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**PANHANDLE OIL & GAS INC. ANNOUNCES
SEPT. 30, 2011, RESERVES AND AN OPERATIONS UPDATE**

OKLAHOMA CITY (PR Newswire) – Nov. 10, 2011 – Panhandle Oil and Gas Inc. (NYSE: PHX, “the Company”), a growing non-operating independent oil and natural gas company with reserves and production primarily 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 Sept. 30, 2011. Additional information on the Company can be found at www.panhandleoilandgas.com.

Total Proved Reserves Increase 8%

Panhandle’s estimated total proved reserves at Sept. 30, 2011, increased 8% to 111.7 Bcfe from 103.7 Bcfe reported for Sept. 30, 2010, based on SEC mandated pricing. Sept. 30, 2011, prices of \$3.81 per Mcf for natural gas, \$90.28 per barrel for oil and \$38.91 per barrel of natural gas liquids (NGL) compare to Sept. 30, 2010, prices of \$4.33 per Mcf for natural gas and \$69.23 per barrel for oil in the 2010 report. The Company reported NGL reserves for the first time in the year-end 2011 report. Panhandle’s increased drilling activity over the last 12-18 months in several plays in Western Oklahoma which produce significant NGL, have resulted in meaningful NGL production and reserves for the Company, necessitating inclusion in the reserve calculations.

At Sept. 30, 2011, approximately 60% of total proved reserves, or 67.1 Bcfe, are categorized as proved developed reserves as compared to 62.5 Bcfe at Sept. 30, 2010. Forty percent, or 44.6 Bcfe of total proved reserves, are categorized as proved undeveloped (PUD) at Sept. 30, 2011, as compared to 41.2 Bcfe of total PUD reserves at Sept. 30, 2010. Panhandle’s PUD reserves continue to reflect the substantial number of drilling locations now categorized as PUD’s because of the increased delineation of the Company’s shale plays resulting from several years of drilling activity in these plays and the continuing increase in expected per-well reserves in these plays due to increasing lateral length and other advances in well completion technology. Sept. 30, 2010 and 2011, proved reserves were calculated by the independent petroleum engineering consulting firm DeGolyer and MacNaughton.

Since fiscal year-end 2006, Panhandle’s total proved reserves have grown 226% from 34.3 Bcfe to 111.7 Bcfe, at a compound annual growth rate of 26.6%. 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 approximately 91% natural gas, 5% oil and 4% NGL.

	Proved Reserves	
	<u>SEC Pricing</u>	
	Sept. 30, 2011	Sept. 30, 2010
<u>Proved Developed Reserves:</u>		
Barrels of NGL (1) (2)	386,774	-
Barrels of Oil	759,989	861,240
Mcf of Gas	60,193,878	57,344,190
Mcfe (2)	67,074,456	62,511,630
<u>Proved Undeveloped Reserves:</u>		
Barrels of NGL (1) (2)	404,874	-
Barrels of Oil	83,749	63,769
Mcf of Gas	41,644,106	40,826,265
Mcfe (2)	44,575,844	41,208,879
<u>Total Proved Reserves:</u>		
Barrels of NGL (1) (2)	791,648	-
Barrels of Oil	843,738	925,009
Mcf of Gas	101,837,984	98,170,455
Mcfe (2)	111,650,300	103,720,509
10% Discounted Estimated Future		
<u>Net Cash Flows (before federal income taxes):</u>		
Proved Developed	\$106,464,138	\$103,270,565
Proved Undeveloped	<u>29,977,891</u>	<u>21,960,347</u>
Total	<u>\$136,442,029</u>	<u>\$125,230,912</u>
<u>SEC Pricing</u>		
Oil/Barrel	\$90.28	\$69.23
Gas/Mcf	\$3.81	\$4.33
NGL/Barrel	\$38.91	-

- (1) 2011 is the first year the Company had sufficient volumes of NGL to warrant reserve volumes disclosure. These NGL are associated with a rapid increase in drilling activity in western Oklahoma, which includes many plays producing significant volumes of NGL.
- (2) Crude oil and NGL are converted to a thousand cubic feet of natural gas equivalent by using the ratio of one barrel 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

NGL: natural gas liquids

Reserves associated with the Company's recently announced acquisition in the Fayetteville Shale are not included in September 30, 2011 reserves volumes, but will first be included in reserve volumes with the March 31, 2012 mid-year report.

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 these reserves were prepared by DeGolyer and MacNaughton for 2011 and by Panhandle's in-house engineer for 2010.

Estimated Net Probable and Possible Reserves

NYMEX Strip Pricing (3)

	Sept. 30, 2011	Sept. 30, 2010
<u>Probable Reserves:</u>		
Barrels of NGL	416,435	-
Barrels of Oil	124,409	81,267
Mcf of Gas	121,843,848	86,618,193
Mcfe	125,088,912	87,105,795
<u>Possible Reserves:</u>		
Barrels of NGL	865,681	-
Barrels of Oil	430,055	457,594
Mcf of Gas	166,988,730	197,336,296
Mcfe	174,763,143	200,081,860

(3) NYMEX Strip Pricing as of Sept. 30, 2011, basis adjusted

Management Comments

Michael C. Coffman, Panhandle's President and CEO said: "Fiscal 2011 increases in reserves are the result of Panhandle's continuing commitment to its operating strategy of taking working interests in wells drilled on our mineral acreage to maximize the value of the underlying hydrocarbon assets for our shareholders. This strategy continues to add to and build on the Company's reserve base year over year. We will continue to expand our reserve base and increase production volumes in fiscal 2012 and beyond by drilling on our existing minerals and through acquisitions of additional mineral acreage and producing properties. We project our 2012 capital expenditure level will be substantially higher than 2011, with the majority of our drilling expenditures concentrated in oily and natural gas liquids projects in western Oklahoma and acquisitions concentrated in dry gas plays. Our experienced management team will continue to deploy capital in projects with proven and efficient operators in plays that are expected to maximize rates-of-return to Panhandle."

Paul F. Blanchard, Panhandle's Sr. Vice-President and COO added: "Panhandle's ownership of approximately 257,000 broadly diversified fee mineral acres continues to provide an excellent foundation for sustained high quality proved and 3P (proved, probable and possible) reserve growth. In addition to the proved and 3P reserve growth, the quality of these reserves has been substantially enhanced for year-end 2011 with the percentage of proved and probable reserves increasing significantly to 57.5% of total 3P reserves versus 48.8% of total 3P reserves for year-end 2010. Reserve quality was also significantly enhanced by the recognition of natural gas liquids reserves for the first time in the year-end 2011 reserve reporting. Based on current and anticipated drilling activity, the Company expects that the growth of proved and 3P reserves with an overall enhancement of 3P reserve quality will continue."

During fiscal 2011, the Company continued participating in high quality low cost dry gas drilling by allocating approximately 23% of the year's approved capital to that component, principally in the core of the Fayetteville Shale. Activity in the Anadarko Basin "Cana" Woodford Shale accelerated to approximately 35% of fiscal 2011 approved capital. This drilling was a combination of core development as well as play expansion. The remaining 42% of fiscal 2011 approved capital expenditures were allocated predominately to western Oklahoma oil and natural gas liquids rich horizontal drilling in the Granite Wash, Hogshooter Wash, Cleveland, Marmaton and Tonkawa plays.

The Company successfully transitioned from drilling primarily dry gas in past years to allocating over 75% of fiscal 2011 capital expenditures to oil and natural gas liquids rich drilling. This trend is expected to continue in fiscal 2012 and should result in material increases in oil and NGL production. "

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 2010 Form 10-K filed with the Securities and Exchange Commission. These "Risk Factors" include the worldwide economic recession's continuing negative effects on the natural gas business; our hedging activities may reduce the realized prices received for natural gas sales; 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; decreases 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; drilling and operating risks; and we cannot control activities on our properties as the Company is a non-operator.

Do not place undue reliance on these forward-looking statements, which speak only as of the date of this release. 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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