



ENERGEN

Creating Growth and Value

IPAA
OGIS-San Francisco
October 2, 2007



Safe Harbor Disclosure

This presentation contains statements expressing expectations of future plans, objectives and performance that constitute forward-looking statements made pursuant to the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995. Unless noted, these statements do not reflect possible or pending acquisitions, divestitures, or restructurings. All statements based on *expectations* are forward-looking statements that are dependent on certain events, risks and uncertainties that could cause actual results to differ materially from those anticipated. A discussion of risks and uncertainties is included in the Company's periodic reports filed with the Securities and Exchange Commission.

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Lower-risk Energy Investment Opportunity



**Energen
Resources**

**85%
Net Income
Contribution
(2007e)**

**Alabama
Gas Corp.**

**15%
Net Income
Contribution
(2007e)**



- Low-cost acquirer
- Large unproved reserves inventory
- Alabama shales potential

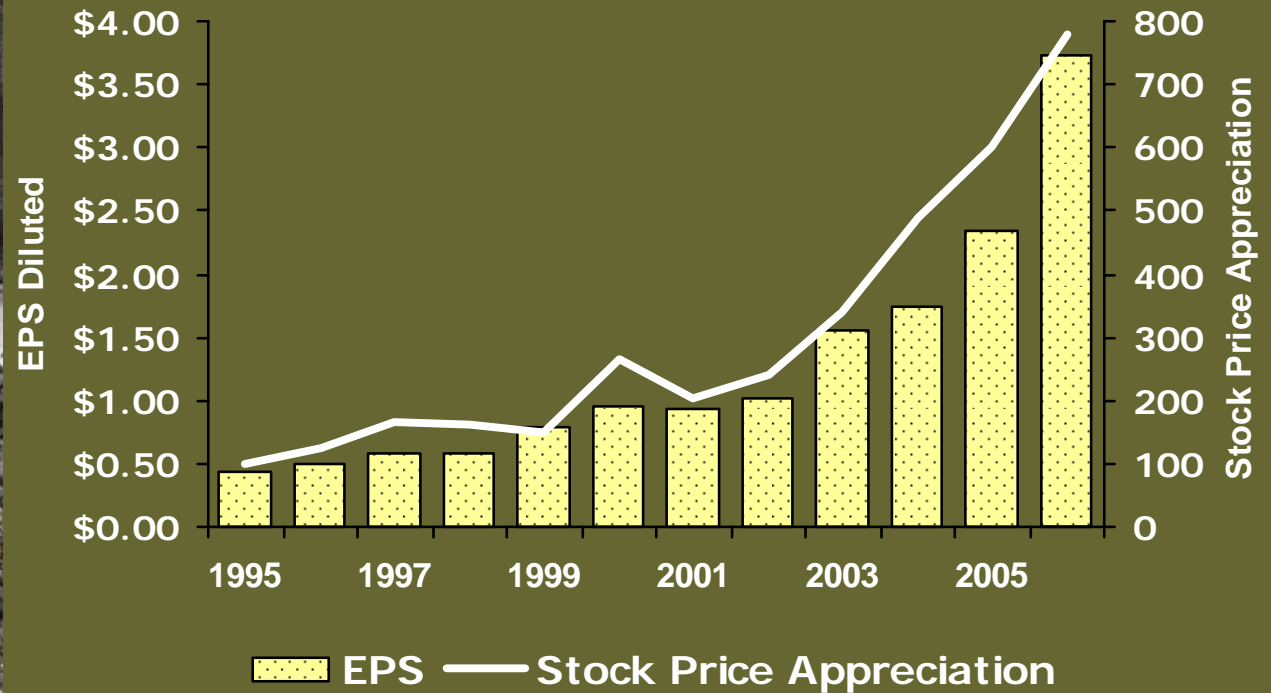
- Earnings stability
- Single-state utility
- Primary dividend source

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Consistent, Reliable Growth & Value

5-YEAR TRACK RECORD

- **EPS: 32.0%**
- **Dividend: 5.0%**
- **Total Return: 32.9%**



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Earnings Guidance

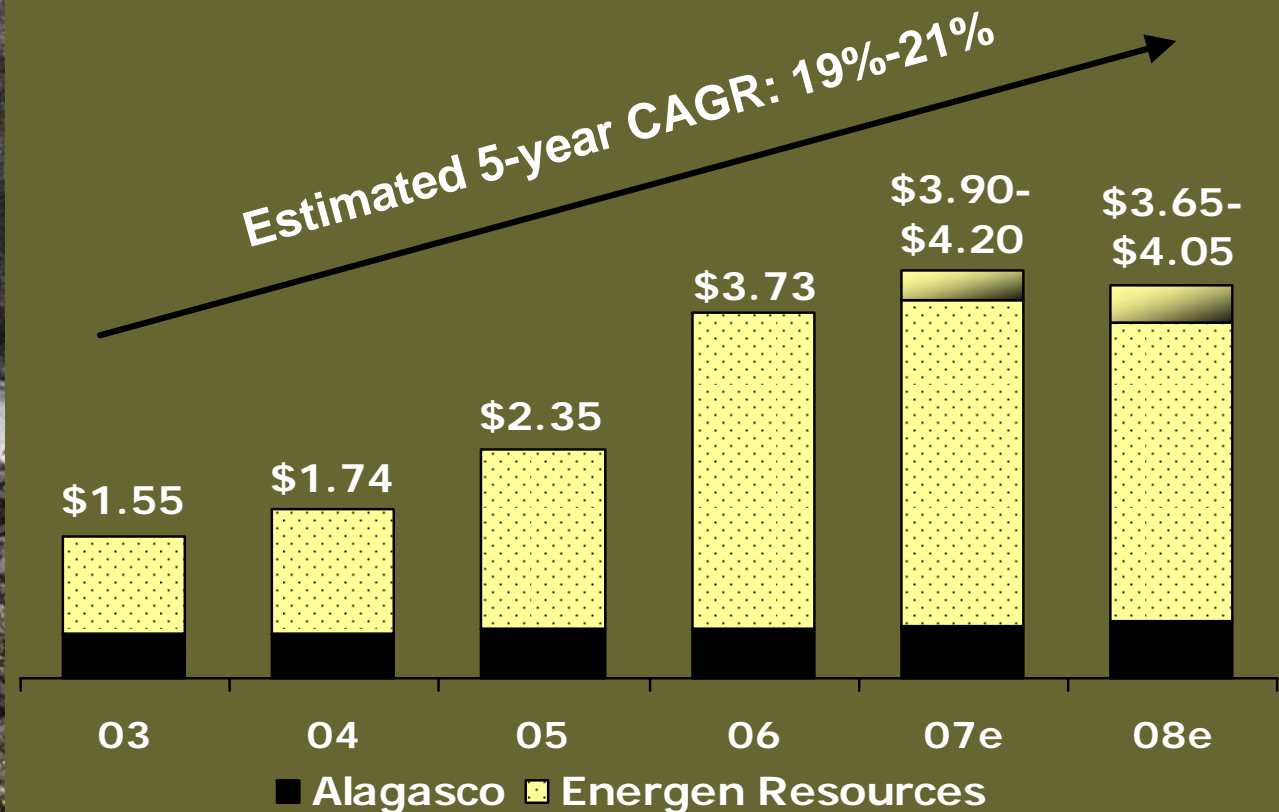
2008 KEY ASSUMPTIONS

Energen Resources

- 62% Production Hedged
- 98 Bcfe Production
- Assumed Prices
 - \$8.50/Mcf gas
 - \$65/bbl oil
 - 84.5¢/gallon NGL
- LOE: \$2.22/Mcfe
- DD&A: \$1.29/Mcfe

Alagasco

- Earn Allowed ROE

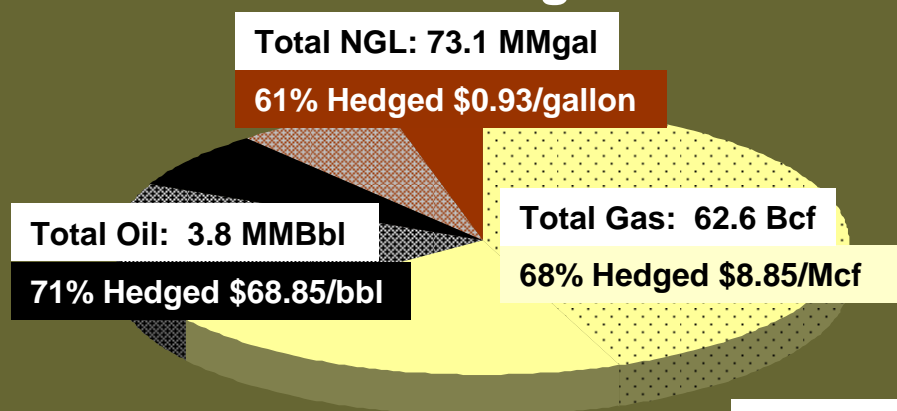


* Includes one-time net gains of \$41.3 million

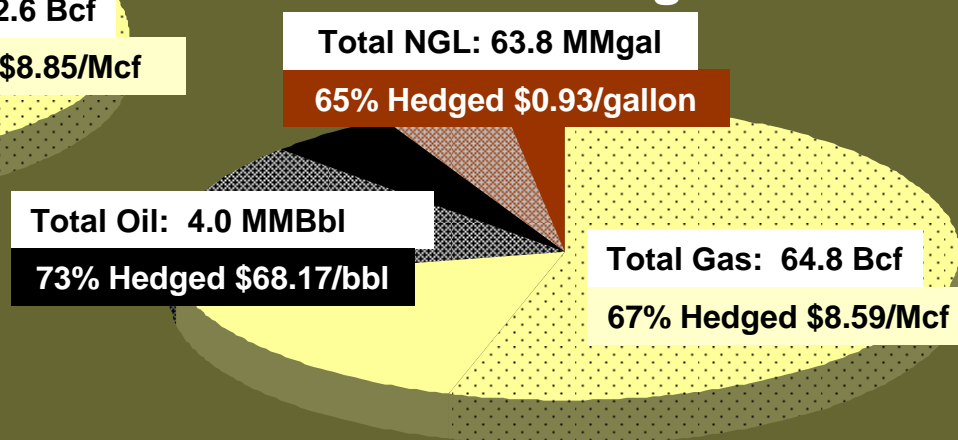
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Production Hedges Minimize Price Risk

2007e Production: 96 Bcfe
68% Hedged



2008e Production: 98 Bcfe
69% Hedged



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Sensitivity to Changing Prices Reduced

Remainder of 2007	Gas	Oil	NGL
Assumed Price (unhedged)	\$8.00/Mcf	\$60.00/bbl	\$0.78/gal
	Every \$0.10 change	Every \$1 change	Every \$0.01 change
Net Income Impact	\$365,000	\$265,000	\$50,000
EPS (Diluted) Impact	0.5¢	0.4¢	0.1¢
2008	Gas	Oil	NGL
Assumed Price (unhedged)	\$8.50/Mcf	\$65.00/bbl	\$0.845/gal
	Every \$0.10 change	Every \$1 change	Every \$0.01 change
Net Income Impact	\$1,160,000	\$670,000	\$65,000
EPS (Diluted) Impact	1.6¢	0.9¢	0.1¢

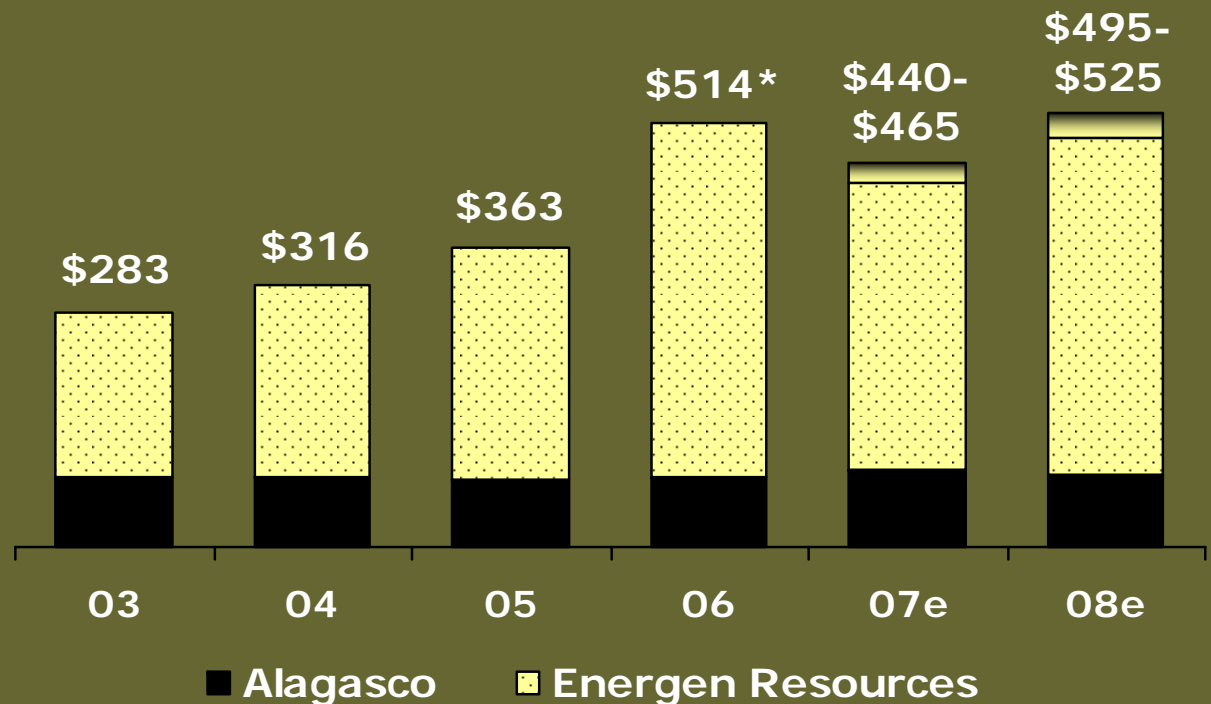
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Significant After-Tax Cash Flows

INVESTMENT OPPORTUNITIES

- **Develop Reserves**
 - PUD
 - Probables (P2)
 - Possibles (P3)
- **Explore & Develop Alabama Shales**
- **Acquire Producing Properties**
- **Repurchase Stock**

(\$ in Millions)



* Includes one-time net gains of \$41.3 million

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Fueling Growth through Capital Investment

ERC 2007e Capital Spending

Permian Basin:

- \$116 million
- 161 net wells

San Juan Basin:

- \$102 million
- 69 net wells

Black Warrior Basin:

- \$20 million
- 57 net wells

No. LA/E. TX:

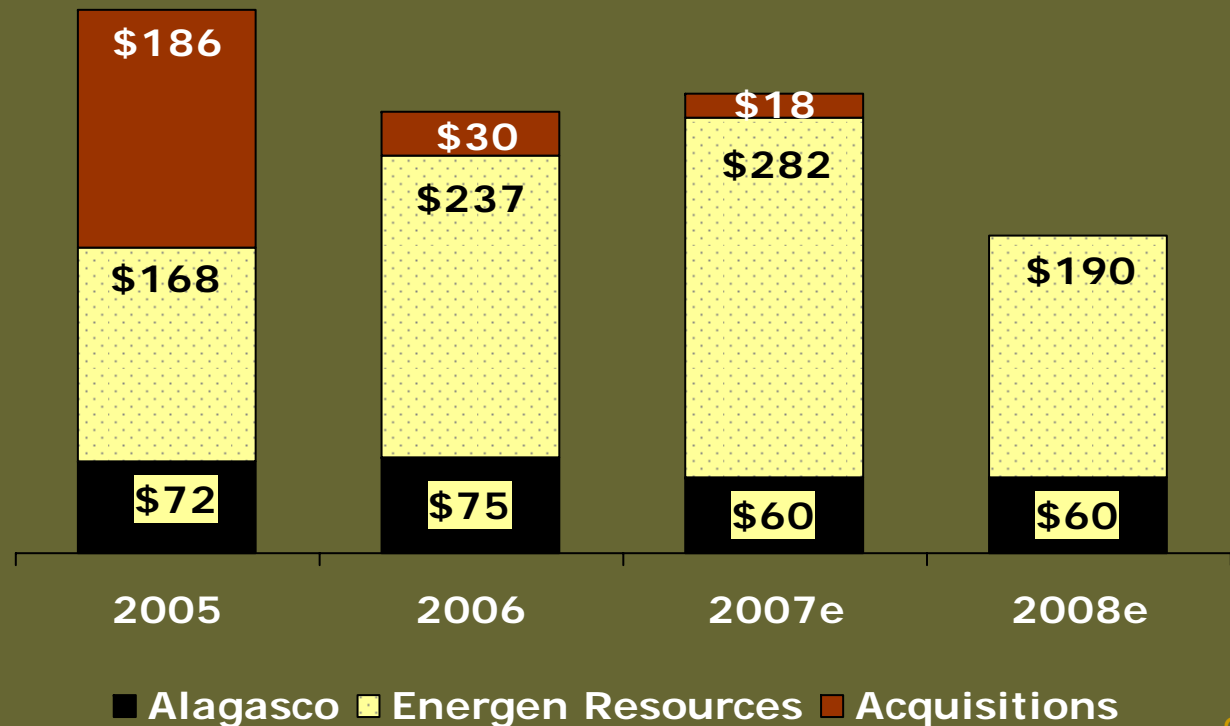
- \$27 million
- 9 net wells

Other:

- \$17 million

Capital Spending

(\$ in Millions)



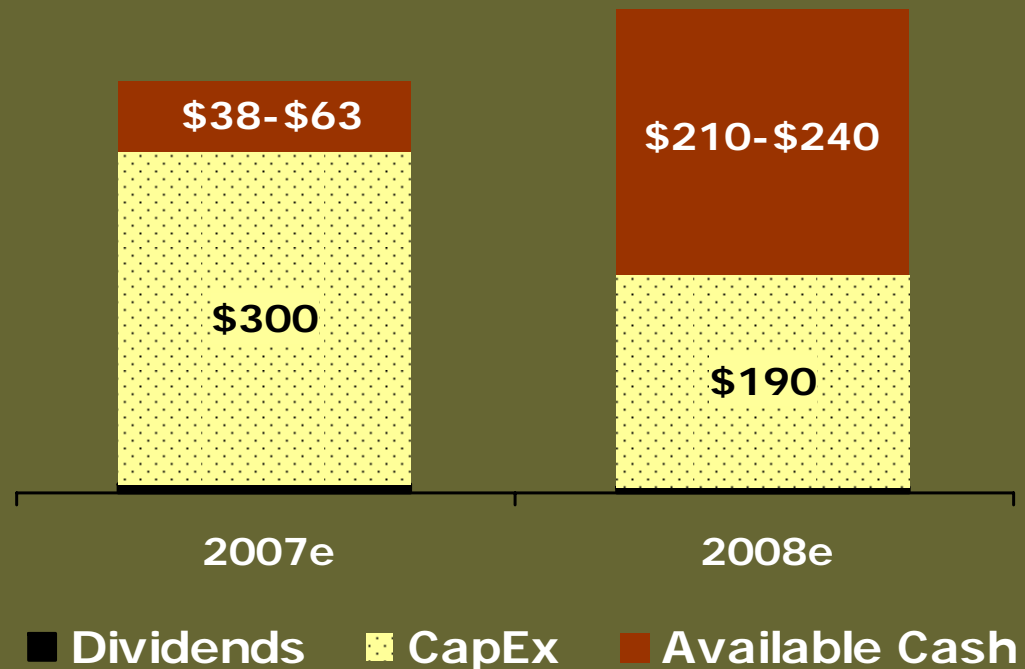
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RESOURCES

Strong Cash Flows Funding CapEx, Dividend
PLUS Variety of Opportunities

Growing cash flows available for variety of investment opportunities:

- Accelerated PUD and P2, P3 development
- Alabama shales
- Property acquisitions
- Stock repurchase
- Debt reduction





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Creating Growth & Value

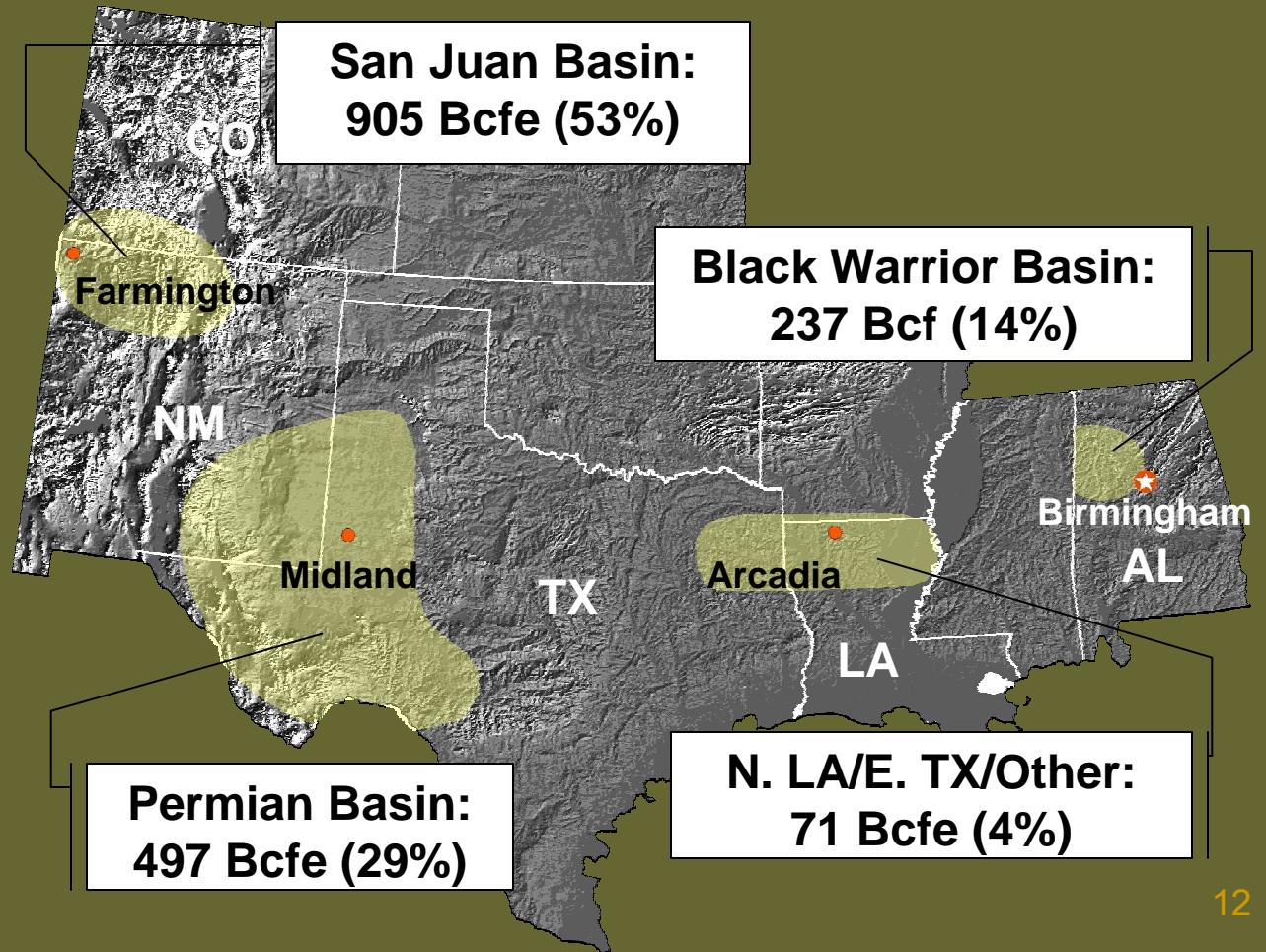
Subsidiary
Operations

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RESOURCES

A Top-20 Independent Producer*

- \$2.6 B invested to acquire and develop U.S. reserves
- 1.7 Tcfe of proved reserves in 4 key areas
- 1.9 Tcfe of probable and possible reserves
- New shale potential in Alabama



* Based on U.S. Reserves

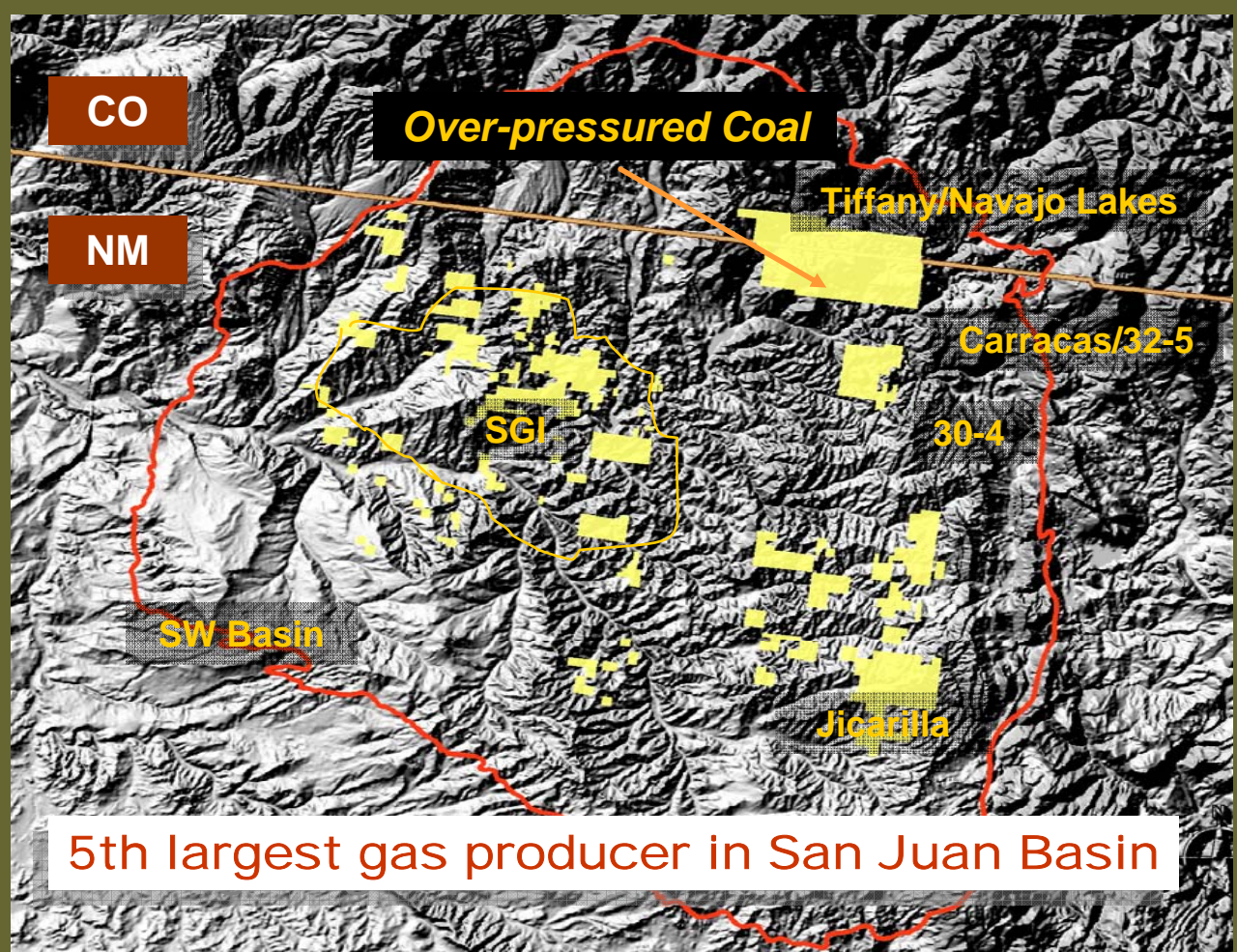
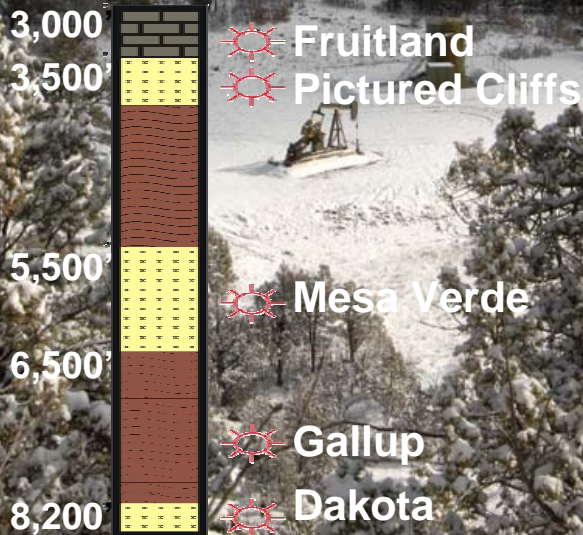
San Juan Basin

Acreage

- Gross 406 M
- Net 314 M

2007e Capital Plans

- \$102 MM
- 69 Net Wells
 - 29 horizontal wells
 - 15 sidetracks



5th largest gas producer in San Juan Basin

Reserves (Bcfe):

Proved	920
Probable	280
Possible	798

2007e Production: 46 Bcfe

Est. Dev. Cost/Mcfe:

Probable	\$ 1.18
Possible	\$ 0.66

Horizontal Wells:

2 Bcf targets for \$2 MM

Vertical Sidetracks:

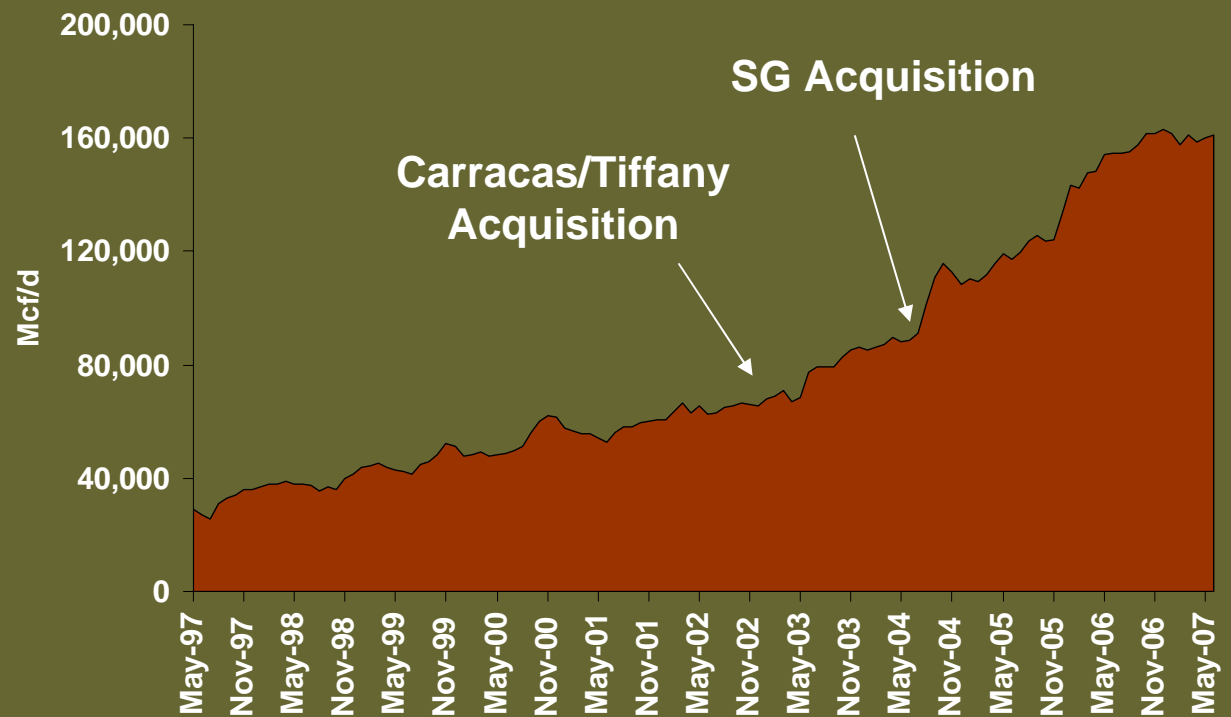
0.75 Bcf @ \$750 M

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Operated Gross Wellhead Volumes

San Juan Basin

- Production growth to 160,000+ Mcfd
- Cumulative Gas Production (5/97-6/07): 289 Bcf



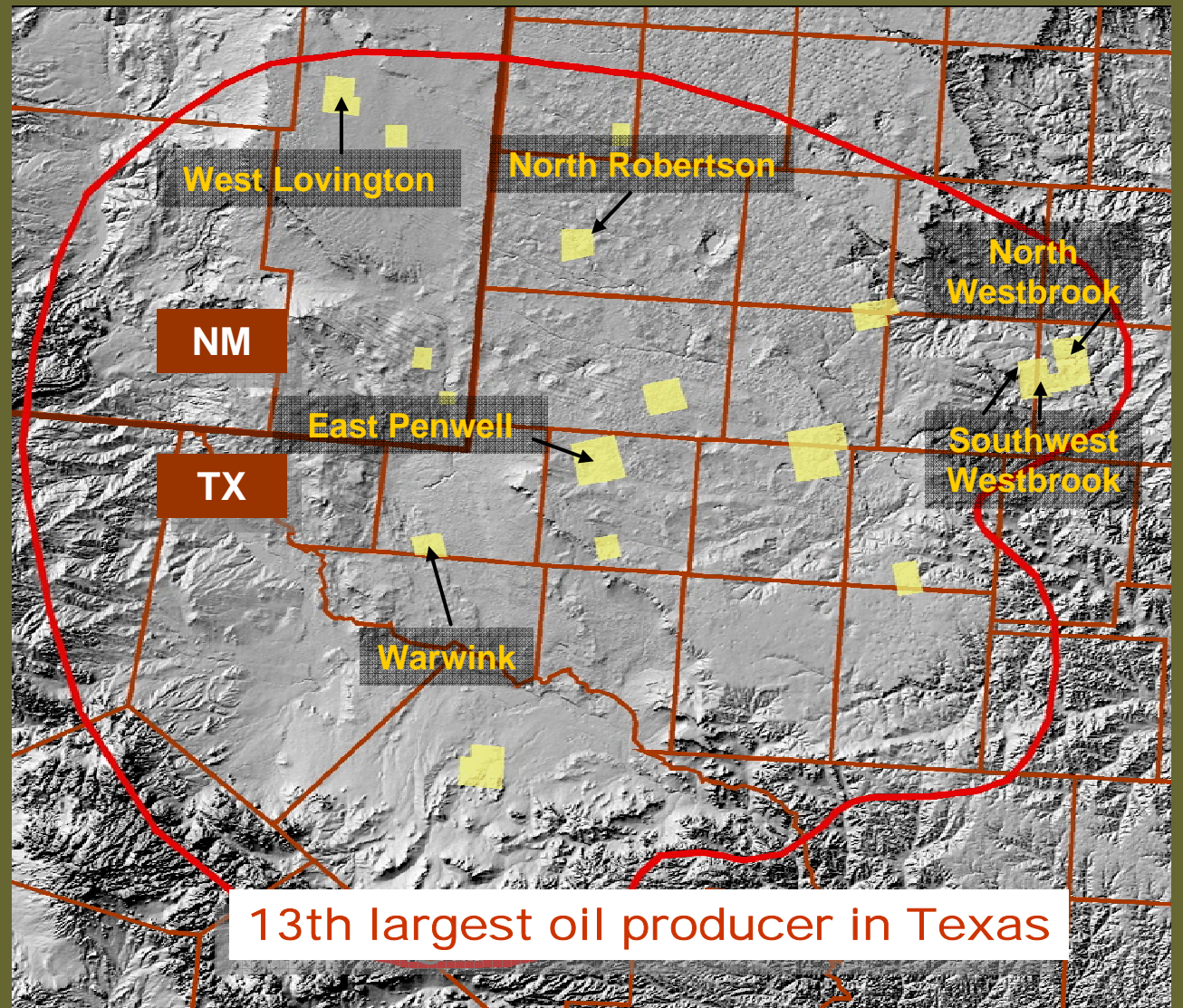
Permian Basin

Acresage

- **Gross** 151 M
- **Net** 93 M

2007e Capital Plans

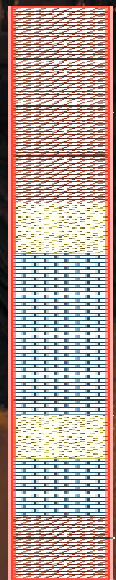
- **\$116 MM**
- **161 Net Wells**
 - **Producing and injection wells**



4,000'
5,000'
6,000'
7,000'

11,000'

12,000'
13,000'



- San Andres
- Glorieta
- Clearfork
- Bone Spring
- Spraberry
- Wolfcamp
- Strawn
- Devonian
- Upper Silurian
- Ellenburger

Reserves (Bcfe):

Proved	497
Probable	254
Possible	460

2007e Production 28 Bcf

Development Cost/Mcfe:

Probable	\$ 1.28
Possible	\$ 1.29

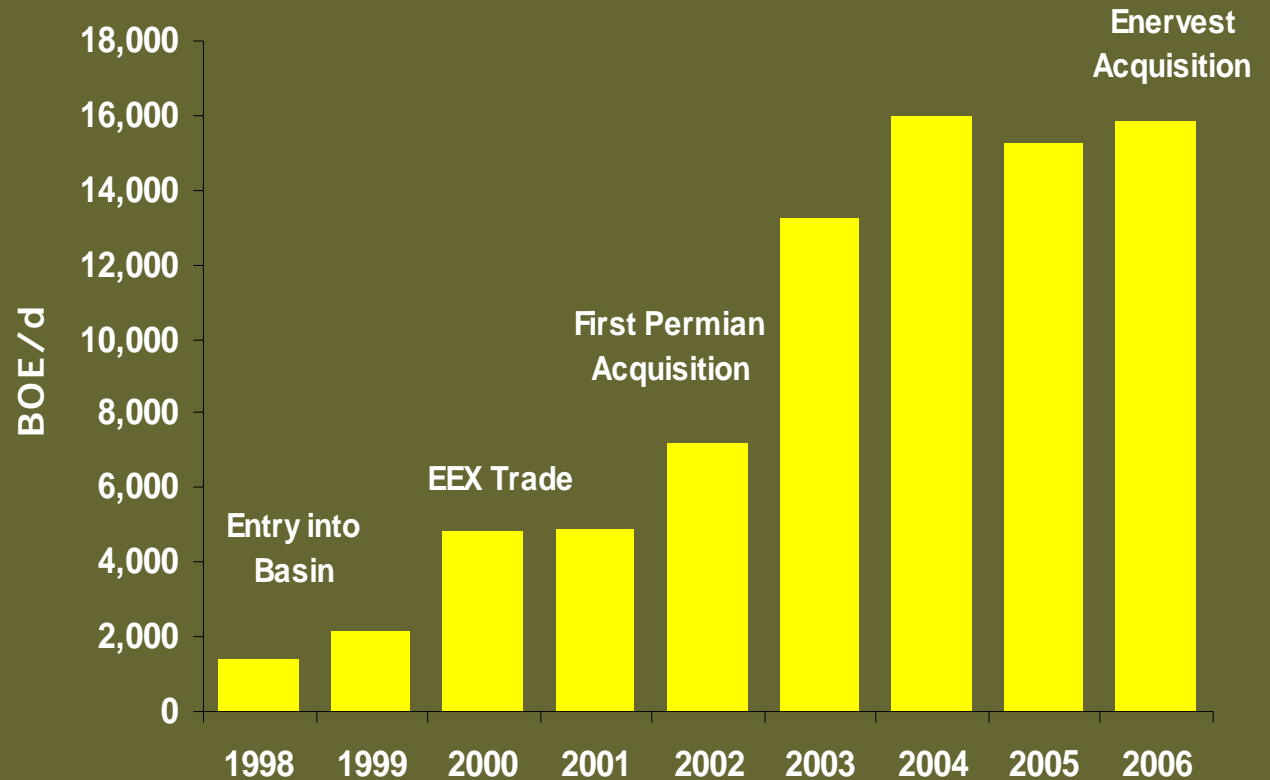
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RESOURCES

Permian Basin: Gross Daily Production

Permian Basin

- Production growth to 16,000 BOE/d



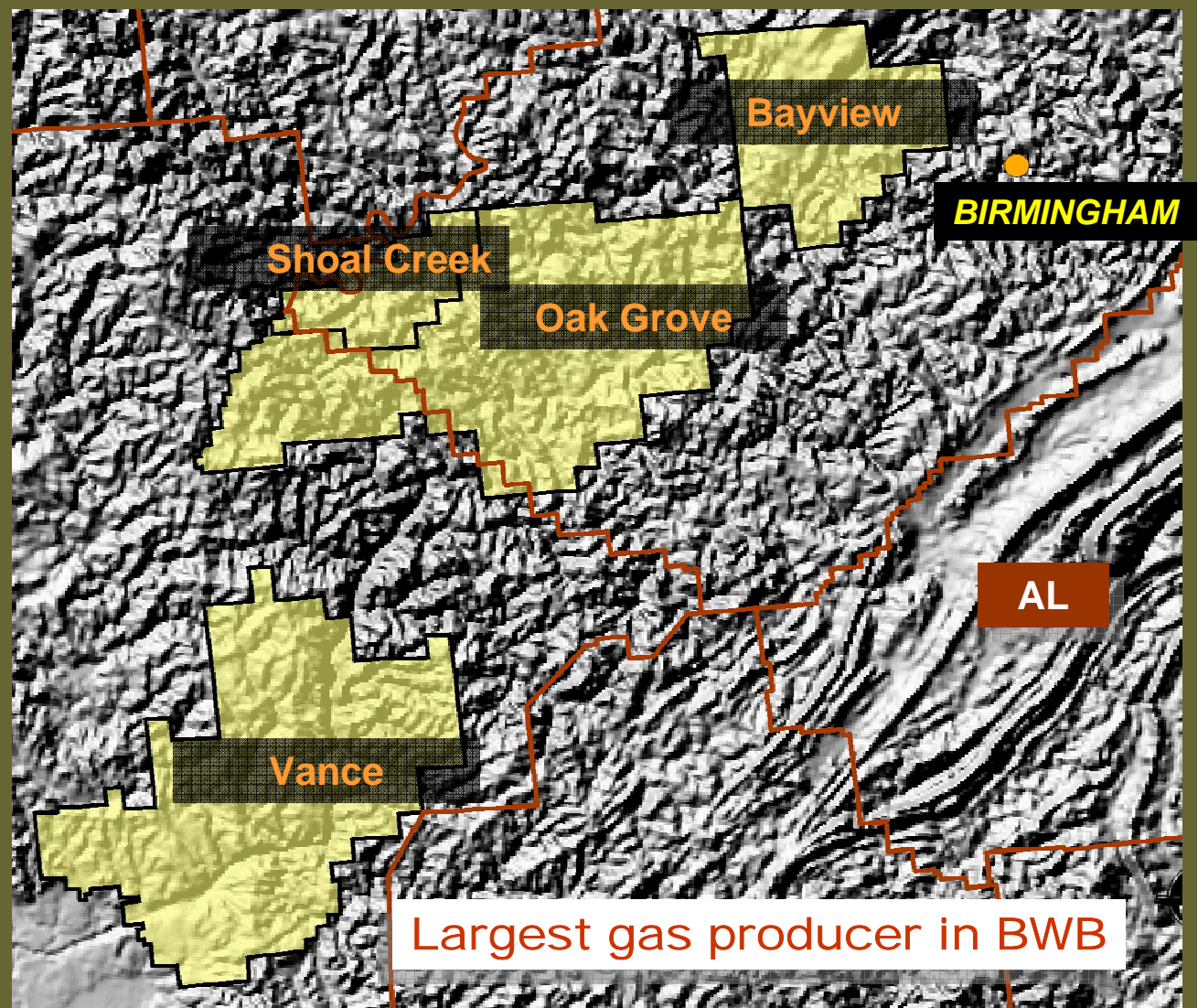
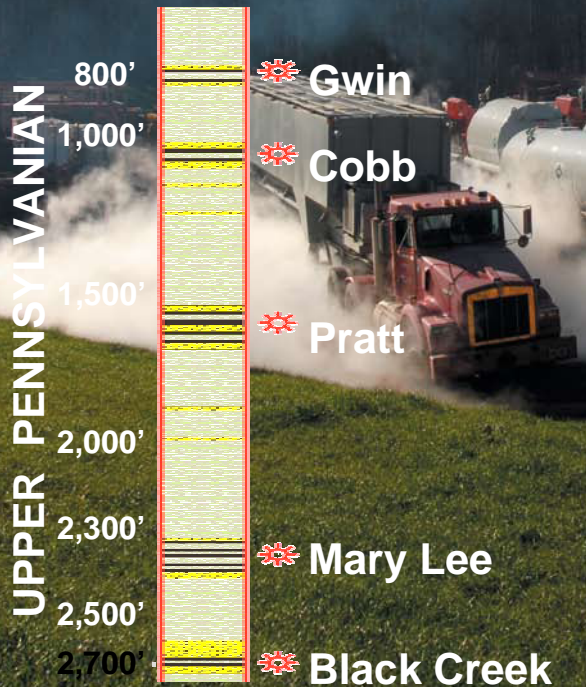
Black Warrior

Acresage

- Gross 173 M
- Net 148 M

2007e Capital Plans

- \$20 MM
- 57 Net Wells



Largest gas producer in BWB

Reserves (Bcfe):

Proved	231
Probable	31
Possible	42

2007e Production 15 Bcf

Development Cost/Mcfe:

Probable	\$ 0.86
Possible	\$ 0.90

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RESOURCES

Proven, Low-Cost Acquirer

San Juan Basin:

- *Dominion – 2006*
- *Private Seller – 2004*
- *BP America – 2003*
- *Burlington – 1997*

Permian Basin:

- *Private Seller – 2005*
- *First Permian – 2002*
- *EEX – 1998*
- *BC Oil & Gas – 1997*

Black Warrior Basin:

- *Amoco – 1997*
- *Burlington – 1996*

No. LA/E. TX:

- *Total Minatome – 1998*

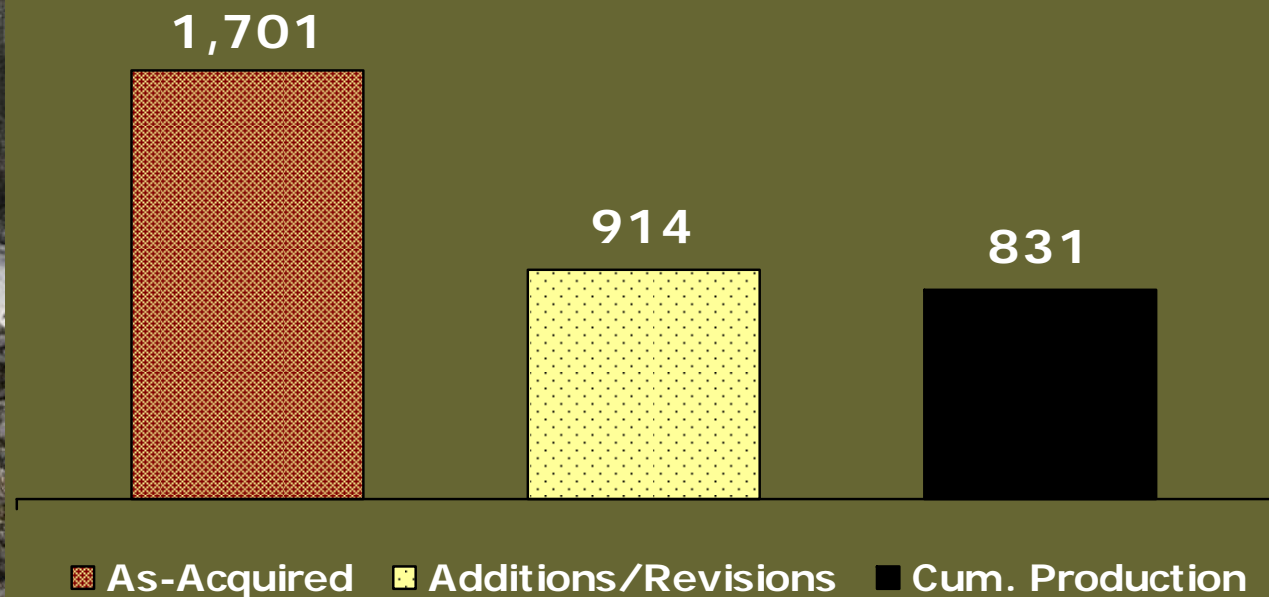
Capital Investment	\$ 1,245 MM
Development Costs to Date	\$ 1,330 MM
Future Development Costs	<u>\$ 435 MM</u>
Total Investment	<u>\$ 3,010 MM</u>
Reserves	2.6 Tcfe
Reserve Replacement Cost	\$1.15/Mcfe

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RESOURCES

Organic Reserve Replacement*

- Reserve additions add 54% to as-acquired reserves
- Reserve additions outpace cumulative production over last 11+ years
- Development well drilling success rate > 95%



* October 1, 1995 – June 30, 2007

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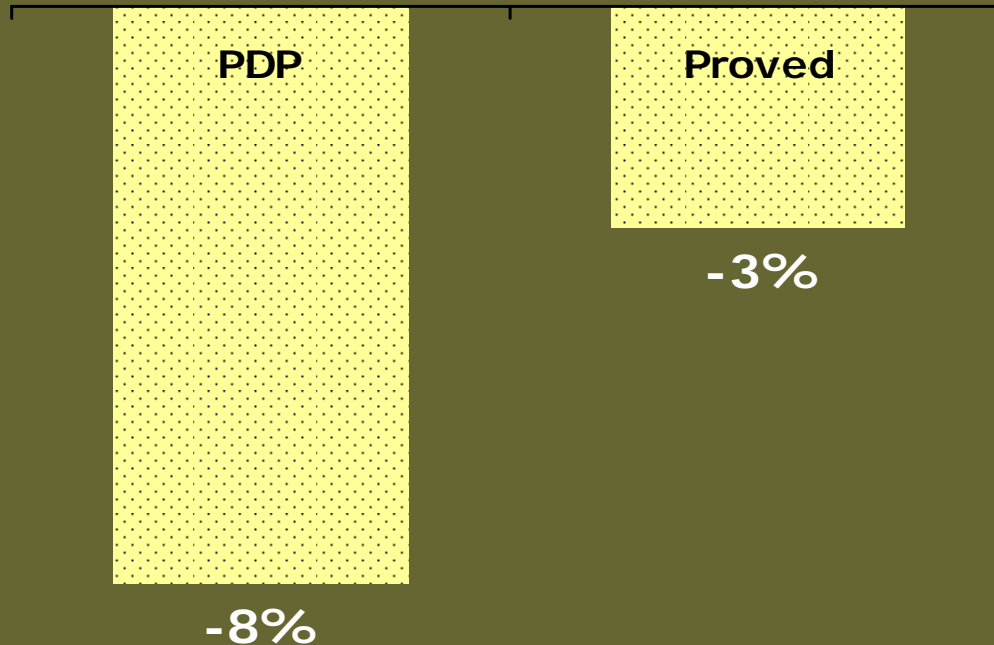
RESOURCES

Modest Decline Rate

4-Year Decline Rate

(2007-2011 est.)

- R/P ratio: 18
- No “treadmill”



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RESOURCES

Major Development Potential Identified

DEVELOPMENT OF UNPROVED RESERVES

- Infill drilling
- Step-out drilling
- Performance improvements
- Horizontal technology
- CO₂ injection

Unrisked

By Basin/Area (Bcfe)

Basin/Area	Prvd (2006)	Probable		Possible	
		Rsrvs	Cost/Mcfe	Rsrvs	Cost/Mcfe
San Juan	920	280	\$ 1.18	798	\$ 0.66
Permian	497	254	\$ 1.28	460	\$ 1.29
Black Warrior	231	31	\$0.86	42	\$ 0.90
N.La/E.Tx/Other	75	25	\$ 3.22	16	\$ 3.88
Total	1,723	590	\$ 1.29	1,315	\$ 0.93

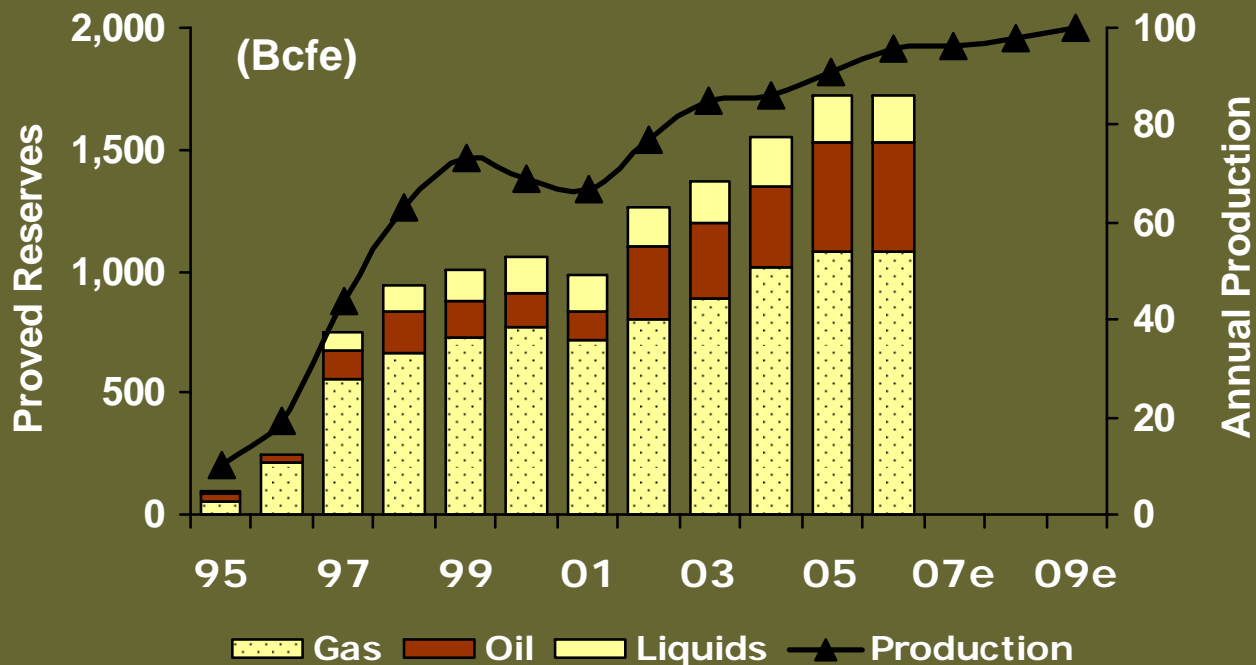
Risked Cost/Mcfe: \$1.83

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RESOURCES

Reserve & Production Growth

- Development of PUD, P2 & P3 reserves expected to generate organic production growth in 2008, 2009.
- Production:
 2007e: 96 Bcfe
 2008e: 98 Bcfe
 2009e: 100+ Bcfe



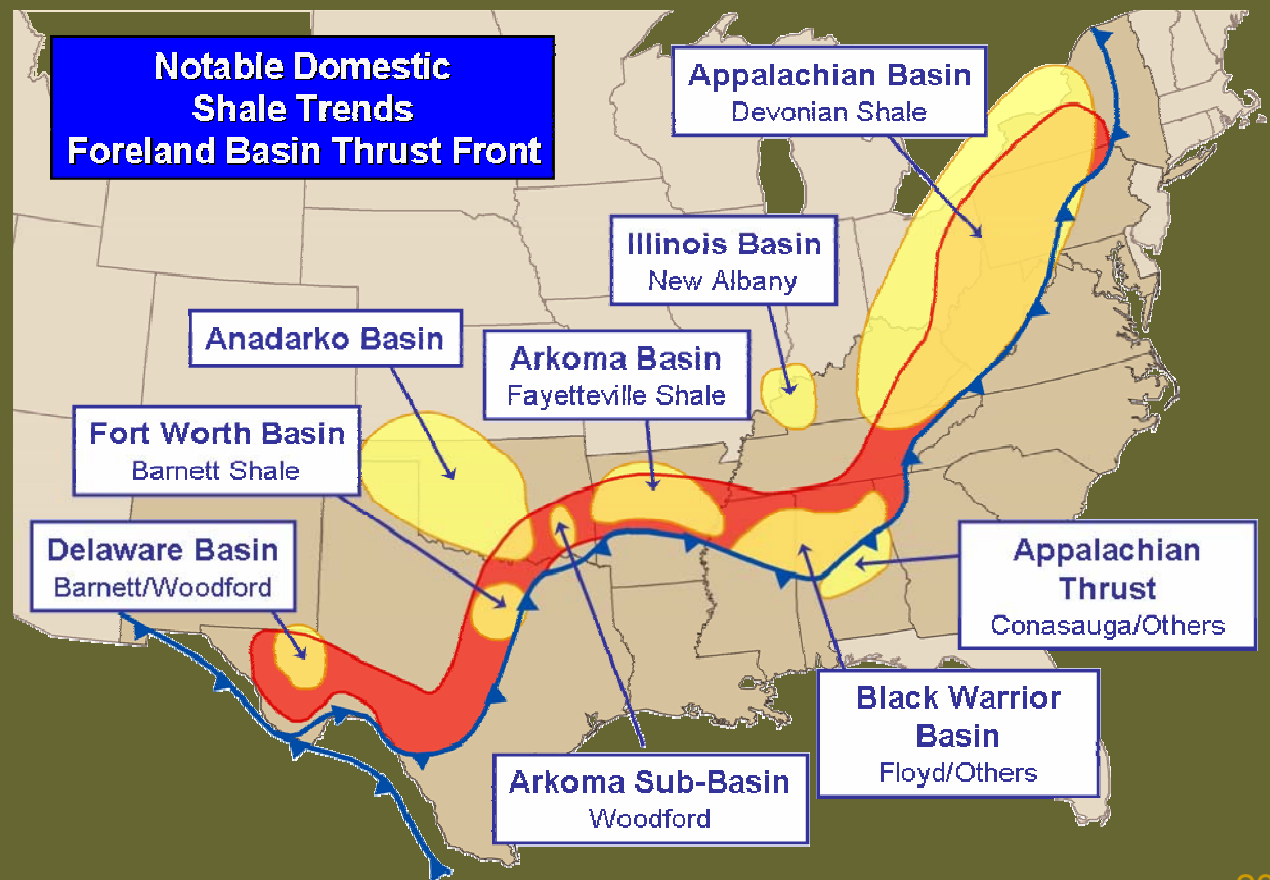
Does not include Alabama shale potential

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RESOURCES

Pursuing Alabama Shales

- **220,000 net acres**
- **Multiple shales**
 - *Conasauga*
 - *Floyd*
 - *Others*
- **5- to 10-well test program to begin 4Q2007**



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RESOURCES

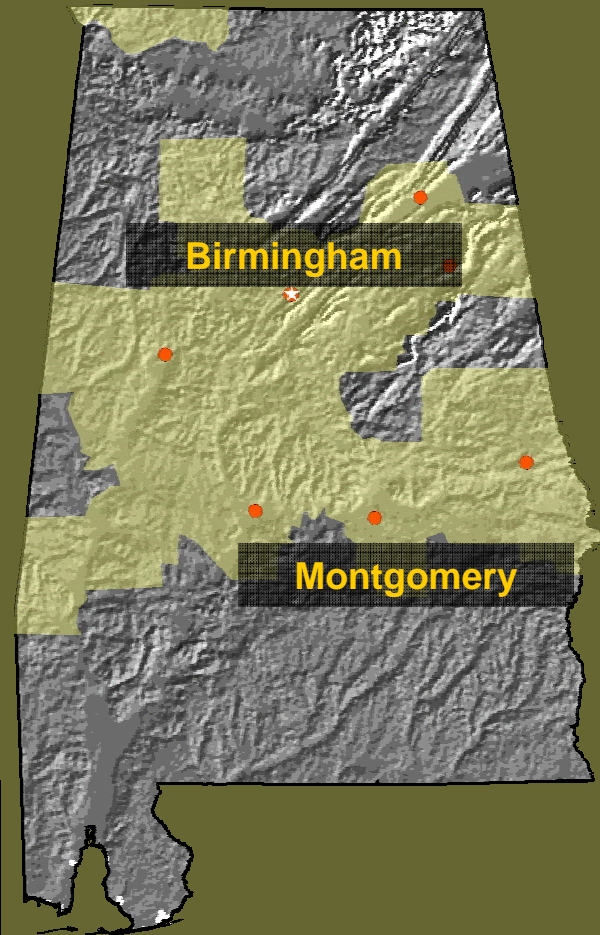
Pursuing Alabama Shales

- **CHK buys 50% interest in ERC's 200,000-acre lease position for \$75 MM cash and first \$15 MM of drilling/testing capital**
- **ERC books 4th quarter 2006 net gain of 47 cents per diluted share**
- **Companies form AML covering AL, parts of GA**
- **Dramatically reduces entrance costs and early risk while retaining upside in potentially high-reward play**

Alagasco

A Premier Natural Gas Utility

- Single-state utility
- 455,000 customers
- Progressive regulation
 - *RSE through, at least, 2008 rate year*
 - *Allowed ROE: 13.15-13.65%*
 - *Forward-looking test year*
 - *Real-time temperature adjustment*

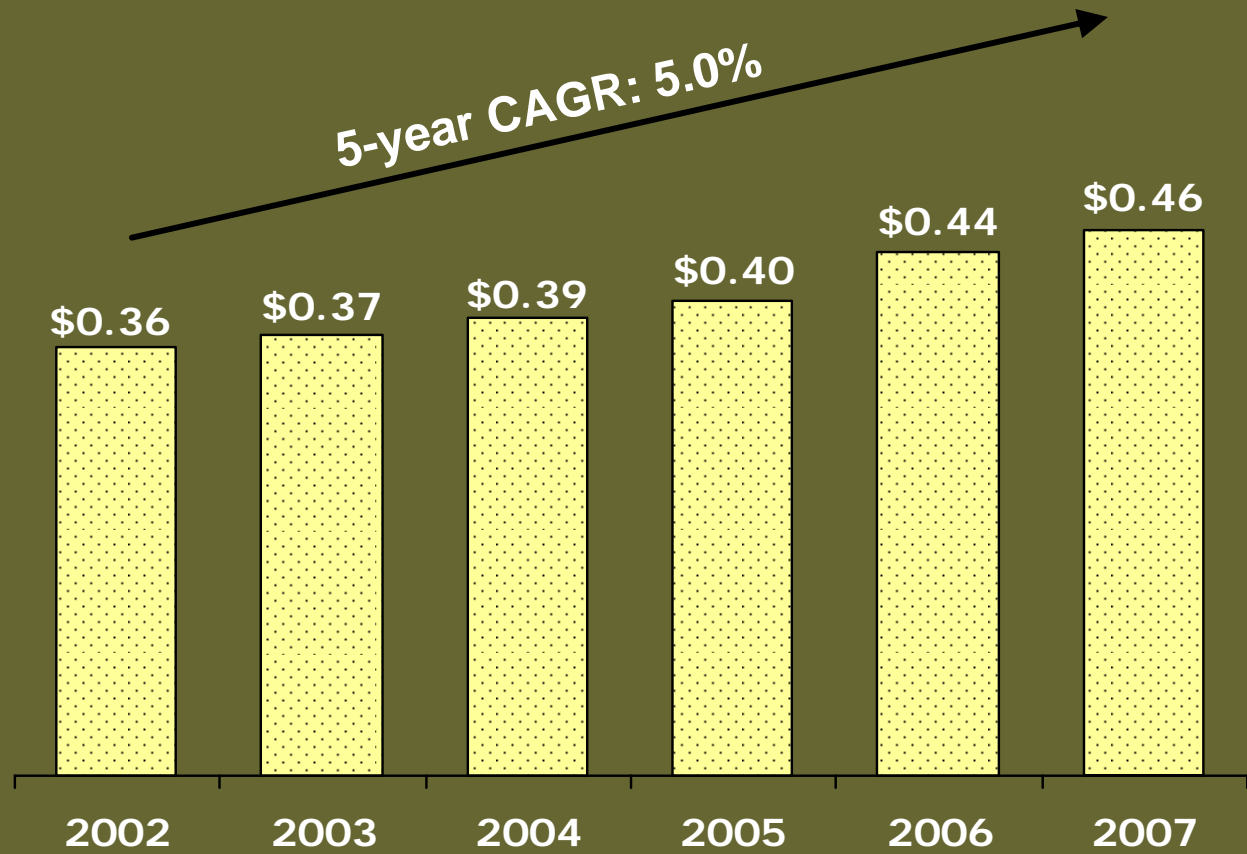


CY ROE(%)	2001	2002	2003	2004	2005	2006
Allowed			13.15 - 13.65			
Earned	11.6	12.3	13.5	12.8	13.5	13.1

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25 Consecutive Years of Dividend Growth

- **January 2007:**
Dividend raised 4.5%
- **Alagasco funds**
Energen's dividend at
utility payout of
65%+
- **Energen Resources**
makes small payout
contribution.



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Creating Growth & Value

- Lower-risk Energy Investment Opportunity
- Growing Cash Flows
- Capital Allocation Options
- Excellent Fundamentals
- Proven Track Record

ENERGEN

Creating Growth & Value

James McManus

CEO & President

Chuck Porter

VP, CFO & Treasurer

Julie Ryland

VP – Investor Rels.

205.326.8421

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ATCF Reconciliation to GAAP

Reconciliation To GAAP Information (\$ in millions)

	Years Ended 12/31						
	2006 Actual	2007 Estimate (a)		2008 Estimate (a)			
Net Income (GAAP)	274	280	—	305	265	—	295
Depreciation, depletion and amortization	142	160	—	160	180	—	180
Deferred income taxes, net	98	0	—	0	50	—	50
After-tax Cash Flows (Non-GAAP)	514	440	—	465	495	—	525
Changes in assets and liabilities and other adjustments	(31)	(10)	—	(10)	10	—	20
Net Cash Provided by Operating Activities (GAAP)	483	430	—	455	505	—	545

(a) The U.S. Securities and Exchange Commission (SEC) requires public companies, such as Energen, to reconcile Non-GAAP (GAAP refers to generally accepted accounting principles) financial measures to related GAAP measures. After-tax Cash Flow is a Non-GAAP financial measure. Energen believes after-tax cash flow is relevant because it is a measure of cash available to fund the company's capital expenditures, dividends and to service its debt.

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ERC ATCF Reconciliation to GAAP

Reconciliation To GAAP Information (\$ in millions)

	Years Ended 12/31						
	2006 Actual	2007 Estimate (a)		2008 Estimate (a)			
Net Cash Provided by Operating Activities (GAAP)	483	430	—	455	505	—	545
Changes in assets and liabilities and other adjustments	31	(10)	—	(10)	(10)	—	(20)
After-tax Cash Flows (Non-GAAP)	514	440	—	465	495	—	525
Less: AGC cash flows from operations (GAAP)	(84)	(95)	—	(95)	(89)	—	(89)
Adj. Cash Flows from Operations Excluding Alagasco (Non-GAAP)	430	345	—	370	406	—	436

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