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Nov. 10, 2015

**PANHANDLE OIL AND GAS INC. ANNOUNCES
SEPT. 30, 2015, RESERVES AND OPERATIONS UPDATE**

OKLAHOMA CITY – PANHANDLE OIL AND GAS INC. (NYSE: PHX), “the Company,” a non-operating independent oil and natural gas company with reserves and production primarily in the Mid-Continent region and the Eagle Ford Shale, today announced estimated total proved reserve volumes for the Company’s fiscal year ended Sept. 30, 2015. Additional information on the Company can be found at www.panhandleoilandgas.com.

2015 Reserve Highlights

- Total proved, possible and probable reserves increase 20% to 656.1 Bcfe at Sept. 30, 2015.
- Proved reserves have grown at a compound annual growth rate of 12% during the last five years.
- Downward pricing revisions of proved reserves totaled 44.8 Bcfe.

Proved Reserves

Panhandle’s estimated total proved reserves at Sept. 30, 2015, decreased 13% to 180.0 Bcfe from 206.2 Bcfe reported for Sept. 30, 2014, based on SEC mandated pricing. The Sept. 30, 2015, wellhead prices of \$2.84 per Mcf of natural gas, \$55.27 per barrel of oil and \$19.10 per barrel of NGL compare to Sept. 30, 2014, prices of \$4.04 per Mcf of natural gas, \$96.94 per barrel of oil and \$31.45 per barrel of NGL. Panhandle’s total estimated proved reserves are approximately 67% natural gas, 23% oil and 10% NGL. The Sept. 30, 2015 and 2014, proved reserves were calculated by the independent petroleum engineering consulting firm DeGolyer and MacNaughton.

At Sept. 30, 2015, approximately 60% of total proved reserves, or 108.1 Bcfe, are categorized as proved developed as compared to 115.2 Bcfe at Sept. 30, 2014. PUD reserves comprised 40% of total proved reserves, or 71.9 Bcfe, at Sept. 30, 2015, as compared to 44%, or 90.9 Bcfe, at Sept. 30, 2014.

During the last five years, Panhandle’s total proved reserves have grown 74% from 103.7 Bcfe to 180.0 Bcfe, a compound annual growth rate of 12%. This increase in reserves was funded principally from internally generated cash flow for drilling and bank debt for the Eagle Ford acquisition. The Company has never issued shares in a secondary offering.

Management Comments

Michael C. Coffman, Panhandle’s President and CEO, said: “Obviously fiscal 2015 was a very difficult year in the energy industry. Panhandle’s reduced capital spending level for drilling in the second through fourth quarter resulted in reduced reserve additions in fiscal 2015.

“With the product prices we have seen since December 2014, we have not been inclined to commit capital to fund a working interest investment in the majority of the well proposals we have received. There are a few plays in our portfolio of mineral acreage that can generate reasonable returns at current NYMEX futures oil pricing, and we are participating with a working interest in those wells. Wells drilled on our mineral acreage in which we do not commit capital to take a working interest will generate a royalty interest for Panhandle from any production established.

“We are content to use our excess cash flow to reduce the bank line of credit facility. Our operating strategies will remain constant through these difficult times, and Panhandle will be ready to take advantage of opportunities to acquire accretive assets or to fund drilling opportunities when product prices and drilling costs present a reasonable return scenario.”

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Paul F. Blanchard, Panhandle's Sr. Vice-President and COO, added: "The Company's total proved reserves were reduced from 206.1 Bcfe at year-end 2014 to 180.0 Bcfe at year-end 2015. This reduction is attributed to a 44.8 Bcfe negative pricing revision and unaudited 13.7 Bcfe of 2015 production, somewhat offset by extensions and discoveries of 31.6 Bcfe and a positive performance revision of 0.8 Bcfe.

"Our proved developed reserves decreased from 115.2 Bcfe at year-end 2014 to 108.1 Bcfe at year-end 2015. The negative revision to proved developed reserves due to lower product prices was 12.4 Bcfe. Absent the pricing revision, proved developed reserves would have increased 5.3 Bcfe to 120.5 Bcfe.

"The remaining negative proved pricing revision of 32.4 Bcfe was primarily the result of two causes. The first was a decrease in proved reserves as wells reached their projected economic limit much earlier than projected in the 2014 report. In addition, PUD locations in the Fayetteville Shale were moved to the probable undeveloped category, as they were no longer planned to be drilled within the SEC mandated five-year window due to lower natural gas prices.

"The material increase in total 3P (proved, probable and possible) reserves was due to the recognition of additional PUD reserves based upon improved well performance in the Anadarko Basin Woodford and Springer Shales (CANA and SCOOP). Additionally, we recognized a significant number of new undeveloped locations on our existing mineral holdings in the Anadarko Basin Woodford and Springer plays. Substantial drilling in these reservoirs in 2015 increased the level of certainty of the reserves associated with these new locations, resulting in their addition to Panhandle's 3P reserves. These additions, which result in an increase in 3P reserves of 124.2 Bcfe, are projected to earn some of the most attractive rates of return in our portfolio at fiscal year-end 2015 NYMEX futures pricing."

Definition of Press Release Terms:

Mcf: thousand cubic feet of natural gas

Bcfe: billion cubic feet of natural gas equivalent

Mcfe: thousand cubic feet of natural gas equivalent (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.)

Mboe: thousand barrels of oil equivalent (Natural gas is converted to a thousand barrels of oil equivalent by using the ratio of six Mcf of natural gas to one barrel.)

NGL: natural gas liquids

Boepd: barrels of oil equivalent per day

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Proved Reserves – SEC Flat Pricing

	Proved Reserves SEC Pricing	
	Sept. 30, 2015	Sept. 30, 2014
<u>Proved Developed Reserves:</u>		
Barrels of NGL	1,466,834	1,564,859
Barrels of Oil	2,725,077	2,890,678
Mcf of Gas	82,899,159	88,512,767
Mcfe	108,050,625	115,245,989
<u>Proved Undeveloped Reserves:</u>		
Barrels of NGL	1,453,766	1,475,322
Barrels of Oil	4,313,353	4,678,901
Mcf of Gas	37,314,885	53,979,593
Mcfe	71,917,599	90,904,931
<u>Total Proved Reserves:</u>		
Barrels of NGL	2,920,600	3,040,181
Barrels of Oil	7,038,430	7,569,579
Mcf of Gas	120,214,044	142,492,360
Mcfe	179,968,224	206,150,920
10% Discounted Estimated Future <u>Net Cash Flows (before income taxes):</u>		
Proved Developed	\$126,295,752	\$234,799,797
Proved Undeveloped	17,948,482	135,228,020
Total	<u>\$144,244,234</u>	<u>\$370,027,817</u>
<u>SEC Pricing</u>		
Oil/Barrel	\$55.27	\$96.94
Gas/Mcf	\$2.84	\$4.04
NGL/Barrel	\$19.10	\$31.45

TABLE 1

Proved Reserves – NYMEX Futures Pricing (1)

10% Discounted Estimated Future <u>Net Cash Flows (before income taxes)</u>	Proved Reserves <u>Sept. 30, 2015</u>
Proved Developed	\$123,465,294
Proved Undeveloped	20,797,565
Total	<u>\$144,262,859</u>

(1) NYMEX Futures Pricing as of Sept. 30, 2015, basis adjusted to Company wellhead price

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TABLE 2

Probable and Possible Reserves

DeGolyer and MacNaughton prepared estimates of the Company's probable and possible undeveloped reserves utilizing NYMEX futures pricing, basis adjusted to Company wellhead price.

Estimated Net Probable and Possible Reserves NYMEX Futures Pricing (1)		Sept. 30, 2015
<u>Probable Reserves:</u>		
Barrels of NGL		3,211,018
Barrels of Oil		1,093,010
Mcf of Gas		249,427,553
Mcf (1)		275,251,721
10% Discounted Estimated Future Net Cash Flows (before income taxes)		\$75,376,283
<u>Possible Reserves:</u>		
Barrels of NGL		1,660,800
Barrels of Oil		1,086,794
Mcf of Gas		184,442,173
Mcf (1)		200,927,737
10% Discounted Estimated Future Net Cash Flows (before income taxes)		\$55,444,087

(1) NYMEX Futures Pricing as of Sept. 30, 2015, basis adjusted to Company wellhead price

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, the Company 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 2014 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; Panhandle’s 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 Panhandle’s oil and gas properties resulting in write-downs; the negative impact lower oil and gas prices could have on the Company’s ability to borrow; drilling and operating risks; and Panhandle cannot control activities on its 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, 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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