



FOR IMMEDIATE RELEASE
PLEASE CONTACT:
Michael C. Coffman
405.948.1560

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PANHANDLE OIL AND GAS INC.
Announces Additional Stock Repurchase Program;
Sets Quarterly Dividend Payment

OKLAHOMA CITY, OK- PANHANDLE OIL AND GAS INC. (NYSE-PHX) today announced that its Board of Directors at its July 29, 2008 meeting approved an additional stock repurchase program to purchase up to \$3,000,000 of the Company's common stock. The purchases under the \$2,000,000 repurchase program announced on May 28, 2008 were completed on July 1, 2008. Panhandle paid an average price per share at \$35.82 under the recently completed repurchase program.

"These stock repurchases are enabled by Panhandle's strong cash flow and are an important way of returning value to our shareholders," said Michael C. Coffman, Panhandle President and Chief Executive Officer. "We believe these share repurchase programs clearly demonstrate our confidence in Panhandle's future and represent, at today's prices, a good value."

This repurchase program will be implemented in the open market from time to time in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, or in privately negotiated transactions, subject to market conditions and applicable legal requirements. The program does not obligate the Company to acquire any particular dollar amount of common stock and the plan may be suspended at any time at the Company's discretion. Panhandle may borrow from its existing credit line for this repurchase.

The Company also announced its regular \$0.07 per share quarterly dividend, was declared at the same meeting. The dividend will be payable on September 5, 2008 to shareholders of record on August 21, 2008.

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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 on the internet 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 2007 Form 10-K filed with the Securities and Exchange Commission. These “Risk Factors” includes 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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