



FOR IMMEDIATE RELEASE
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PANHANDLE OIL AND GAS INC. ANNOUNCES

Increased Borrowing Base on Revolving Line of Credit

OKLAHOMA CITY, OK - PANHANDLE OIL AND GAS INC. (NYSE:PHX, "the Company") announced today that Bank of Oklahoma and MidFirst Bank have increased Panhandle's borrowing base from \$25 million to \$35 million under the Company's \$50 million credit facility. All other terms and conditions of the credit facility remained unchanged. As of May 26, 2009, the Company had approximately \$12.9 million outstanding under the credit facility.

Michael C. Coffman, President and CEO said: "I am particularly pleased to announce our banks' continuing support of Panhandle and believe the increased borrowing base is a positive reflection of Panhandle's accomplishments and our ability to deliver positive results. The increased credit facility provides Panhandle with the financial flexibility and strength to quickly execute on continuing or new opportunities which are complementary to our overall business strategy. We will continue to maintain a low level of debt consistent with the conservative financial management philosophy we follow, which has served the Company and our shareholders well over Panhandle's eighty plus year history."

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.

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