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**PANHANDLE OIL & GAS INC. ANNOUNCES  
74% INCREASE OF PROVED RESERVES TO A RECORD 103.7 BCFE AND  
AN UPDATE TO PROBABLE AND POSSIBLE RESERVES**

OKLAHOMA CITY (PR Newswire) – November 8, 2010 – Panhandle Oil and Gas Inc. (NYSE: PHX, “the Company”), a growing independent oil and natural gas company with reserves and production in the Anadarko Basin (Cana) Woodford Shale, the Arkansas Fayetteville Shale, several western Oklahoma liquid-rich plays, including the Granite Wash and the Southeastern Oklahoma Woodford Shale, today announced estimated total proved reserve volumes for the Company’s fiscal year ended September 30, 2010.

**Total Proved Reserves Increase 74%**

Panhandle’s estimated total proved reserves at September 30, 2010 increased 74% to 103.7 Bcfe from 59.6 Bcfe reported on September 30, 2009, based on SEC mandated pricing. September 30, 2010 prices of \$4.33 per Mcf for natural gas and \$69.23 per barrel for oil compared to September 30, 2009 prices of \$2.86 per Mcf for natural gas and \$66.96 per barrel for oil in the 2009 reserve report. September 30, 2010 prices were the first calculated based on the SEC *Modernization of Oil and Gas Reporting Rules*.

Since 2005, Panhandle’s total proved reserves have grown 232% from 31.2 Bcfe to 103.7 Bcfe, at a compound annual growth rate of 27.2%. This growth is principally the result of reserves added from development of the two Oklahoma Woodford Shale plays and the Arkansas Fayetteville Shale. Panhandle’s total estimated proved reserves are 95% natural gas.

At September 30, 2010, approximately 60% of total proved reserves, or 62.5 Bcfe, are categorized as proved developed reserves as compared to 50.3 Bcfe at September 30, 2009. Forty percent, or 41.2 Bcfe of total proved reserves, are categorized as proved undeveloped (PUD) at September 30, 2010, as compared to 15%, or 9.2 Bcfe of total PUD reserves at September 30, 2009. This increase in PUD reserves is the result of: (a) the addition of a substantial number of drilling locations now categorized as PUD’s because of the increased delineation of Panhandle’s shale plays resulting from several years of drilling activity in these plays; (b) the SEC’s *Modernization of Oil and Gas Reporting Rules* initial adoption by Panhandle at September 30, 2010 expanded the number of locations qualifying as PUD reserves; (c) the continuing increase in expected per-well reserves in Panhandle’s shale plays due to increasing lateral length and other advances in well completion technology and; (d) the higher natural gas price used in the 2010 report, as compared to the 2009 report prices, enabled more PUD locations to calculate economic, thus allowing inclusion as PUD’s in the 2010 report.

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Because Panhandle's fiscal year-end is September 30, use of the SEC's *Modernization of Oil and Gas Reporting Rules* was adopted by the Company for the first time in the calculation of September 30, 2010 year-end reserves. In addition, September 30, 2010 reserves were calculated by the independent petroleum engineering consulting firm DeGolyer and MacNaughton. The September 30, 2009 reserves had been calculated by a small independent petroleum engineering firm in Oklahoma City.

	<b>Proved Reserves</b>	
	<b>SEC Pricing</b>	
	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Proved Developed Reserves:		
Barrels of Oil	861,240	882,987
Mcf of Gas	<u>57,344,190</u>	<u>45,036,460</u>
Mcfe (1)	62,511,630	50,334,382
Proved Undeveloped Reserves:		
Barrels of Oil	63,769	37,886
Mcf of Gas	<u>40,826,265</u>	<u>8,991,350</u>
Mcfe (1)	41,208,879	9,218,666
Total Proved Reserves:		
Barrels of Oil	925,009	920,873
Mcf of Gas	<u>98,170,455</u>	<u>54,027,810</u>
Mcfe (1)	<u>103,720,509</u>	<u>59,553,048</u>
10% Discounted Estimated Future Net Cash Flows (before federal income taxes)		
Proved Developed	\$104,027,562	\$73,869,512
Proved Undeveloped	<u>21,960,347</u>	<u>6,800,080</u>
Total	<u>\$125,987,909</u>	<u>\$80,669,592</u>
SEC Pricing		
Oil/Barrels	\$69.23	\$66.96
Gas/Mcf	\$4.33	\$2.86

(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.

Mcf, thousand cubic feet of natural gas

Bcfe, billion cubic feet of natural gas equivalent

Mcfe, thousand cubic feet of natural gas equivalent

### **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 by Panhandle's in-house engineer in accordance with the definitions and guidance used by the *Society of Petroleum Engineers* for estimating probable and possible reserves.

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### Estimated Net Probable And Possible Reserves

	Southeastern Oklahoma Woodford Shale	Arkansas Fayetteville Shale	Anadarko Basin (Cana) Woodford Shale	Colony Granite Wash	<u>Other</u>	<u>Total</u>
Probable, Bcfe	54.9	14.0	16.4	1.3	0.5	87.1
Possible, Bcfe	<u>52.4</u>	<u>43.7</u>	<u>95.3</u>	<u>7.8</u>	<u>0.9</u>	<u>200.1</u>
Total, Bcfe	<u>107.3</u>	<u>57.7</u>	<u>111.7</u>	<u>9.1</u>	<u>1.4</u>	<u>287.2</u>
Average Gross Reserves per Undeveloped Location, Bcfe	<u>3.2</u>	<u>2.1</u>	<u>4.3</u>	<u>3.5</u>		

### Management Comments

Michael C. Coffman, Panhandle's President and CEO said: "Fiscal 2010 increases in reserves are the result of Panhandle's continuing commitment to the 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 continues to dramatically build on the Company's reserve base year over year. Capital expenditures in 2010 were financed with cash flow. The resulting cash flow from the additional production, coupled with a reduction in capital expenditures during fiscal 2010, allowed Panhandle to pay off the Company's debt and to maintain substantial cash reserves and substantial available capital through its credit facility. We will continue to expand our reserve base and increase production volumes in fiscal 2011 and beyond by taking larger total interests and drilling on our minerals. We project that our 2011 capital expenditure level will be substantially higher than 2010 and anticipate funding these expenditures from cash flow and cash reserves. Our experienced management team will deploy capital in projects that are expected to generate an acceptable rate-of-return with proven and efficient operators in our world-class plays."

Paul F. Blanchard, Panhandle's Sr. 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 fee minerals. These new resource plays continue to provide Panhandle with additional reserves. In total, the Company now has over 4,150 undeveloped locations primarily in resource plays. The emergence of the Anadarko Basin (Cana) Woodford Shale and the Colony Granite Wash, along with several other oil or natural gas liquids-rich plays in western Oklahoma allows us to capitalize on the current price and superior rates of return in these type projects. The rapid development of new resource plays over the last few years on the Company's substantial mineral acreage holdings again highlights the advantage Panhandle has by owning our acreage and having the ability to shift investment dollars quickly to more liquids-rich drilling opportunities without having to expend capital for additional acreage."

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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](http://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 2009 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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