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## FISCAL 2010 FIRST QUARTER

### CONDENSED CONSOLIDATED BALANCE SHEET

(Information at December 31, 2009 is unaudited)

<u>Assets</u>	December 31, 2009	September 30, 2009	<u>Liabilities and Stockholders' Equity</u>	December 31, 2009	September 30, 2009
<b>Current Assets:</b>			<b>Current Liabilities:</b>		
Cash and cash equivalents	\$ 516,751	\$ 639,908	Accounts payable	\$ 3,786,043	\$ 4,810,687
Oil and natural gas sales receivables net of allowance for uncollectible accounts	9,001,365	7,747,557	Derivative contracts	864,495	1,726,901
Deferred income taxes	1,622,900	1,934,900	Accrued liabilities	759,427	1,033,570
Refundable production taxes	178,324	616,668	Total current liabilities	5,409,965	7,571,158
Other	165,542	68,817			
Total Current Assets	11,484,882	11,007,850	Long-term debt	8,522,231	10,384,722
Properties and equipment, at cost, based on successful efforts accounting:			Deferred income taxes	24,135,650	24,064,650
Producing oil and natural gas properties	199,839,742	198,076,244	Asset retirement obligations	1,629,918	1,620,225
Non-producing oil and natural gas properties	10,248,480	10,332,537	Derivative contracts	-	786,534
Furniture and fixtures	584,060	578,460			
	210,672,282	208,987,241	Stockholders' Equity:		
Less accumulated depreciation, depletion and amortization	118,733,463	112,900,027	Class A voting common stock, \$.0166 par value; 24,000,000, shares authorized, 8,431,502 issued at December 31, 2009 and at September 30, 2009	140,524	140,524
Net properties and equipment	91,938,819	96,087,214	Capital in excess of par value	1,922,053	1,922,053
			Deferred directors' compensation	1,911,530	1,862,499
Investments	656,723	682,391	Retained earnings	65,634,110	64,507,547
Refundable production taxes	915,277	772,177		69,608,217	68,432,623
Total Assets	<u>\$ 104,995,701</u>	<u>\$ 108,549,632</u>	Less treasury stock, at cost; 119,866 shares at December 31, 2009 and at September 30, 2009	(4,310,280)	(4,310,280)
			Total stockholders' equity	65,297,937	64,122,343
			Total liabilities and stockholders' equity	<u>\$ 104,995,701</u>	<u>\$ 108,549,632</u>

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended December 31,	
	2009	2008
<b>Revenues:</b>		
Oil and natural gas sales	\$ 10,810,432	\$ 10,616,664
Lease bonuses and rentals	30,828	113,380
Gains (losses) on natural gas derivative contracts	1,403,340	393,007
Gain on asset sales, interest & other	103,151	58,060
Income from partnerships	76,752	138,591
	12,424,503	11,319,702
<b>Costs and expenses:</b>		
Lease operating expenses	2,306,544	1,749,143
Production taxes	355,042	406,748
Exploration costs	576,261	172,265
Depreciation, depletion and amortization	5,292,695	6,950,092
Provision for impairment	-	1,875,920
General and administrative	1,416,798	1,219,163
Interest expense	65,785	-
	<u>10,013,125</u>	<u>12,373,331</u>
Income (loss) before provision (benefit) for income taxes	2,411,378	(1,053,629)
Provision (benefit) for income taxes	703,000	(179,000)
Net income (loss)	<u>\$ 1,708,378</u>	<u>\$ (874,629)</u>
Basic earnings (loss) per common share	<u>\$ .20</u>	<u>\$ (0.10)</u>
Weighted average shares outstanding:		
Common shares	8,311,636	8,300,128
Unissued, vested directors' shares	100,553	87,915
	<u>8,412,189</u>	<u>8,388,043</u>
Dividends declared per share of common stock and paid in period	<u>\$ 0.07</u>	<u>\$ 0.07</u>
Dividends declared per share of common stock for and to be paid in the quarter ended March 31	<u>\$ -</u>	<u>\$ 0.07</u>

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended December 31,	
	2009	2008
<b>Operating activities:</b>		
Net income (loss)	\$ 1,708,378	\$ (874,629)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Unrealized gains (losses) on natural gas derivative contracts	(1,648,940)	646,193
Depreciation, depletion, amortization and impairment	5,292,695	8,826,012
Provision for deferred income taxes	383,000	205,000
Exploration costs	576,161	172,265
Net (gain) loss on sale of assets	(133,192)	(115,377)
Income from partnerships	(76,752)	(138,591)
Distributions received from partnerships	102,420	150,164
Directors' deferred compensation expense	49,031	38,629
Cash provided by changes in assets and liabilities:		
Oil and natural gas sales receivables	(1,253,808)	6,528,078
Refundable income taxes	-	(386,512)
Refundable production taxes	295,244	(194,212)
Other current assets	(96,725)	27,915
Accounts payable	(102,443)	501,227
Income taxes payable	(51,770)	-
Accrued liabilities	(222,373)	(330,669)
Total adjustments	3,112,548	15,930,122
Net cash provided by operating activities	4,820,926	15,055,493
<b>Investing activities:</b>		
Capital expenditures, including dry hole costs	(2,658,662)	(18,442,452)
Proceeds from leasing of fee mineral acreage	56,004	118,955
Proceeds from asset sales	102,881	2,000
Net cash used in investing activities	(2,499,777)	(18,321,497)
<b>Financing activities:</b>		
Borrowings under debt agreement	5,000,388	18,316,045
Payments of loan principal	(6,862,879)	(15,023,806)
Payments of dividends	(581,815)	(581,009)
Net cash provided by (used in) financing activities	(2,444,306)	2,711,230
Decrease in cash and cash equivalents	(123,157)	(554,774)
Cash and cash equivalents at beginning of period	639,908	895,708
Cash and cash equivalents at end of period	<u>\$ 516,751</u>	<u>\$ 340,934</u>
<b>Supplemental Schedule of Non-cash Investing and Financing Activities:</b>		
Dividends declared and unpaid	<u>\$ -</u>	<u>\$ 581,009</u>
Additions to asset retirement obligations	<u>\$ 9,693</u>	<u>\$ 90,059</u>
Gross additions to properties & equipment	\$ 1,736,461	\$ 12,385,991
Net (increase) decrease in accounts payable for properties and equipment additions	<u>\$ 922,201</u>	<u>\$ 6,056,461</u>
Capital expenditures, including dry hole costs	<u>\$ 2,658,662</u>	<u>\$ 18,442,452</u>