain information in footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations, although the Company believes the disclosures presented herein are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997, which report has been filed with the Securities and Exchange Commission, and is available from the Company.

MANAGEMENT'S' DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three Month Period Ended September 30, 1998,
as Compared to the Three Month Period Ended September 30, 1997.

OIL AND GAS OPERATIONS

Oil and gas income, primarily from royalties, for the three months ended September 30, 1998, was \$51,485 compared to \$45,537 for the quarter ending September 30, 1997. This small increase in revenue was caused by the increased production from new leases purchased during the last year, offset by the drastic drop in oil prices and a smaller drop in natural gas prices. Prices for oil decreased from approximately \$17-\$18 per barrel in this quarter in 1997, to slightly over \$12-\$13 per barrel, this year. Natural gas prices continued their decline to a level of more than twenty percent lower than one year ago. Production increased as the Company has added nine new producing leases this year, which produce primarily natural gas.

Production costs, which include lease operating expenses and all production related taxes, for the three months ended September 30, 1998, due to new operating leases, increased to \$11,572 in 1998, compared to \$7,589 during the same quarter year of 1997. The operating expenses increased on the new working interests, which were purchased since last year. Overall, operating expenses are low due to the large amount of royalty income. Depletion doubled due to the purchase of the new wells.

Nine Month Period Ended September 30, 1998,
as Compared to the Nine Month Period Ended September 30, 1997.

OIL AND GAS OPERATIONS

Oil and gas income, primarily from royalties, for the nine months ending September 30, 1998, was \$141,890 compared to \$151,054 for the same time period of the prior year. This decrease was due to the drastic drop in oil prices and significant drop in natural gas prices. During this nine month period some wells were shut-in, revenue dropped from all wells, and activity slowed. Because of the new leases, production increased, but with such low prices, overall revenue fell.

Production costs, which include lease operating expenses and all production related taxes, for the nine months ended September 30, 1998, increased when compared to the same time period of the prior year, \$32,717 in 1998 compared to \$25,760 in 1997. This increase was due to the operating costs of the additional nine working interests purchased in late 1997 and in 1998.

OTHER INCOME

During the three month period ended September 30, 1998, the Company had a loss on other income of (\$363) compared to a gain of \$4,120 for the quarter ending September 30, 1997. This was due to a loss on securities held in 1998, and a decrease in interest income because the Company invested the large cash balances it held in 1997 in new oil and gas leases, so interest income is now insignificant.

During the nine month period ended September 30, 1998, the Company had other income of \$5,880, primarily from interest, dividends, and lease bonuses. During the first nine months of 1997, the Company had other income of \$7,364, primarily from the dividends and interest. The decrease was due to the Company's receiving lower interest in 1998 due to lower cash balances after buying leases.

GENERAL AND ADMINISTRATIVE.

General and administrative expenses for the nine month period ending September 30, 1998, were \$62,015 plus rent expense of \$8,820, for a total of \$70,835, compared to \$58,584 plus rent expense of \$8,820 for a total of \$64,528 for the nine month period ending September 30, 1997. This increase was due to a small cost increase, reflecting inflation, of the Company's overhead payment for general and administrative expenses.

FINANCIAL CONDITION

As of September 30, 1998, the Company's current assets were \$64,585, which exceeded current liabilities of \$60,265, for ratio of 1.1 to 1. As of December 31, 1997, the Company's current assets were \$212,322, and current liabilities were \$6,983, giving the Company a working capital position of over \$200,000, and a ratio of 30 to 1. This decrease was due to the Company spending much of its accumulated cash and borrowing an additional \$90,000 to purchase oil and gas leases during late 1997 through April 1, 1998. The

Company is repaying the \$90,000 debt over one year, and expects its' current ratio to reach 2:1 by the end of the year. Although the current low energy prices greatly reduce the Company's cash flow, the Company expects to continue to operate at a positive cash flow for the calendar year, with the cash flow being used to repay bank debt.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

For the last two years the Company has conducted a clearing house where it brings together buyers and sellers of its Preferred B stock, which is not otherwise traded. At the conclusion of the trading period, one large purchaser was unable to complete its intended purchases, due to lack of financing. The Board of Directors discussed this matter, and determined to purchase the tendered shares at the request of the sellers. In April, 1998, the Company completed these transactions, purchasing 25,646 shares of the Preferred B stock for the purchase price of \$24,188.20. This purchase reduced the issued and outstanding Preferred B shares these 25,646 shares, leaving a balance of issued and outstanding Preferred B shares remaining of 490,860 shares. The Board of Directors did this as a response to a unique situation, and does not intend to be a bidder at the next clearing house.

ITEM 5. OTHER INFORMATION

On April 7, 1998, the Company purchased six working leasehold interests in oil and gas wells in Oklahoma. The Company paid the sum of \$208,000 for the working and minor royalty interests in these leases. The wells are commonly known as the Harper #1 and Miller Wells in Woodward County, Oklahoma, the Fanny Brown Well in Caddo County, Oklahoma, the Dickerson and Mueggenborg Wells in Kingfisher County, Oklahoma, and the Duncan Well in LeFlore County, Oklahoma. In addition, Jenex Operating Company, which is owned by the President of Croff Enterprises, Inc., and which is the operator of these wells, agreed to provide a credit of \$150 per month per well against the operating expenses of these wells for each month that Croff Oil Company was the owner of such wells. In order to complete this purchase the Company borrowed the sum of \$90,000 from Union Bank and Trust Company on a one-year note payable monthly in twelve installments. The balance was paid from the Company's cash reserves. The effective date of this transfer was April 1, 1998.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

The registrant has filed no reports on Form 8-K for the period ending September 30, 1998.

S I G N A T U R E S

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

REGISTRANT: CROFF ENTERPRISES, INC.

By: _____
Gerald L. Jensen
Chief Executive Officer and
Chief Financial Officer

By _____
Beverly Licholat
Chief Accounting Officer

Date: _____, 1998