



News Release  
For Immediate Release

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November 5, 2008

**PANHANDLE OIL & GAS INC. ANNOUNCES PROVED RESERVE AND  
PRODUCTION INCREASES FOR FISCAL 2008;  
DISCLOSES PROBABLE AND POSSIBLE RESERVE POTENTIAL**

OKLAHOMA CITY (PR Newswire) – November 5, 2008 – Panhandle Oil and Gas Inc. (NYSE: PHX), a growing independent oil and natural gas company with reserves and production in western Oklahoma, the Fayetteville Shale and Woodford Shale, today announced estimated total proved reserves and net production volumes for the Company's fiscal year ended September 30.

**Total Proved Reserves Increase 29%**

Panhandle's estimated total proved reserves at September 30, 2008 were 54.1 BCFE, an increase of 29.1% from 41.9 BCFE reported for September 30, 2007. Since 2005, Panhandle's total proved reserves have grown 20.1% on a compound annual growth rate (CAGR).

Panhandle's total estimated proved reserves are 89% natural gas. Approximately 12.8 BCFE of the 2008 total proved reserves, or 24%, are categorized as Proved Undeveloped (PUD). Of that PUD amount, 65% was either drilling or testing at year end. As a non-operator Panhandle takes a conservative approach to booking PUD reserves. During 2008 Panhandle approved for participation the drilling of 195 gross wells, up 62% from 2007.

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**Proved Reserves as of September 30, 2008 and September 30, 2007**

	<b>September 30, 2008 (1)</b>	<b>September 30, 2007 (1)</b>
<b><u>SEC Pricing (2)</u></b>		
Proved Developed (BCFE)	41.3	35.5
Proved Undeveloped (BCFE)(3)	<u>12.8</u>	<u>6.4</u>
Total Proved Reserves (BCFE)	54.1	41.9
Estimated Future Net Cash Flows (before income taxes)		
Discounted at 10% (\$M)	\$121,935	\$116,495
<b><u>Sales Volumes</u></b>		
Barrels of Oil	132,402	107,344
MCF of Gas	6,928,038	5,147,343
MCFE	7,722,452	5,791,407
<b><u>Average Realized Sales Prices</u></b>		
Per Barrel of Oil	\$103.91	\$62.81
Per MCF of Gas	\$8.11	\$5.97
Per MCFE	\$9.06	\$6.47

- (1) Based on reserve studies prepared by the Company's independent consulting engineer
- (2) SEC pricing: prices used for determining reserves and future cash flows for September 30, 2008 and September 30, 2007, respectively, were as follows: oil \$97.74, \$78.93; natural gas \$4.51, \$5.50
- (3) Wells had commenced drilling on 65% of PUD reserves at September 30, 2008

MCF, thousand cubic feet of natural gas

BCFE, billion cubic feet of natural gas equivalent

MCFE, thousand cubic feet of natural gas equivalent

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### Estimated Upside Potential

Panhandle commissioned DeGolyer and MacNaughton, an independent reservoir engineering firm, to prepare estimates to the extent of the probable and possible undeveloped natural gas reserves of certain interests owned by Panhandle Oil and Gas in the Fayetteville Shale in Arkansas and the Woodford Shale in Oklahoma. Estimates of reserves were prepared in accordance with standard geological and engineering methods accepted by the petroleum industry.

The estimated net probable and possible reserves are:

	<b>Fayetteville Shale</b>	<b>Woodford Shale</b>	<b>Total</b>
<b>Probable, BCF</b>	18.9	67.2	86.1
<b>Possible, BCF</b>	39.4	35.6	75.0
<b>Total, BCF</b>	58.3	102.8	161.1

### Production Jumps 33% for Fiscal 2008

Panhandle's net production for fiscal 2008 amounted to 7,722,452 MCFE (7.7 BCFE) as compared to 5,791,407 MCFE (5.8 BCFE) in fiscal 2007, an increase of 33%.

Production by quarter in fiscal 2008 was: 1,831,206; 1,727,757; 1,979,904; and 2,183,585 MCFE for the first through fourth quarters, respectively. Since 2005, annual production for Panhandle has grown 18.7% on a CAGR.

### Management Comments

Michael C. Coffman, Panhandle's President and CEO said: "The fiscal 2008 increases in reserves and production are the continuing result of Panhandle's commitment to more aggressive operating strategies first adopted in mid-fiscal 2006. The aggressive drilling program of the last two and one-half years continues to build on the Company's reserves base and production volumes. The majority of this increased capital expenditure level since 2006 has been financed from cash flow with only a minor increase in debt. In fact, our debt currently is approximately \$2.5 million, or about 1% of our enterprise value. We are committed to stay the course using these strategies to build our reserve base and production volumes in fiscal 2009 and beyond."

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## **Forward-Looking Statements and Risk Factors**

This report includes “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. Forward-looking statements include current expectations or forecasts of future events. They may include estimates of oil and gas reserves, expected oil and gas production and future expenses, projections of future oil and gas prices, planned capital expenditures for drilling, leasehold acquisitions and seismic data, statements concerning anticipated cash flow and liquidity and Panhandle’s strategy and other plans and objectives for future operations. Although Panhandle believes the expectations reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to be correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results are described under “Risk Factors” in Part 1, Item 1 of Panhandle’s 2007 Form 10-K filed with the Securities and Exchange Commission.

These “Risk Factors” include the volatility of oil and gas prices; Panhandle’s ability to compete effectively against strong independent oil and gas companies and majors; the availability of capital on an economic basis to fund reserve replacement costs; Panhandle’s ability to replace reserves and sustain production; uncertainties inherent in estimating quantities of oil and gas reserves and projecting future rates of production and the amount and timing of development expenditures; uncertainties in evaluating oil and gas reserves; unsuccessful exploration and development drilling; declines in the values of our oil and gas properties resulting in write-downs; the negative impact lower oil and gas prices could have on our ability to borrow; and drilling and operating risks.

Do not place undue reliance on these forward-looking statements, which speak only as of the date of this release, and Panhandle undertakes no obligation to update this information. Panhandle urges you to carefully review and consider the disclosures made in this presentation and Panhandle’s filings with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect Panhandle’s business.

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