

SECURITIES AND EXCHANGE  
COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the  
Securities Exchange Act of 1934

Date of Report: December, 1996

CROFF OIL COMPANY  
(Exact name of registrant as specified in its charter)

|  |   |
|--|---|
| Utah<br>(State or other jurisdiction<br>or incorporation or<br>organization) | 87-0233535<br>(I.R.S. Employer<br>Identification No.) |
|--|---|

1-100  
(Commission File Number)

|  |                     |
|--|---------------------|
| 1675 Broadway<br>Suite 1030<br>Denver, Colorado<br>(Address of principal<br>executive offices) | 80202<br>(Zip Code) |
|--|---------------------|

Registrant's telephone number, including area code: (801) 628-1963

Item 2. DISPOSITION OF ASSETS:

From November 20 to November 26, 1996, Croff Enterprises, Inc. distributed to its shareholders the Preferred "B" shares which had been authorized by its Board in a Meeting on February 28, 1996. The shares were distributed with the Annual Report and a Question and Answer format explaining what the shares were and how they are transferred. The shares are distributed on a one for one basis with the common shares, so each shareholder holds an equal number of common and Preferred "B" shares.

The Board of Directors determined not to have the Company set the price for buying and selling the Preferred "B" shares, for the treasury, but to create a company clearinghouse allowing the purchase and sale of these shares between shareholders at the bid and asked price submitted by shareholders. This would allow trades at an arms length price to the highest bidder, with the Company acting only as a clearinghouse for the sellers and bidders. These shares are restricted from public trading and the Company acts as its own transfer agent with respect to these shares. The Board of Directors will monitor this intracompany market to determine if the Company needs to buy or sell these shares to create a better market in the future.

Item 8. EXHIBITS

The Question and Answer format and a sample certificate are attached hereto as Exhibits A and B.

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 hereunto duly authorized.

Date:  
(Gerald L. Jensen)  
President  
Croff Oil Company  
1675 Broadway, Suite 1030  
Denver, Colorado 80202

EXHIBIT A

YOUR RESTRICTED PREFERRED STOCK CERTIFICATE IS ENCLOSED.  
THIS IS A VALUABLE INSTRUMENT: PLEASE KEEP IT IN A SAFE  
PLACE AND READ THE INFORMATION BELOW

QUESTIONS AND ANSWERS FOR CROFF ENTERPRISES, INC.  
PREFERRED "B" SHAREHOLDERS

QUESTION:

1. What are the Croff Enterprises, Inc. Preferred "B" Shares?

ANSWER:

The Croff Enterprises, Inc. Preferred "B" Shares were created by the action of the shareholders at a shareholder's meeting held on February 28, 1996. At this meeting the shareholders approved the creation of the Preferred Class "B" Shares, the Preferred Class "A" Shares, (no Class "A" Shares have been issued) and the change of the name from Croff Oil Company to Croff Enterprises, Inc. The oil and gas assets of the Company were pledged for the benefit of the Class "B" Preferred Shares, effective upon issue. Each shareholder holding a common share will receive one Preferred Share for each common share owned, without charge or reduction to your present shareholder interest. The purpose of the Preferred "B" Shares is to preserve the oil and gas assets of the Company for the existing shareholders of the Company. The Company is now attempting to expand into other businesses in order to create a larger Company with an active trading market for the common shares. An acquisition will decrease your percentage ownership in the common shares.

QUESTION:

2. How many Preferred "B" Shares do I receive?

ANSWER:

You will receive one Preferred "B" Share for each common share which you currently hold. Remember that the stock was reverse split in 1991, so if you have a red certificate, you will receive one Preferred "B" Share for each number shown on that certificate. If you hold the old green certificates, issued prior to the 1991 reverse split, you will receive one Preferred "B" Share for each 10 shares shown on the green certificate.

QUESTION:

3. Can I buy and sell Preferred "B" Shares through a broker?

ANSWER:

Preferred "B" Shares are traded only within a market created by the Company by private sale and are not publicly traded. You may not, therefore, buy or sell your Preferred "B" Shares through a broker since no public market exists.

QUESTION:

4. How do I buy and sell the Preferred "B" Shares?

ANSWER:

The Company acts as its own transfer agent for the Preferred "B" Shares, so they may be transferred by submitting the enclosed "Bid and Ask" Form to the Company at the address shown on the above letterhead. There is a \$5 charge for each new certificate issued when transferring your Preferred "B" Shares. Anyone wishing to buy or sell the Preferred "B" shares should send in the enclosed Bid and Ask Form to the Company which will match all sellers with the highest bid price. The Company will maintain and provide to any shareholder all bids and asked prices for the Preferred Stock.

QUESTION:

5. What if I want to buy more Preferred "B" Shares?

ANSWER:

Any shareholder who wishes to increase his holdings of Preferred "B" Shares may do so by completing the "Bid and Ask" Form enclosed with this package. On the Bid Form, fill out the number of shares and the price you are willing to pay. This information will be provided to all shareholders who desire to sell their shares and those accepting the offer will then send their shares in for transfer. Upon payment of the \$5 fee and the price on your bid sheet, such Preferred "B" Shares will be transferred and mailed to you. The minimum bid is for 100 shares. All shares offered will be sold to the first bidder offering the highest price. Any shareholders desiring to know the Bid or Ask prices, should call Colleen at (303) 628-1963, who will provide this information to you before you fill out your "Bid and Ask" Form.

QUESTION:

6. Can I sell the Preferred "B" Share which I have just received for cash?

ANSWER:

Yes, you may sell your Preferred "B" Shares which you are receiving with this package by following the instructions set out above. Currently, the Company has only the President's bid of \$.75 per share for 10,000 shares. You may wish to wait until the Company has received other bids from shareholders receiving this package. This package is being mailed to all shareholders of the Company at the same time.

QUESTION:



RESTRICTED STOCK

The shares represented by this certificate have not been registered under the Securities Act of 1933. The shares have been acquired for investment. The shares, or any interest therein, may not be offered, sold or otherwise transferred in the absence of an effective Registration Statement for the shares under the Securities Act of 1933 and applicable state law; or a prior opinion of counsel, satisfactory to the issuer, that registration is not required under such Acts.

THIS CERTIFIES THAT

is the owner of

SHARES OF THE PREFERRED "B" CAPITAL STOCK  
CROFF ENTERPRISES, INC.

transferable only on the books of the Corporation by the holder hereof in person or by Attorney upon surrender of this certificate properly endorsed.

IN WITNESS WHEREOF, the said Corporation has caused this certificate to be signed by its duly authorized officers and its Corporate seal to be hereunto affixed.

Dated:

(Corporate Seal)

(Edwin W. Peiker)  
SECRETARY

(Gerald L. Jensen)

PRESIDENT