

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2008

or

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

Commission File Number: **000-16731**

CROFF ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Utah

(State or other jurisdiction of incorporation or organization)

87-0233535

(I.R.S. Employer Identification No.)

9903 Santa Monica Blvd, Suite 287, Beverly Hills, California

(Address of principal executive offices)

90212

(Zip Code)

(818) 735-0050

(Registrant's telephone number, including area code)

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. YES NO

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by checkmark whether the registrant is a shell company (as defined by Rule12b-2 of the Exchange Act).

YES NO

As of June 30, 2008, the registrant had outstanding 1,016,799 shares of its \$.10 par value common stock (its only class of common stock), excluding 102,644 common shares held as treasury stock.

CROFF ENTERPRISES, INC.

**INDEX TO INFORMATION INCLUDED IN THE QUARTERLY REPORT ON FORM 10-Q
FOR THE SIX MONTHS ENDED JUNE 30, 2008**

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report on Form 10-Q and other reports filed by Croff Enterprises, Inc. ("Croff" or the "Company") from time-to-time with the Securities and Exchange Commission (collectively the "Filings") contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company's management, as well as estimates and assumptions made by the Company's management. When used in the Filings, the words "anticipate", "believe", "estimate", "expect", "future", "intend", "plan" or the negative of those terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions and other factors relating to the Company's industry, operations and results of operations and any businesses that may be acquired by the Company. Should one or more of those risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The financial statements included herein have been prepared in conformity with generally accepted accounting principles. The statements are unaudited but reflect all adjustments, which, in the opinion of management, are necessary to fairly present the Company's financial position and results of operations. All such adjustments are of a normal recurring nature.

(Financial Statements Commence on Following Page)

**CROFF ENTERPRISES, INC.
CONDENSED BALANCE SHEETS**

	<u>June 30, 2008</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 121,603	\$ 408,634
Accounts receivable	-	86,730
	<u>121,613</u>	<u>495,364</u>
TOTAL CURRENT ASSETS		
	<u>121,613</u>	<u>495,364</u>
TOTAL ASSETS	<u>\$ 121,613</u>	<u>\$ 495,364</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable	\$ 12,433	\$ 7,159
Dividends payable	32,076	-
Accrued liabilities	-	70,667
	<u>44,509</u>	<u>77,826</u>
TOTAL LIABILITIES	<u>\$ 44,509</u>	<u>\$ 77,826</u>
STOCKHOLDERS' EQUITY		
Class A Preferred stock; no par value		
Authorized – 10,000,000 shares		
Issued and outstanding – 0 shares	\$ -	\$ -
Common stock, par value \$0.10 per share		
Authorized – 50,000,000 shares		
Issued and outstanding – 1,120,743 and 620,743, respectively	112,064	62,064
Additional paid-in capital	639,615	439,615
Treasury stock, at cost – 102,644 and 69,399 shares, respectively	(154,364)	(107,794)
Retained (deficit) earnings	<u>(520,211)</u>	<u>23,653</u>
TOTAL STOCKHOLDERS' EQUITY	<u>77,104</u>	<u>417,538</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 121,613</u>	<u>\$ 495,364</u>

The accompanying notes are an integral part of the financial statements

CROFF ENTERPRISES, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	<u>Three Months Ended June 30, 2008</u>	<u>Three Months Ended June 30, 2007 (as restated)</u>	<u>Six Months Ended June 30, 2008</u>	<u>Six Months Ended June 30, 2007 (as restated)</u>
EXPENSES				
General and administrative	\$ 55,453	\$ 21,030	\$ 90,575	\$ 40,773
Consulting fees, non-cash compensation	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
TOTAL EXPENSES	<u>305,453</u>	<u>21,030</u>	<u>340,575</u>	<u>40,773</u>
(LOSS) FROM OPERATIONS	<u>(305,453)</u>	<u>(21,030)</u>	<u>(340,575)</u>	<u>(40,773)</u>
OTHER INCOME (EXPENSE)				
Interest income	<u>988</u>	<u>11,279</u>	<u>3,429</u>	<u>22,428</u>
OTHER INCOME (EXPENSE)	<u>988</u>	<u>11,279</u>	<u>3,429</u>	<u>22,428</u>
(LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<u>(304,465)</u>	<u>(9,751)</u>	<u>(337,146)</u>	<u>(18,345)</u>
Provision for income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(LOSS) FROM CONTINUING OPERATIONS	<u>(304,465)</u>	<u>(9,571)</u>	<u>(337,146)</u>	<u>(18,345)</u>
DISCONTINUED OPERATIONS				
Income discontinued operations	-	105,197	-	190,163
Provision for income taxes	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>52,000</u>
INCOME FROM DISCONTINUED OPERATIONS	<u>-</u>	<u>75,197</u>	<u>-</u>	<u>138,163</u>
NET (LOSS)	<u>\$ (304,465)</u>	<u>\$ 65,626</u>	<u>\$ (337,146)</u>	<u>\$ 119,818</u>
NET (LOSS) INCOME PER COMMON SHARE				
Basic and diluted:				
Continuing operations	\$ (1.54)	\$ (0.02)	\$ (1.66)	\$ (0.03)
Discontinued operations	<u>-</u>	<u>0.14</u>	<u>-</u>	<u>0.25</u>
Net (loss) income	<u>\$ (1.54)</u>	<u>\$ 0.12</u>	<u>\$ (1.66)</u>	<u>\$ 0.22</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic and diluted	<u>686,677</u>	<u>551,224</u>	<u>653,710</u>	<u>551,224</u>

The accompanying notes are an integral part of the financial statements

CROFF ENTERPRISES, INC.
CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2008
(UNAUDITED)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Treasury Stock</u>	<u>Retained Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance, December 31, 2007	620,743	\$ 62,064	\$ 439,615	\$ (107,794)	\$ 23,653	\$ 417,538
Issuance of common stock for deferred consulting fees	500,000	50,000	200,000	-	-	250,000
Purchase of treasury stock	-	-	-	(46,570)	-	(46,570)
Dividend	-	-	-	-	(206,718)	(206,718)
Net (loss) for the six months Ended June 30, 2008	-	-	-	-	(337,146)	(337,146)
Balance, June 30, 2008	<u>1,120,743</u>	<u>\$ 112,064</u>	<u>\$ 639,615</u>	<u>\$ (154,364)</u>	<u>\$ (520,211)</u>	<u>\$ 77,104</u>

The accompanying notes are an integral part of the financial statements

CROFF ENTERPRISES, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) from continuing operations	\$ (337,146)	\$ (18,345)
Adjustments to reconcile net (loss) to net cash (used) by operating activities:		
Income from discontinued operations	-	138,163
Depletion, depreciation and accretion	-	28,227
Consulting fees, non-cash compensation	250,000	-
Changes in operating assets and liabilities:		
Accounts receivable	86,730	5,711
Accounts payable	5,274	(24,617)
Accrued liabilities	(70,667)	(41,094)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(65,809)</u>	<u>88,045</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property leases and improvements	-	(22,845)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>(22,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(174,642)	-
Purchase of treasury stock	(46,570)	-
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(221,212)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(287,021)	65,200
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>408,634</u>	<u>985,729</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 121,613</u>	<u>\$ 1,050,929</u>

The accompanying notes are an integral part of the financial statements

CROFF ENTERPRISES, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

Basis of Preparation.

The condensed financial statements for the six month periods ended June 30, 2008 and 2007 in this report have been prepared by the Company without audit pursuant to the rules and regulations of the Securities and Exchange Commission and reflect, in the opinion of the management, all adjustments necessary to present fairly the results of the operations of the interim periods presented herein. Certain information in footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America 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, 2007, which report has been filed with the Securities and Exchange Commission. The Annual Report is available online at the Securities and Exchange Commission's website at www.sec.gov/edgar.

Discontinued Operations.

As of December 31, 2007, pursuant to a plan adopted by the shareholders, the Company had transferred its oil and gas operations to a Company owned by the shareholders of the Preferred B Stock. The affect of these discontinued operations on the Company are included in the Schedule of Discontinued Operations as of June 30, 2007, set out below:

SCHEDULE OF DISCONTINUED OPERATIONS
For the six months ended June 30, 2007

Revenues:		
Oil and natural gas sales	\$	422,121
Other income		2,760
	\$	424,881
Expenses:		
Lease operating expense including production taxes		138,423
General and administrative		68,068
Accretion expense		3,227
Depletion and depreciation		25,000
		234,718
Income from discontinued operations		190,163
Provision for income taxes		52,000
Net income from discontinued operations	\$	138,163

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview.

Croff Enterprises, Inc. ("Croff" or the "Company") was incorporated in Utah in 1907. Due to the Spin-Off (as described below), the Company currently has no business operations or revenue source and has reduced its operations to a minimal level (although it continues to file reports required under the Securities Exchange Act of 1934). As a result, the Company is a "shell company" under the rules of the Securities and Exchange Commission (the "SEC"). As of June 30, 2008, the Company had available cash and cash equivalents of \$121,613, which it believes will provide funding for its minimal operations until approximately December 31, 2008. During that period, it is expected that the Company's management will seek opportunities for a merger or other business combination with a privately-held operating company (on terms that may or may not be favorable to the Company's existing shareholders). Should the Company exhaust its available funds before a merger or other business combination is completed and be unable to obtain additional funds from the sale of debt or equity securities and/or other financing sources (again on terms that may or may not be favorable to the Company's existing shareholders), it is expected that the Company will be required to discontinue operations entirely, seek protection under federal bankruptcy laws, or both.

Restructure of Operations.

In December 2007, Croff spun-off its oil and gas assets, related bank accounts, and all related assets and liabilities to a new wholly-owned subsidiary named Croff Oil Company, Inc. (the "Spin-Off"). All shares of Croff Oil Company, Inc. were then exchanged for Croff's outstanding Series B preferred shares and the Series B preferred shares were then cancelled. All of Croff's oil and gas assets, including perpetual mineral interests, had been pledged to its Series B preferred shareholders at the creation of the Series B preferred class in 1996. All shareholders of Croff at the date of issuance in 1996 were given an equivalent number of shares of Series B preferred stock, while keeping their common shares. Since that time, the Series B preferred stock has had a limited trading market, as it is not listed on any exchange. Based on the limited number of shareholders and small capitalization, Croff Oil Company, Inc. is a private corporation.

The Spin-Off occurred approximately three years after Croff's Board of Directors had determined to review its strategic alternatives with a view to obtain more liquidity for the Company's two classes of stock and to increase the value to its shareholders. In the first quarter of 2005, the Board felt the combined value of \$2.30 for a common share plus a Series B preferred share did not reflect the total value of the Company. Therefore, in the fourth quarter of 2007 the Board of Directors set the value of a combined Series B preferred share and a common share at \$5.25, allowing shareholders to receive this cash buyout. Under the Utah Dissenting Shareholder's Rights Act, Croff's common and Series B preferred shareholders had the option to receive cash from the Company in exchange for their shares. Common shares were redeemed at \$1.00 per share and Series B preferred shares were redeemed at \$4.25 per share. If a shareholder did not approve of the price, the shareholder was able to propose a different price with justification. Pursuant to the buyout, 24,030 common shares of Croff were redeemed at \$1.00 per share, and an additional 10,415 common shares were redeemed at various prices from \$1.00 to \$2.70. In addition, 35,930 shares of Series B preferred stock were redeemed, all for the \$4.25 per share price. As a result of shareholders exercising their rights, the number of outstanding common shares was reduced from 551,244 to 516,799 by June 30, 2008.

Liquidity and Capital Resources.

At June 30, 2008, the Company had assets of \$121,613 and current assets totaled \$121,613 compared to current liabilities of \$44,509. At June 30, 2007, the Company had assets of \$1,924,495 and current assets totaled \$1,170,118 compared to current liabilities of \$49,420. During the six month period ended June 30, 2008, net cash used by operations totaled \$65,809, as compared to cash provided by operations of \$88,045 during the six months ended June 30, 2007. The decrease is due to the Spin-Off, which left the Company with no active business in 2008. The Company had no short-term or long-term debt outstanding at June 30, 2008. During the six months ended June 30, 2008, the Company purchased 33,245 shares of its common stock at a cost of \$46,570; all purchased shares were included in the Company's treasury stock at June 30, 2008.

Results of Operations - Three months and six months ended June 30, 2008, compared to three months and six months ended June 30, 2007.

The Company had a net loss for the three months ended June 30, 2008, which totaled \$304,465 compared to a net income of \$65,946 for the same period in 2007. As a result of the Spin-Off, there was only interest income in the three months ended June 30, 2008, while there were oil revenues in the three months ended June 30, 2007.

General and administrative expense, for the three months ended June 30, 2008, totaled \$55,453 compared to \$21,303 for the same period in 2007. This cost included the costs of the audit, expenses relating to the division of the company, and additional accounting and legal costs. During the three months ended June 30, 2008, the Company issued 500,000 shares of its common stock valued at \$0.50 per share based on the fair market value in payment of consulting fees and recorded an expense of \$250,000. Provision for income taxes for the three months ended June 30, 2008, was zero compared to \$30,000 from the same period in 2007. This decrease is attributable to the net loss for 2008.

The Company had a net loss for the six months ended June 30, 2008, which totaled \$337,146 compared to a net income of \$119,818 for the same period in 2007. As a result of the Spin-Off, there was only interest income in the six months ended June 30, 2008, while there were oil revenues in the six months ended June 30, 2007.

General and administrative expense, for the six months ended June 30, 2008, totaled \$90,575 compared to \$40,773 for the same period in 2007. This cost included the costs of the audit, expenses relating to the division of the company, and additional accounting and legal costs. During the six months ended June 30, 2008, the Company issued 500,000 shares of its common stock valued at \$0.50 per share based on the fair market value in payment of consulting fees and recorded an expense of \$250,000. Provision for income taxes for the six months ended June 30, 2008, was zero compared to \$52,000 from the same period in 2007. This decrease is attributable to the net loss for 2008.

Results of Discontinued Operations.

Total revenues for the three months ended June 30, 2008, totaled \$988 compared to \$225,831 for the three months ended June 30, 2007, a decrease due to the Spin-Off. Interest income decreased to \$988 during the three months ended June 30, 2008, from \$11,279 during the three months ended June 30, 2007, due to the purchase of Series B preferred stock, cash accounts, and lower interest rates. Oil and gas revenues decreased to \$0 during the three months ended June 30, 2008, from \$211,792 during the three months ended June 30, 2007.

During the three months ended June 30, 2008, there were no lease operating expenses, compared to \$62,927 incurred during the three months ended June 30, 2007. This decrease was due to the Spin-Off that occurred prior to December 31, 2007. Depreciation and depletion expense during the three months ended June 30, 2008, was \$0 compared to \$12,500 during the three months ended June 30, 2007.

Total revenues for the six months ended June 30, 2008, totaled \$3,429 compared to \$447,309 for the six months ended June 30, 2007, a decrease due to the Spin-Off. Interest income decreased to \$3,429 during the six months ended June 30, 2008, from \$22,428 during the six months ended June 30, 2007, due to the purchase of Series B preferred stock, cash accounts, and lower interest rates. Oil and gas revenues decreased to \$0 during the six months ended June 30, 2008, from \$422,121 during the six months ended June 30, 2007.

During the six months ended June 30, 2008, there were no lease operating expenses, compared to \$138,423 incurred during the six months ended June 30, 2007. This decrease was due to the Spin-Off that occurred prior to December 31, 2007. Depreciation and depletion expense during the six months ended June 30, 2008, was \$0 compared to \$25,000 during the three months ended June 30, 2007.

SFAS 158 “Employers Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of SFAS 87, 88, 106, and 132(R).” This statement requires an employer to recognize the over-funded or under-funded status of a defined benefit postretirement plan (other than a multi-employer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This statement requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The Company does not maintain a defined benefit pension plan and offers no other post-retirement benefits.

In February 2007, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of SFAS No. 115 (“SFAS No. 159”), which becomes effective for fiscal periods beginning after November 15, 2007. Under SFAS No. 159, companies may elect to measure specified financial instruments and warranty and insurance contracts at fair value on a contract-by-contract basis, with changes in fair value recognized in earnings each reporting period. This election, called the “fair value option”, will enable some companies to reduce volatility in reported earnings caused by measuring related assets and liabilities differently. Croff does not expect the impact of adoption to have a material impact on its consolidated financial statements.

In December 2007, the FASB issued SFAS 141 (revised 2007), Business Combinations, (“SFAS 141 R”). SFAS 141 R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, including goodwill, the liabilities assumed and any non-controlling interest in the acquiree. SFAS 141 R also establishes disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The impact of adopting SFAS 141R will be dependent on the future business combinations that the Company may pursue after its effective date.

In December 2007, the SEC issued SAB 110 Share-Based Payment. SAB 110 amends and replaces Question 6 of Section D.2 of Topic 14, “Share-Based Payment,” of the Staff Accounting Bulletin series. Question 6 of Section D.2 of Topic 14 expressed the views of the staff regarding the use of the “simplified” method in developing an estimate of the expected term of “plain vanilla” share options and allows usage of the “simplified” method for share option grants prior to December 31, 2007. SAB 110 allows public companies which do not have historically sufficient experience to provide a reasonable estimate to continue use for the “simplified” method for estimating the expected term of “plain vanilla” share option grants after December 31, 2007. SAB 110 became effective January 1, 2008. Croff currently uses the “simplified” method to estimate the expected term for share option grants as it does not have enough historical experience to provide a reasonable estimate. Croff will continue to use the “simplified” method until it has enough historical experience to provide a reasonable estimate of expected term in accordance with SAB 110. Croff does not expect SAB 110 will have a material impact on its consolidated balance sheets, statements of income and cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As noted above in “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Overview,” the Company is a “shell company.” As of June 30, 2008, the Company had available cash and cash equivalents of \$121,613, which it believes will provide funding for its minimal operations until approximately December 31, 2008. At this time, it is believed that the Company’s sole market risk exposure is its ability to find and complete a suitable merger or other business combination with a privately-held operating company prior to the exhaustion of its available funds.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

The Company maintains controls and procedures designed to ensure that information required to be disclosed in its filings with the SEC is recorded, processed, summarized and reported within the time periods required by the SEC. As of June 30, 2008, the Company's management, under the supervision and with the participation of the Company's Chief Executive Officer, who is also the Company's Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the fiscal quarter ended June 30, 2008, the Company's disclosure control and procedures are effective in alerting him to material information that is required to be included in its SEC filings.

Changes in Internal Control Over Financial Reporting.

There have been no changes in the Company's internal control over financial reporting during the fiscal quarter ended June 30, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

For information regarding the unregistered sale of equity securities during the quarter ended June 30, 2008, see the Company's current report on Form 8-K filed June 23, 2008.

Item 5. Other Information.

For information during the quarter ended June 30, 2008, regarding (i) the Company's entry into a material definitive agreement, (ii) changes in control of the Company and (iii) the departure of directors or principal officers, election of directors and the appointment of principal officers, see the Company's current reports on Form 8-K filed June 13, 2008 (amended July 2, 2008), June 19, 2008, and June 23, 2008.

Item 6. Exhibits.

The following Exhibits are attached hereto:

- 10 Share Issuance Agreement between the Company and Terrace Lane LLC dated as of June 18, 2008.
- 31 Rule 13a-14(a)/15d-14(a) Certification.
- 32 Section 1350 Certification.

SIGNATURES

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

Dated: August 8, 2008

CROFF ENTERPRISES, INC.

By: /s/ GREGORY R. WOODHILL
Gregory R. Woodhill, President and
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10	Share Issuance Agreement between the Company and Terrace Lane LLC dated as of June 18, 2008.
31	Rule 13a-14(a)/15d-14(a) Certification.
32	Section 1350 Certification.

SHARE ISSUANCE AGREEMENT

This Share Issuance Agreement (the "Agreement") is entered into as of June 18, 2008 (the "Effective Date"), by and between Terrace Lane, LLC ("TL") and Croff Enterprises, Inc. ("Croff"), with reference to the following facts and circumstances:

A. Croff is presently engaged in a search for a merger partner and TL is capable of helping Croff with that search.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. **Services to be Rendered by TL.** Until June 17, 2009 (the "Termination Date"), TL shall use reasonable commercial efforts to locate one or more potential merger partner(s) for Croff which meet Croff's specifications (as communicated to TL from time-to-time). It is understood and agreed that any decision to proceed with a transaction with a potential merger partner shall be in Croff's sole and absolute discretion.
2. **Payment to TL.** In consideration of TL's services, on or about the Effective Date Croff shall issue to TL 500,000 shares of restricted common stock (the "Shares"); provided, however, that if, by the Termination Date, TL has not located a potential merger partner that is acceptable to Croff (in its sole and absolute discretion) one-half (50%) of the Shares shall be deemed automatically cancelled as of the Termination Date without any further act on the part of TL or Croff and the certificate(s) therefore shall be promptly returned to Croff.
3. **Representations and Warranties by Croff.** Croff represents and warrants to TL as follows (such representations and warranties to survive the completion of the issuance of the Shares to TL):
 - (a) Croff has the full right, power and authority to sell, transfer and deliver the Shares to TL.
 - (b) Upon delivery of the certificates for the Shares, TL will have good, valid and marketable title thereto free and clear of any restriction, claim, lien, charge, encumbrance or equity whatsoever except (i) such restrictions on transfer as are required under federal and applicable state securities laws and (ii) as provided in this Agreement.
4. **Representations and Warranties by TL.** TL represents and warrants to Croff as follows (such representations and warranties to survive the completion of the issuance of the Shares to TL):
 - (a) TL is acquiring the Shares for its own account and not for the beneficial interest of any other person and not with a view to or for sale in connection with any distribution of the Shares.
 - (b) TL is aware that the certificates for the Shares shall bear the usual "1933 Act" restrictive legend. In addition, a certificate for 250,000 of the Shares shall bear the following additional legend:

"THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CANCELLATION UPON THE OCCURRENCE OF CERTAIN EVENTS, AS SPECIFIED IN THE STOCK ISSUANCE AGREEMENT BETWEEN THE COMPANY AND TERRACE LANE, LLC DATED AS OF JUNE 18, 2008."

(c) TL has been furnished with all information relating to the business, finances and operations of Croff that it has requested and it and its advisors, if any, have been afforded the opportunity to ask all questions about Croff as they have in their discretion deemed advisable.

(d) TL is aware that its investment in Croff involves a high degree of risk and acknowledges that it has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to such investment.

5. **Miscellaneous Provisions.**

(a) Each party shall comply with all applicable laws in carrying out its obligations under this Agreement. Unless otherwise specified herein, each party shall bear all costs incurred by it in entering into this Agreement and carrying out its obligations hereunder.

(b) Nothing contained in this Agreement shall constitute or be construed to create a partnership, joint venture or agency relationship between the parties. As a result, except as specifically provided herein, neither party shall have the right or authority to incur expenses or enter into any agreement in the name of the other party.

(c) Each party and their respective officers, owners, agents, representatives, affiliates and employees (collectively, the "Affiliates") understand that each of them is prepared to furnish the other with certain confidential or proprietary written and oral information in connection with their performance under this Agreement. Such confidential or proprietary information, together with all data, reports, notes, summaries and analyses derived therefrom by the receiving party (the "Recipient") and/or its Affiliates is referred to herein as the "Confidential Information." The term "Confidential Information" does not include information which (i) is or becomes available to the public other than as a result of a disclosure by the Recipient or its Affiliates, (ii) was available to the Recipient on a non-confidential basis prior to its disclosure to the Recipient by the disclosing party (the "Disclosing Party") or its representatives or (iii) becomes available to the Recipient on a non-confidential basis from a source other than the Disclosing Party or its representatives. Each party agrees that all Confidential Information will be held by them and their Affiliates in confidence and will not, without the prior written consent of the Disclosing Party, be disclosed by the Recipient or its Affiliates in any manner whatsoever, in whole or in part, and will not be used by the Recipient or its Affiliates other than in connection their performance under this Agreement. The parties further agree (i) to disclose the Confidential Information only to those Affiliates who need to know the Confidential Information and who will be advised of this Agreement and (ii) that their Affiliates will act in accordance herewith. No Confidential Information will be supplied by the Recipient to any other person unless such person either agrees in writing to be bound by the terms of this paragraph to the same extent as if a party hereto or enters into other arrangements satisfactory to the Disclosing Party. The term "person" as used in this Agreement shall be broadly interpreted to include, without limitation, any entity or individual. All written Confidential Information supplied to the Recipient and/or its Affiliates by the Disclosing Party or the Disclosing Party's agents, and all copies thereof and extracts therefrom in the possession of the Recipient or its Affiliates will be returned to the Disclosing Party or destroyed (at the Disclosing Party's option) promptly upon request by the Disclosing Party. Upon request by the Disclosing Party, the Recipient will also destroy that portion of the Confidential Information which has been produced by the Recipient or its Affiliates on the basis of Confidential Information provided by the Disclosing Party. To the extent any written Confidential Information is not returned or destroyed, such written Confidential Information, and any oral Confidential Information, will be held by the Recipient and its Affiliates at all times subject to the terms of this paragraph.

(d) This Agreement shall be governed by and interpreted in accordance with the laws of the State of California as applied to agreements entered into and to be performed entirely within California between California residents without regard to the principles of conflict of laws. Service of process in any civil action relating to or arising out of this Agreement may be accomplished in any manner provided by law.

(e) This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party.

(f) If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

(g) This Agreement contains the entire understanding of the parties with respect to the matters covered herein and supercedes all prior agreements, negotiations and understandings, written or oral, with respect to such subject matter. Except as specifically set forth herein, neither party makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement shall be waived or amended other than by an instrument in writing signed by the party to be charged with enforcement. No delay or omission of any party hereto in exercising any right or remedy hereunder shall constitute a waiver of such right or remedy, and no waiver as to any obligation shall operate as a continuing waiver or as a waiver of any subsequent breach.

(h) Any notices required or permitted to be given under the terms of this Agreement shall be in writing and sent by U. S. Mail or delivered personally or by overnight courier or via facsimile (if via facsimile, to be followed within one (1) business day by an original of the notice document via overnight courier) and shall be effective (i) five (5) days after being placed in the mail, if mailed, certified or registered, return receipt requested, (ii) upon receipt, if delivered personally or (iii) one (1) day after facsimile transmission or delivery to a courier service for overnight delivery, in each case properly addressed to the party to receive the same.

(i) This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Neither party shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party (which consent shall not be unreasonably withheld).

(j) Each party shall do and perform, or cause to be done and performed, at its expense, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other parties may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) No provision of this Agreement providing for any specific remedy to a party shall be construed to limit such party to the specific remedy described, and any other remedy that would otherwise be available to such party at law or in equity shall also be available. The parties also intend that the rights and remedies hereunder be cumulative, so that exercise of any one or more of such rights or remedies shall not preclude the later or concurrent exercise of any other rights or remedies.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective authorized persons as of the Effective Date.

TERRACE LANE, LLC

By: _____
Title:

CROFF ENTERPRISES, INC.

By: _____
Title:

CERTIFICATION

I, Gregory R. Woodhill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Croff Enterprises, Inc. (the "Company");
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: August 8, 2008

/s/ GREGORY R. WOODHILL
Gregory R. Woodhill, President and
Chief Financial Officer

CERTIFICATE OF CROFF ENTERPRISES, INC.
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Gregory R. Woodhill, the Chief Executive Officer and Chief Financial Officer of Croff Enterprises, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. 1350 that, to my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2008, as filed with the Securities and Exchange Commission (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 results of operations of the Company.

Dated: August 8, 2008

/s/ GREGORY R. WOODHILL

Gregory R. Woodhill, President and
Chief Financial Officer
