



NEWS RELEASE
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**PANHANDLE OIL & GAS INC. ANNOUNCES
10% INCREASE OF PROVED RESERVES TO 59.6 BCFE AND AN
UPDATE TO PROBABLE AND POSSIBLE RESERVES**

OKLAHOMA CITY (PR Newswire) – November 9, 2009 – Panhandle Oil and Gas Inc. (NYSE: PHX, “the Company”), a growing independent oil and natural gas company with reserves and production in the Southeastern Oklahoma Woodford Shale, the Arkansas Fayetteville Shale, the Anadarko Basin (Cana) Woodford Shale and western Oklahoma, today announced estimated total proved reserve volumes for the Company’s fiscal year ended September 30, 2009.

Total Proved Reserves Increase 10%

Panhandle’s estimated total proved reserves at September 30, 2009 increased 10% to 59.6 Bcfe from 54.1 Bcfe reported on September 30, 2008, based on SEC mandated pricing in effect on September 30, 2009 of \$2.86 per Mcf for natural gas and \$66.96 per barrel for oil. Panhandle delivered this growth in reserve volumes despite the challenges of lower gas prices used to calculate reserves, which dropped from \$4.51 per Mcf at September 30, 2008 to \$2.86 per Mcf this year. Since 2005, Panhandle’s total proved reserves have grown 91% from 31.2 Bcfe to 59.6 Bcfe, at a compound annual growth rate of 17.5%, principally through reserves added from drilling in the Southeastern Oklahoma Woodford Shale and the Arkansas Fayetteville Shale. Panhandle’s total estimated proved reserves are 91% natural gas.

Because Panhandle’s fiscal year-end is September 30, 2009, the use of the SEC’s *Modernization of Oil and Gas Reporting Rules* cannot be adopted by the Company until its September 30, 2010 year-end.

Approximately 9.2 Bcfe of the 2009 total proved reserves, or 15%, are categorized as Proved Undeveloped (PUD). A substantial number of PUD locations are not included in the September 30, 2009 Reserve Report as the use of the \$2.86 per Mcf price caused many of the Company’s PUD locations to calculate uneconomic, and as such, could not be included as reserves in the Report.

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The Proved Reserves Chart below delineates and compares SEC pricing reserves with the Company's in-house normalized pricing reserves. The normalized price case allows comparison of year to year reserves at a constant price. Using the normalized pricing case Proved Reserves increased 34% year over year to 73.3 Mcfe at September 30, 2009 and include 17.7 Bcfe of PUD reserves, representing 24% of total reserves.

Proved Reserves

	SEC Pricing		In-House Normalized Pricing (2)	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008 (1)
Proved Developed Reserves:				
Barrels of Oil	882,987	895,426	852,766	800,124
Mcf of Gas	<u>45,036,460</u>	<u>35,970,442</u>	<u>50,484,900</u>	<u>37,036,924</u>
Mcfe (1)	50,334,382	41,342,998	55,601,496	41,837,668
Proved Undeveloped Reserves:				
Barrels of Oil	37,886	94,532	56,147	93,806
Mcf of Gas	<u>8,991,350</u>	<u>12,180,226</u>	<u>17,389,127</u>	<u>12,373,039</u>
Mcfe (1)	9,218,666	12,747,418	17,726,009	12,935,875
Total Proved Reserves:				
Barrels of Oil	920,873	989,958	908,913	893,930
Mcf of Gas	<u>54,027,810</u>	<u>48,150,668</u>	<u>67,874,027</u>	<u>49,409,963</u>
Mcfe (1)	<u>59,553,048</u>	<u>54,090,416</u>	<u>73,327,505</u>	<u>54,773,543</u>
10% Discounted Estimated Future				
Net Cash Flows (before federal income taxes)				
Proved Developed	\$74,756,140	\$104,840,854	\$141,840,030	\$111,248,070
Proved Undeveloped	<u>6,800,080</u>	<u>15,068,040</u>	<u>29,060,100</u>	<u>22,244,110</u>
Total	<u>\$81,556,220</u>	<u>\$119,908,894</u>	<u>\$170,900,130</u>	<u>\$133,492,180</u>
Pricing At Date Shown				
Oil/Barrels (constant)	\$66.96	\$97.74	\$45.00	\$45.00
Gas/Mcf (constant)	\$2.86	\$4.51	\$6.00	\$6.00

- (1) Crude oil converted to a thousand cubic feet of natural gas equivalent by using the ratio of one barrel of crude oil to six Mcf of natural gas.
- (2) Pricing used by Company for year to year comparisons of reserves.

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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Probable and Possible Reserves

The Company has calculated probable and possible undeveloped reserves for certain interests owned in the two Woodford Shale plays in Oklahoma, the Fayetteville Shale in Arkansas and the Colony Granite Wash play in western Oklahoma. Estimates of reserves were prepared in accordance with the definitions and guidance used by the Society Of Petroleum Engineers for estimating probable and possible reserves.

	Estimated Net Probable And Possible Reserves					
	Southeastern		Anadarko		Other	Total
	Oklahoma	Arkansas	Basin (Cana)	Colony		
	Woodford	Fayetteville	Woodford	Granite		
	Shale	Shale	Shale	Wash		
Probable, Bcfe	55.6	16.7	12.5	1.7	0.9	87.4
Possible, Bcfe	<u>58.6</u>	<u>48.4</u>	<u>34.8</u>	<u>5.5</u>	<u>0.6</u>	<u>147.9</u>
Total, Bcfe	<u>114.2</u>	<u>65.1</u>	<u>47.3</u>	<u>7.2</u>	<u>1.5</u>	<u>235.3</u>
Average Reserves per						
Undeveloped Location, Bcfe	<u>2.3</u>	<u>1.8</u>	<u>3.4</u>	<u>2.5</u>		

Management Comments

Michael C. Coffman, Panhandle's President and CEO said: "Fiscal 2009 increases in reserves and production are the continuing result of Panhandle's commitment to a more aggressive operating strategy of taking larger total interests in wells drilled on our mineral acreage to maximize the value of the underlying hydrocarbon assets for our shareholders. Our drilling program over the last three plus years continues to build on the Company's reserve base and production volumes. The majority of this increased capital expenditure level has been financed from cash flow with only a minor increase in debt and no issuances of Company equity securities. We are committed to continuing these strategies to build our reserve base and production volumes in fiscal 2010 and beyond. We currently expect our capital expenditure level for 2010 to be reduced as compared to 2009 assuming natural gas prices remain under downward pressure; however, our experienced management team and the proven operators with efficient operations in world class plays are capable of deploying additional capital to accelerate growth should natural gas prices escalate."

Paul F. Blanchard, Panhandle's Vice-President and COO added: "We continue to see new resource plays develop in areas in which the Company owns its 250,000 plus acres of perpetual minerals. These new resource plays continue to provide Panhandle with additional probable and possible reserves. In total, the Company now has over 3,400 probable and possible drilling locations in these resource plays. The emergence of the Anadarko Basin (Cana) Woodford Shale and the Colony Granite Wash plays in Western Oklahoma added 54.5 Bcf of probable and possible reserves to the Company's base in fiscal 2009. With the rapid development of additional resource plays over the last several years we expect the emergence of additional plays and/or the expansion of existing plays to develop on the Company's substantial mineral acreage holdings."

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Panhandle Oil and Gas Inc. (NYSE-PHX) is engaged in the exploration for and production of natural gas and oil. Additional information on the Company can be found at www.panhandleoilandgas.com.

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 2008 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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