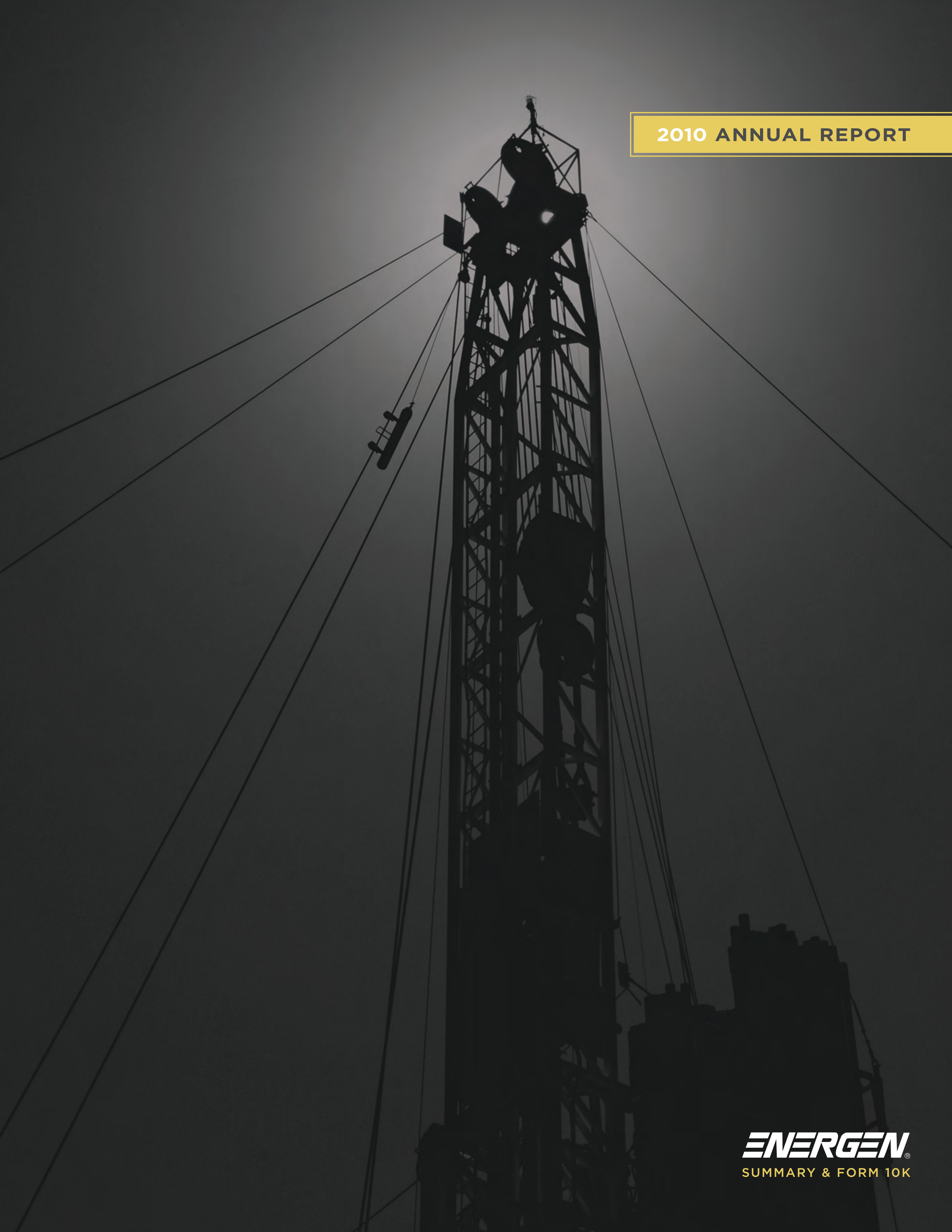


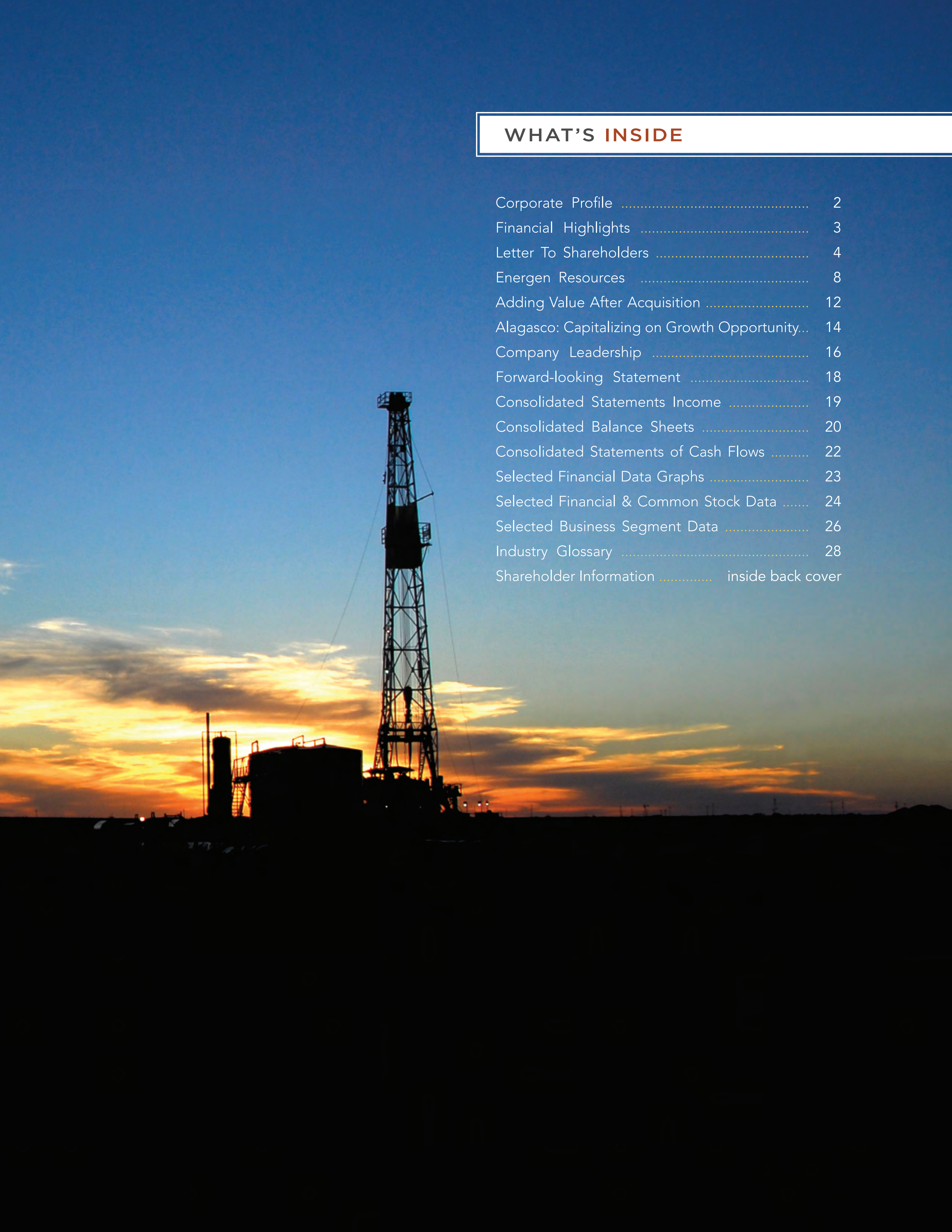
2010 ANNUAL REPORT

ENERGEN®

SUMMARY & FORM 10K

ABOUT THE COVER

Drilling in the Permian Basin is the focus of Energen Corporation's capital investment plans for 2011. The company acquired three properties in this west Texas oil basin in 2010 for approximately $370 million and expects to invest more than $1.2 billion to explore for and develop the associated Wolfberry and 3rd Bone Spring potential. Energen will have a company record 14-15 rigs working in the Permian Basin in 2011 to drill approximately 350 wells.



WHAT'S INSIDE

CORPORATE PROFILE

Energen Corporation

A diversified energy company headquartered in Birmingham, Alabama, Energen Corporation is a growing oil and gas exploration and production company complemented by its legacy natural gas distribution business. Energen capitalized on its balance sheet strength and financial capacity in 2010 by acquiring three Permian Basin oil properties with substantial development and exploration potential. Over the next several years, Energen plans to continue its focus on the production of oil and natural gas liquids given the price strength of oil relative to natural gas.

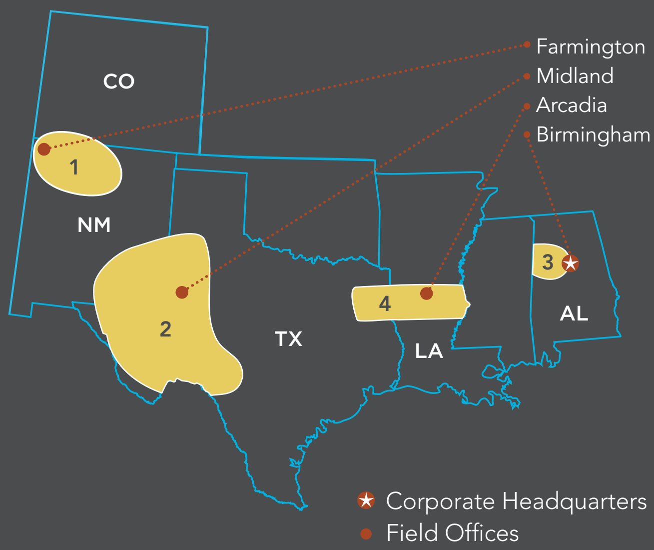
Energen Resources Corporation

The driver of Energen's long-term growth is its oil and gas exploration and production subsidiary, Energen Resources Corporation, a top 25 independent producer (on the basis of U.S. proved reserves). Energen Resources' proved reserves at year-end 2010 totaled a record 303 million barrels of oil equivalents (MMBOE); 45 percent are located in the San Juan Basin in New Mexico and Colorado and 44 percent are in the Permian Basin in west Texas. Energen Resources produced a record 18.8 MMBOE of oil, gas, and natural gas liquids in 2010 and estimates that 2011 production will rise 9 percent to 20.5 MMBOE.

Alabama Gas Corporation

As Energen's regulated subsidiary, Alabama Gas Corporation (Alagasco) provides Energen with the strength and stability of a mature natural gas utility. Alagasco is the largest natural gas distributor in Alabama, providing clean-burning, energy-efficient natural gas to more than 435,000 homes, businesses, and industries.

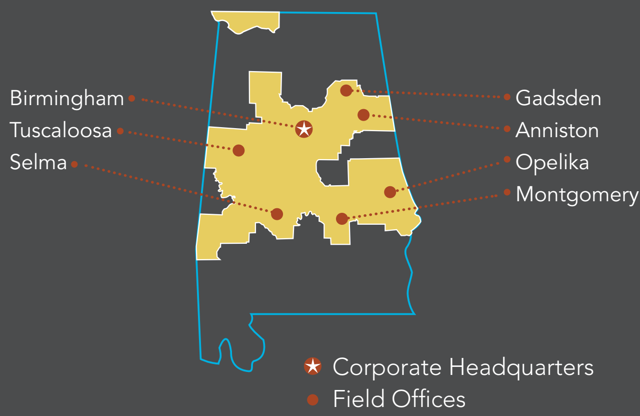
Oil & Gas Reserve Locations



Area	Reserves (Bcfe)
1. San Juan Basin	815
2. Permian Basin	797
3. Black Warrior Basin	155
4. N. LA /E. TX /Other	51
TOTAL	1,818

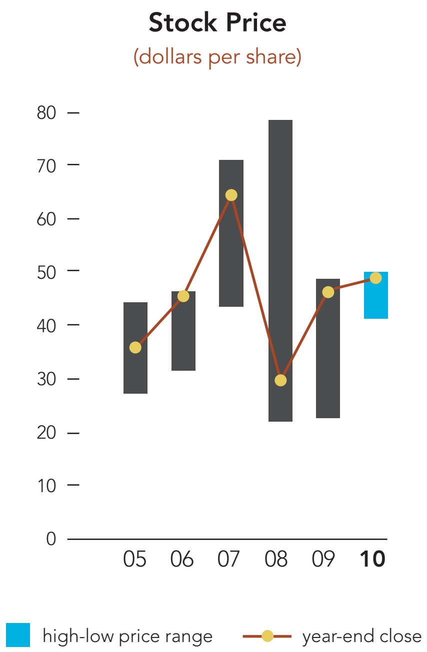
Proved reserves at 12/31/10

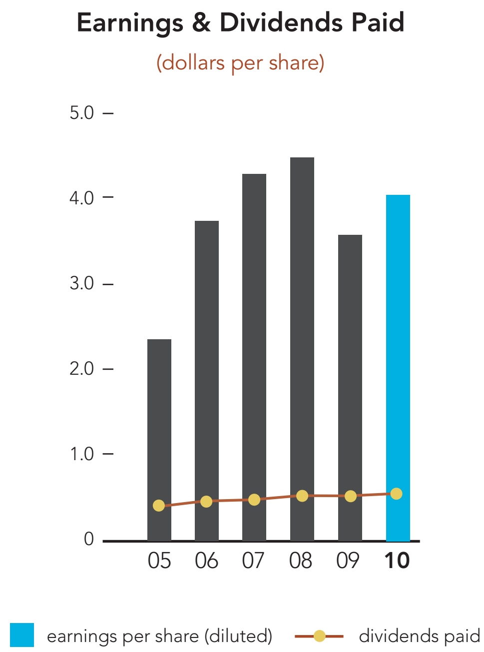
Utility Service Area



FINANCIAL HIGHLIGHTS

	2010	2009	% change
Financial (dollars in thousands)			
Net income	$ 290,807	$ 256,325	13.5
Return on average equity (%)	13.6	12.8	6.3
Revenues	$ 1,578,534	$ 1,440,420	9.6
Total assets	$ 4,363,560	$ 3,803,118	14.7
Shareholders' equity	$ 2,154,043	$ 1,988,243	8.3
Long-term debt	$ 405,254	$ 410,786	(1.3)
Capital expenditures	$ 811,348	$ 505,208	60.6
Proved oil and gas reserves (MBOE)	302,928	257,811	17.5
Per Share			
Earnings per average common share (diluted)	$ 4.04	$ 3.57	13.2
Dividends paid	$ 0.52	$ 0.50	4.0
Book value	$ 29.96	$ 27.71	8.1
Other			
Average common shares outstanding (diluted)	72,050,997	71,885,422	0.2
Shares outstanding at year end	71,887,374	71,757,223	0.2
Shareholders of record	6,267	6,722	(6.8)
Number of employees at year end	1,533	1,513	1.3





LETTER TO SHAREHOLDERS

Energen Corporation capped its 15-year-old strategy to grow its oil and gas exploration and production business by doing in 2010 what it has done successfully and repeatedly: Acquiring properties with significant inventories of proved undeveloped and unproved reserves.

Backed by substantial cash flows and an equity-rich balance sheet, Energen purchased three Permian Basin properties in 2010 for approximately $370 million and plans to invest another $1.2 billion dollars over the coming years to develop the associated 3rd Bone Spring and Wolfberry oil potential. Success in the emerging Avalon oil shale play, which was also acquired in conjunction with the Bone Spring acreage, could push our ultimate capital investment – and acquisition returns – still higher.

It was no accident that our 2010 purchases were in the oil-rich Permian Basin of west Texas. For the last couple of years, we have refocused our capital spending for both acquisitions and development to properties high in oil and natural gas liquids (NGL) content. We believe liquids are a better value proposition for shareholders for the foreseeable future given the price strength of oil relative to natural gas. As production from prolific gas shale plays increases, natural gas supplies continue to out-strip demand and, thereby, place downward pressure on the price of the commodity.

Capital Spending Expected to Rise in 2011

At Energen Resources, our oil and gas exploration and production subsidiary, about 75 percent of our capital spending in existing properties in 2010 targeted the Permian Basin, and we plan to invest more than 80 percent of our planned capital there in 2011 as we drill on our recently acquired properties. At the same time, we continue to focus our natural gas drilling activities on low-cost Fruitland Coal wells in the San Juan Basin. With a finding-and-development cost of only about $1 per thousand cubic feet equivalent (Mcfe), these wells provide attractive returns even in a low gas-cost price environment.

Energen Resources invested $372 million of capital in 2010, excluding acquisitions. We estimate that our non-acquisition capital spending in 2011 will increase to a record $667 million. Our current plans are to run 14-15 rigs to drill some 350 wells in the Permian Basin, including 156 Wolfberry wells and 13 Bone Spring wells. Our planned investment in 2011of $83 million in the San Juan Basin is relatively flat and includes the drilling of 45 wells.

At Alabama Gas Corporation (Alagasco), our natural gas utility, we expect to invest approximately $75 million in 2011, primarily for normal system needs and technology enhancements designed to further improve customer service.

On a consolidated basis, 2011 capital spending is estimated to exceed our cash flows; however, our balance sheet remains very strong, and we estimate that our debt-to-total capitalization at year-end will still be less than 25 percent.

To better facilitate our short-term capital needs in the coming years, we replaced our one-year, bilateral lines of credit with three-year, senior unsecured, revolving credit facilities that total $1 billion. An $850 million facility is available to Energen for oil and gas acquisitions and development and other corporate needs; Alagasco has a $150 million facility.

Proved Reserves Increase 17.5%

The results of our Permian Basin focus can be seen in the big gains in proved reserves there at year-end 2010. Now totaling a record 303 million barrels of oil equivalents (MMBOE) – that's 1.8 trillion cubic feet in natural gas equivalents – our proved reserves at year-end 2010 increased 17.5 percent from 2009. In the Permian Basin alone, proved reserves rose 44 percent to 132.8 MMBOE.

The Permian Basin now is home to 44 percent of the company's total proved reserves, up from 36 percent at the end of 2009. Another 45 percent of our proved reserves are in the San Juan Basin, while 8 percent are in our legacy coalbed methane fields in Alabama's Black Warrior Basin. Natural gas comprises 53 percent of our proved reserves, with oil and NGL making up the other 47 percent.

"We believe liquids are a better value proposition for shareholders for the foreseeable future given the price strength of oil relative to natural gas."

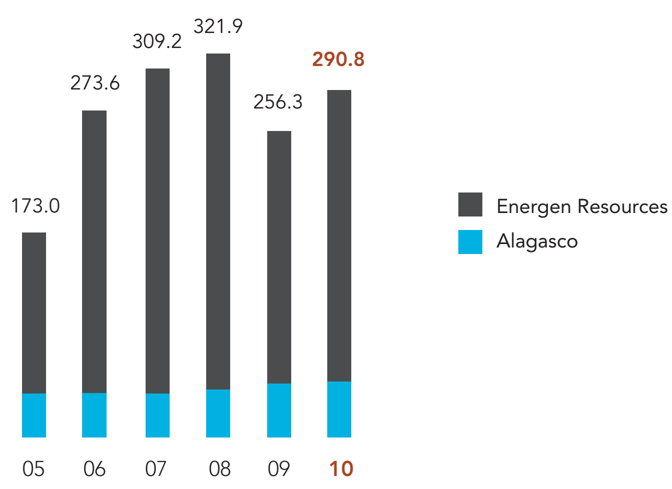
Oil Drives Estimated Production Growth

Permian Basin production increased 9 percent in 2010 and is estimated to rise another 27 percent in 2011. Based on the pace of development drilling and the risking incorporated into our acquisition models, our oil and NGL production could increase some 60 percent over the next three years (2010-2013). As our Avalon shale potential is not reflected in this estimate, success in this emerging play could generate even more oil and NGL production growth.

In total, 2010 production increased 2 percent from 2009 to 18.8 MMBOE. Permian Basin production increased in 2010 largely due to the June 2009 acquisition of Range Resources Corporation's interests in the Fuhrman-Mascho field and new waterflood development in the North Westbrook Unit. Our San Juan Basin production increased 3 percent largely due to new well development and better-than-expected performance from certain Fruitland Coal wells. Production declines in the Black Warrior Basin and other areas reflected our capital investment focus in the Permian Basin and normal property declines.

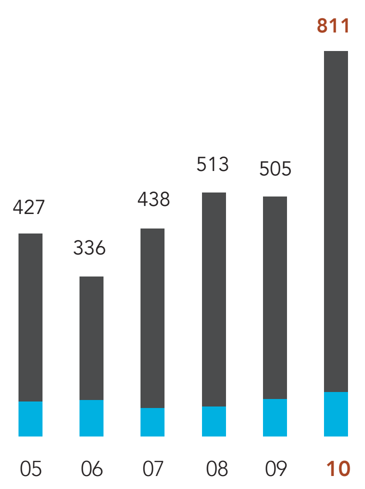
Consolidated Net Income

(dollars in millions)



Capital Expenditures

(dollars in millions)



We estimate that Energen Resources' 2011 production will set a new company record at approximately 20.5 MMBOE (123 Bcfe). This reflects an aggregate increase of 9 percent, with natural gas production remaining essentially flat while oil and NGL production increases 25 percent and 10 percent, respectively. We expect our total liquids production in 2011 to comprise approximately 41 percent of total production.

Alabama Shales Verdict: Poor Reservoir Quality

We completed in 2010 our testing of the Conasauga and Chattanooga shales that we had been pursuing in Alabama for several years. We kept looking for encouragement from the formations, but our best efforts indicated that production from either one was not economically viable because of poor reservoir quality.

In other words, we believe the formations were not permeable or porous enough to allow for the economic production of natural gas. As a result, we incurred a non-cash, after-tax write-off of capitalized unproved leasehold that totaled $24.75 million, or 34 cents per diluted share.

Success was never guaranteed, and I believe we pursued the opportunities presented by Alabama shales in a manner that minimized risked. In 2006 we sold one-half of our lease position (200,000 acres at the time) to Chesapeake Energy Corporation and recorded a $55 million gain. Our subsequent investment in leasehold, drilling, and completion approximated that amount. In short, we essentially got a 'free' look at these intriguing shales.

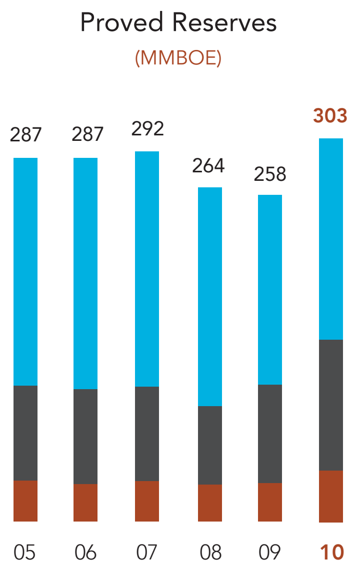
Earnings Grow in 2010

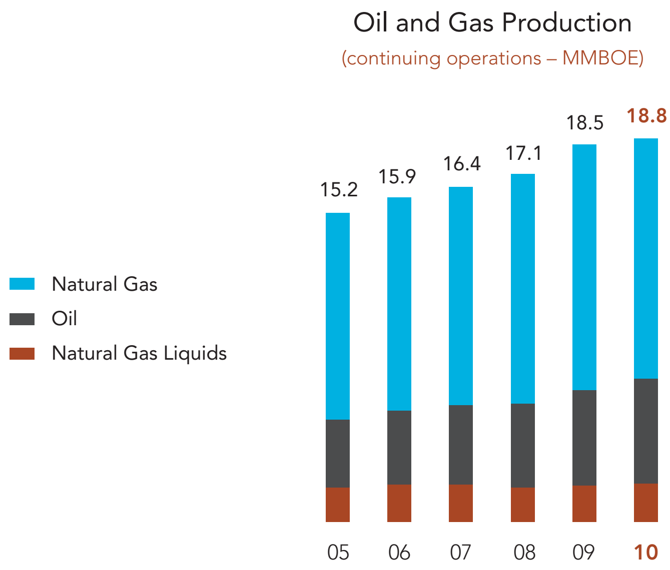
Net income in 2010 totaled $290.8 million, or $4.04 per diluted share, and compared with earnings of $256.3 million, or $3.57 cents per diluted share, in 2009. Excluding the shale acreage write-off, our net income totaled $315.6 million, or $4.38 per diluted share. This 23 percent increase in year-over-year earnings largely was due to the impact of higher realized oil and natural gas prices and increased production on the earnings of Energen Resources. Energen Resources' net income in 2010 totaled $245.3 million ($270.1 million excluding the write-off) as compared with 2009 net income of $212.1 million.

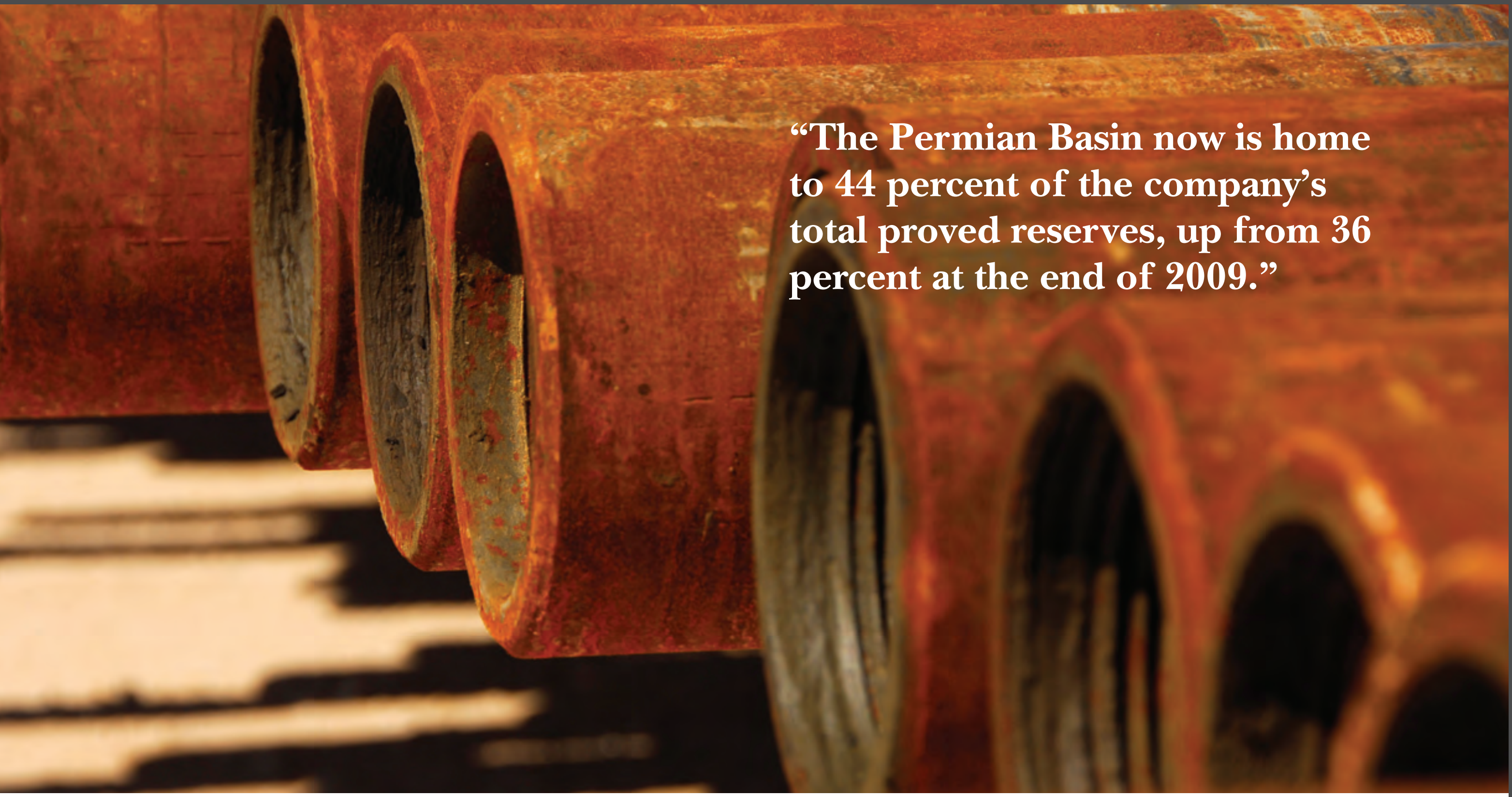
Alagasco's 2010 net income totaled $46.9 million and compared with $45.4 million in 2009. This slight increase primarily reflected the utility's ability to earn on a higher level of equity largely offset by the timing of rate recovery and revenue reductions under Alagasco's rate-setting mechanism.

Prices to Impact 2011 Earnings

As we go to press in late February, we estimate that our 2011 earnings will range from $3.35-$3.75 per diluted share and that our after-tax cash flows will range from $664-$693 million. Much of Energen Resources' earnings and cash flows in 2011 are protected from commodity price volatility as a result of our traditional use of financial hedges to minimize price risk; at present, approximately 69 percent of our estimated 2011 production is hedged. Energen Resources is expected to comprise more than 80 percent of consolidated earnings in 2011.







The reason we expect 2011 earnings to decline from 2010 levels is because we had higher-priced hedges on greater volumes in 2010. Our guidance assumes that commodity prices applicable to our unhedged production in 2011 will be $4.25 per Mcf of natural gas, $80 per barrel of oil, and 83 cents per gallon of NGL. Our earnings guidance offers room for upside potential from oil prices that are currently higher than our assumed price. In addition, guidance does not include the potential impact of possible acquisitions and/or divestitures.

Board Raises Dividend for 29th Year

Your Board of Directors increased Energen's quarterly dividend in January 2011 for the 29th year in a row. The new annual dividend rate is 54 cents per share and reflects a five-year, compound annual growth of 4.2 percent.

Energen's dividend primarily is supported by Alagasco, which typically pays out to shareholders 65-85 percent of its net income. From time to time, Energen Resources may contribute a small amount to the dividend, but our preference is to reinvest those dollars into our growing oil and gas exploration and production business.

Energen Comes a Long Way in 15 Years

Energen's major strategic shift to grow its oil and gas exploration and production business got under way in fiscal 1996. In the ensuing 15 years, we have grown our proved oil and gas reserves from less than 16 MMBOE to 303 MMBOE today. Our annual production has increased from 1.7 MMBOE to 18.8 MMBOE. Our market capitalization has morphed from less than $240 million to more than $4.3 billion today, and our common stock has generated a total shareholder return of almost 18 percent a year on an annualized basis.

And prospects of exciting times are still ahead.

Over the last 18 months, we have laid the groundwork for enhancing shareholder value in a meaningful way at a time when many companies are struggling with financial constraints. In 2011 we will continue to execute on our plans and are very excited about the heightened level of activity we see for Energen in the coming years.

James T. McManus II

James T. McManus, II
Chairman & Chief Executive Officer

February 28, 2011

PERMIAN BASIN ACTIVITY RAMPS UP

Energen Resources picked up significant acreage in two developing oil plays in the Permian Basin during 2010. For approximately $370 million in up-front acquisition costs, Energen acquired some 1,000 BOE per day of production and more than 19,000 net acres in the Wolfberry play and 21,300 net acres prospective for the 3rd Bone Spring play. While both plays have associated natural gas, the bulk of the production is oil and NGL. For the next several years, Energen Resources will be actively drilling in these areas and plans to invest more than $1.2 billion along the way.

The 3rd Bone Spring trend is a horizontal drilling play at vertical depths of 10,500-11,500 feet. Our lateral lengths will span approximately 3,500-4,500 feet and be completed by 8- to 10-stage hydraulic fracturing. The typical 3rd Bone Spring well has estimated ultimate recoveries (EUR) of 400-500 MBOE; and our completed well cost is targeted to be approximately $7.5 million per well. Our acreage position is in Loving, Ward, Winkler, and Reeves counties in west Texas.

Energen Resources has drilled and completed nine 3rd Bone Spring wells in Ward and Winkler counties and participated in another 23 wells; we plan to drill 13 net Bone Spring wells in 2011. We first became familiar with 3rd Bone Spring production in the late 1990s through our 50 percent non-operated interest in early Bone Spring exploration in the Warwink Field in Ward and Winkler counties, Texas. At the time, the field was developed by drilling vertically.

After acquiring 50 percent interest in the field, operator Cimarex Energy Company in 2006 began redeveloping the Warwink Field by drilling lateral lengths out of existing vertical wellbores; we liked the results and began acquiring our own leases in the area. As operator, we drilled our first horizontal 3rd Bone Spring well in 2009.

While we expect 21,300 net acres that we acquired from SandRidge Energy Inc. to be prospective for the 3rd Bone Spring, the total leasehold we purchased was 40,000 net acres. We believe the entire 40,000 areas could be prospective for the Avalon shale, an emerging play in the Delaware Basin. We did not assign value to the Avalon potential when modeling the acquisition. So, a successful Avalon shale play would substantially boost our returns.

At approximately 8,000-9,000 feet, the Avalon shale is found at shallower depths than 3rd Bone Spring sands and, potentially, will cost less to drill. At the same time, while underscoring that exploration is still in the early stages, we believe Avalon shale well EURs could range from 300-400 MBOE. Our 2011 capital plans call for drilling at least one Avalon shale well.

Subsequent to the SandRidge acquisition, Energen Resources purchased three-year leases on approximately 17,000 net acres in the Bone Spring and Avalon shale trends from various Texas agencies and other entities. The cost was $15.3 million.

ENERGEN RESOURCES HIGHLIGHTS

	2010	2009	2008
Financial (dollars in thousands)			
Operating Revenues	$ 958,762	$ 822,546	$ 914,132
Net Income	$ 245,325	$ 212,133	$ 282,687
Capital Expenditures	$ 717,782	$ 427,399	$ 449,571
Operations			
Reserves			
Natural Gas (MMcfe)	954,387	897,546	1,038,453
Oil (MBOE)	103,262	77,963	62,034
Natural Gas Liquids (MBOE)	40,601	30,257	28,953
Production			
Natural Gas (MMcfe)	70,924	72,337	67,573
Oil (MBOE)	5,131	4,690	4,114
Natural Gas Liquids (MBOE)	1,880	1,791	1,683

Energen Resources acquired significant acreage positions in two developing oil plays in the Permian Basin during 2010. The company plans to drill 156 Wolfberry wells and 13 Bone Spring wells in 2011. Pictured here is an acquired Wolfberry well in Martin County, Texas, in the heart of the Permian Basin.

The San Juan Basin in New Mexico and Colorado is home to 45 percent of Energen Resources' proved reserves at year-end 2010. The focus of Energen Resources' operations there is the horizontal drilling of Fruitland Coal wells.

Together with our existing property, we estimate that Energen Resources now has approximately 50,000 net undeveloped acres with 150 potential Bone Spring locations and approximately 80,000 net undeveloped acres with 250 potential Avalon shale locations. These drilling locations are based on 320-acre spacing.

Wolfcamp + Spraberry = Wolfberry

Our two new Wolfberry packages were acquired from private sellers and located in Martin, Glasscock, and Reagan counties. The Wolfberry is a tight-oil resource play in the Midland Basin Platform that produces from traditional Spraberry reservoirs as well as from the thick, tight Wolfcamp carbonate.

The Wolfberry play is drilled vertically and has a completion interval up to 3,000 feet at depths of 7,500 - 10,500 feet. Based on our experience prior to these acquisitions, the EUR of a target Wolfberry well is 125 - 175 MBOE. Completed well costs currently are about $1.8 million.

Energen Resources drilled some 30 Wolfberry wells in 2010 and plans to drill 156 more wells in 2011. Overall, we estimate our total Wolfberry position in the Permian Basin to be 26,300 net undeveloped acres with 650 potential drilling locations based on 40-acre spacing.

Other activity planned for 2011 includes the drilling of 47 wells in the San Andres formation in the Fuhrman-Mascho Field and continued expansion of our waterflood operations in the Middle and Upper Clear Fork formations in and around the North Westbrook Unit (see feature article on page 12). In the San Juan Basin, we plan to drill 45 wells; our primary focus is low-cost horizontal Fruitland Coal wells. We estimate that capital spending for our existing properties will reach a record $639 million in 2011, and more than 80 percent – $557 million – will be invested in the Permian Basin.

Although we have traditionally focused on domestic natural gas, Energen Resources has had a meaningful presence in the oil fields of the Permian Basin for some time now. Oil has represented 20-25 percent of our annual production since 2004, and oil and NGL production combined has represented approximately 35 percent. Given our focus on the Permian Basin since 2009, our mix of liquids-to-gas is growing. By the end of 2011, we estimate that oil and liquids will represent 41 percent of production and, absent an unexpected rebound in natural gas prices, could easily grow to 45 percent of our total production in 2013.

ADDING VALUE AFTER ACQUISITION

The acquisition of oil and gas properties is a critical part of Energen's 15-year-old strategy to significantly grow its oil and gas exploration and production business. A second critical part is the exploitation and development of those acquired properties. By getting more reserves and production from an acquisition than it paid for, Energen Resources has historically added substantial value post-acquisition.

Energen Resources' waterflood operations to enhance oil recovery in the North Westbrook Unit (NWBU) in the Permian Basin are a perfect example of the company's expertise in this area. "It takes a special talent to bring back a decades-old oil field to production beyond its former glory," noted *Oil & Gas Investor* magazine in its August 2010 issue. "But Energen Resources Corporation accomplished just such a feat..." The industry publication recognized that "special talent" by selecting Energen Resources as the 2010 recipient of the magazine's Best Field Rejuvenation Award.

Originally developed by Standard Oil, the NWBU reached its peak daily production of about 5,500 barrels in the mid-1970s after then-operator Chevron Corporation began waterflood recovery operations of the Middle Clear Fork formation. Development work declined after 1985, and the field's production fell to just 600 barrels per day. A new owner who came on the scene in 2003 was able to increase production to almost 900 barrels per day by 2005. It was at this point that Energen Resources entered the storied history of the Westbrook Field.

Energen Resources' bought the NWBU in November 2005. It was producing just under 900 barrels of oil per day from the Middle and Upper Clear Fork formations; the Upper formation was still in primary recovery. Energen Resources was particularly interested in this field's potential based on the success it had generated in the adjacent Westbrook Southeast Unit.

Through 2006, Energen Resources put its exploitation and waterflood expertise to work and drilled 32 producer wells and 30 injectors targeting the Middle Clear Fork formation. By the end of that year, production had increased to 1,550 barrels of oil a day. Still more wells, a new fresh-water injection system, and an automated control system were ahead for the NWBU in 2007, and production increased to 1,920 barrels per day by year end; well failures had been reduced by 50 percent, too.

Energen Resources began unit expansion in 2008. Not only did the company drill more wells, the Middle and Upper Clear Fork formations were produced using the same wellbore. Also, the Upper Clear Fork was added to some existing wells in a core development area of the unit. By year-end 2008, Energen Resources' production from the NWBU was up to 3,350 barrels per day.

With the help of advanced log analysis, Energen Resources added still more Upper Clear Fork pay-zones during 2009, bringing the unit's production up to 4,150 barrels of oil per day. And during 2010, Energen Resources drilled 105 net wells in the unit – 74 producers and 31 injectors. Production has increased to more than 4,500 barrels of oil today. Energen Resources' engineers continue to seek ways to maximize the potential of the NWBU, and the company has plans to drill another 90 producers and injectors there in 2011.

Over the last five years, Energen Resources has drilled more than 490 producer and injector wells in the NWBU, built a new water injection station, replaced old injection and production lines, installed telemetry and rejuvenated a true Permian Basin legacy. Production has increased from 900 barrels of oil per day to more than 4,500 barrels per day. This field rejuvenation is a testament to the company's technical expertise and ability to extract meaningful value for shareholders after making an acquisition.

"It takes a special talent to bring back a decades-old oil field to production beyond its former glory."

– *Oil & Gas Investor* Magazine
August 2010

CAPITALIZING ON GROWTH OPPORTUNITY IN EAST ALABAMA

At a time when cities nationwide are still grappling with sluggish home sales, slow job growth, and high unemployment, one East Alabama town near the Georgia state line is experiencing unprecedented growth. And Alagasco is poised to take advantage of it.

Fort Mitchell, an unincorporated area between Phenix City, Alabama, and Columbus, Georgia, is booming, with new neighborhoods of homes priced at $200,000 or more popping up across the area. The area is preparing for an influx of as many as 30,000 new residents over the next five years. The growth is the result of the U.S. Army's relocation of its Armor School from Fort Knox to Fort Benning in Georgia as part of Base Realignment and Closure.

The Fort Mitchell initiative is a profound opportunity for growth in the Phenix City service area, and Alagasco expects to invest approximately $10 million to extend its facilities to meet this new demand. Twelve developments are planning to build roughly 5,000 homes in the area in a 5- to 10-year period, and 11 of those have already agreed to offer natural gas-heated water and heat in their homes.

In July 2010, contractors for Alagasco started laying pipe to run gas to the previously unserved community. By the end of November, more than 15 miles of high-pressure steel pipeline had been installed. The work was completed 37 days ahead of schedule, so Alagasco was able offer service during the winter season.

Since last fall, Alagasco has received more than 100 requests for service in Fort Mitchell. Over the next 10 years, Alagasco expects to add as many as 5,000 to 7,500 new residential customers. The company also anticipates adding more commercial customers as businesses move in to serve the growing community.

Alagasco is competing with a rural electric cooperative and a propane company for customers in the Fort Mitchell area. Low-cost natural gas and the company's reliable customer service are helping the state's largest distributor of natural gas expand in this growing East Alabama community.

Kerry Pope, Project Coordinator of New Construction-Southern Area, is overseeing the installation of the steel and plastic pipeline infrastructure in Alagasco's Fort Mitchell project. Pope brings a unique understanding of Fort Benning and the people who work and live around the base. Prior to joining Alagasco as a Management Trainee in the Birmingham Division in 2007, he served in the U.S. Army for 20 years and was stationed at Fort Benning.

A military base relocation is providing Alagasco with an opportunity to bring natural gas service to new subdivisions under development in East Alabama.

ALAGASCO HIGHLIGHTS

	2010	2009	2008
Financial (dollars in thousands)			
Operating Revenues	$ 619,772	$ 617,874	$ 654,778
Net Revenues*	$ 272,080	$ 280,116	$ 270,034
Net Income	$ 46,883	$ 45,415	$ 40,161
Capital Expenditures	$ 93,566	$ 77,809	$ 63,320
Operations			
Throughput (MMcf)	81,927	71,758	79,355
Number of Customers (average)	437,329	442,478	447,062
Number of Customers (year end)	432,183	439,474	447,613

** Revenues less cost of gas and taxes on revenues*

COMPANY LEADERSHIP

Energen Corporation

James T. McManus, II (52)
Chairman and Chief Executive Officer, Energen and all subsidiaries, 1986*

William K. Bibb (57)
Vice President – Human Resources, Energen and all subsidiaries, 1976

Marvell "Chip" Bivins, Jr. (53)
Vice President – Audit and Compliance, 1989

Joe E. Cook (56)
Assistant Secretary, Energen and all subsidiaries, 1980

Edwin D. "Lynn" Lovelady, II (47)
Vice President – Information Technology, Energen and all subsidiaries, 1999

Russell E. Lynch, Jr. (37)
Vice President and Controller, 2001

Robert S. "Sid" McAnnally (47)
Vice President – External Affairs, 2009

Charles W. Porter, Jr. (46)
Vice President, Chief Financial Officer, and Treasurer, Energen and all subsidiaries, 1989

Julie S. Ryland (52)
Vice President – Investor Relations, 1985

J. David Woodruff (54)
Vice President, General Counsel, and Secretary, Energen and all subsidiaries, 1986

Energen Resources Corporation

John S. Richardson (53)
President and Chief Operating Officer, 1985

Gary W. Brink (58)
Vice President – San Juan Basin Operations, 1997

Henry E. "Gene" Cash (57)
Vice President – Acquisitions and Reservoir Engineering,1996

Joe E. Cook (56)
Vice President – Legal and Land, 1980

Holley S. LaGrone (55)
Vice President – Marketing and Administration, 1981

Joe D. Niederhofer (51)
Vice President – Permian Basin Operations, 1986

Cynthia T. Rayburn (47)
Vice President and Controller, 1988

Paul C. Rote (61)
Vice President – Land, 1998

D. Paul Sparks, Jr. (48)
Senior Vice President – Operations, 1989

Ronald M. Tisdale (62)
Vice President – Geology and Exploration, 1985

Alabama Gas Corporation

Dudley C. Reynolds (58)
President and Chief Operating Officer, 1980

Steven R. Chapman (54)
Vice President – Technical Services, 1982

William D. Marshall (47)
Vice President and Controller, 1988

Kenneth A. Smith (52)
Vice President – Operations, 1981

Amy W. Stewart (54)
Vice President – Rates and Gas Supply, 1985

L. Brunson White (54)
Senior Vice President – Marketing, 1980

* Year initially began service to the company

ENERGEN CORPORATION BOARD OF DIRECTORS

1. Stephen D. Ban (70) C,D
Retired Director of Technology Transfer, Argonne National Laboratory, Chicago, IL, 1992*

2. Julian W. Banton (70) A,B
Retired Chairman and CEO, SouthTrust Bank, Birmingham, AL, 1997

3. Kenneth W. Dewey (57) B,C
Co-founder and board member, Caymus Capital Partners, LLC, Sausalito, CA, 2007

4. James S. M. French (70) A,B
Vice Chairman, Investments, of the Board of Dunn Investment Company, Birmingham, AL, 1979

5. T. Michael Goodrich (65) A,D
Retired Chairman and CEO, BE&K, Inc., Birmingham, AL, 2000

6. James T. McManus, II (52)
Chairman and CEO, Energen and all subsidiaries, 2006

7. Judy M. Merritt (67) B,D
President, Jefferson State Community College, Birmingham, AL, 1993

8. Stephen A. Snider (63) A,D
Retired CEO, Exterran Holdings, Inc., Houston, TX, 2000

9. David W. Wilson (67) B,C
Independent Energy Consultant, Kingwood, TX, 2004

10. Gary C. Youngblood (67) C
Retired President and COO, Alabama Gas Corporation, Birmingham, AL, 2003

* Year first elected to the Board

A. Officers' Review Committee B. Audit Committee C. Finance Committee D. Governance and Nominations Committee

Danny Hagins (left), Superintendent of Midland Production, and Joe Niederhofer, Vice President of Permian Basin Operations, look over newly acquired Wolfberry site.

FORWARD-LOOKING STATEMENT

Certain statements in the Energen Corporation 2010 Summary Annual Report express expectations of future business and financial performance and condition and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “project,” “will,” “estimate,” “may,” and others of similar meaning. These are forward-looking statements made pursuant to the Safe Harbor provision of the Private Securities Litigation Reform Act of 1995.

All statements based on future expectations rather than on historical facts are forward-looking statements that are dependent on certain events, risks, and uncertainties that could cause actual results to differ materially from those anticipated. These include, but are not limited to, economic and competitive conditions, production levels, reserve levels, energy markets, supply and demand for and the price of energy commodities, fluctuations in weather, drilling risks, costs associated with environmental obligations compliance, inflation rates, legislative and regulatory changes, financial market conditions, access to capital markets, future business decisions, utility customer growth, retention, and usage, litigation results, and other uncertainties, all of which are difficult to predict.

Unless otherwise disclosed, the Company’s forward-looking statements do not reflect the impact of possible or pending acquisitions, investments, divestitures, or restructurings. The Company does not guarantee the absence of errors in input data, calculations, and formulas used in estimates, assumptions, and forecasts and undertakes no obligation to correct or update any forward-looking statement. A more complete discussion of risks and uncertainties that could affect future results of Energen and its subsidiaries is included in the Company’s periodic reports filed with the Securities and Exchange Commission, including on pages 11-12 in the Form 10-K accompanying this Summary Annual Report.

CONSOLIDATED STATEMENTS OF INCOME

Energen Corporation

Years ended December 31, (in thousands, except share data)	2010	2009	2008
OPERATING REVENUES			
Oil and gas operations	$ 958,762	$ 822,546	$ 914,132
Natural gas distribution	619,772	617,874	654,778
Total operating revenues	1,578,534	1,440,420	1,568,910
OPERATING EXPENSES			
Cost of gas	316,988	306,054	351,774
Operations and maintenance	429,165	380,625	354,760
Depreciation, depletion and amortization	247,865	235,084	188,413
Taxes, other than income taxes	84,961	78,329	107,605
Accretion expense	6,178	4,935	4,290
Total operating expenses	1,085,157	1,005,027	1,006,842
OPERATING INCOME	493,377	435,393	562,068
OTHER INCOME (EXPENSE)			
Interest expense	(39,222)	(39,379)	(41,981)
Other income	4,285	4,972	1,885
Other expense	(643)	(690)	(7,014)
Total other expense	(35,580)	(35,097)	(47,110)
INCOME BEFORE INCOME TAXES	457,797	400,296	514,958
Income tax expense	166,990	143,971	193,043
NET INCOME	$ 290,807	$ 256,325	$ 321,915
DILUTED EARNINGS PER AVERAGE COMMON SHARE	$ 4.04	$ 3.57	$ 4.47
BASIC EARNINGS PER AVERAGE COMMON SHARE	$ 4.05	$ 3.58	$ 4.50
DILUTED AVERAGE COMMON SHARES OUTSTANDING	72,050,997	71,885,422	72,030,210
BASIC AVERAGE COMMON SHARES OUTSTANDING	71,845,463	71,667,304	71,600,925

CONSOLIDATED BALANCE SHEETS

Energen Corporation

As of December 31, (in thousands)	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 22,659	$ 75,844
Accounts receivable, net of allowance for doubtful accounts of $15,048 and $17,251 at December 31, 2010 and 2009, respectively	286,849	327,163
Inventories		
Storage gas inventory	36,706	42,475
Materials and supplies	19,045	17,440
Liquified natural gas in storage	3,551	3,409
Regulatory asset	28,286	33,196
Income tax receivable	44,489	4,552
Deferred income taxes	32,732	—
Prepayments and other	11,966	11,527
Total current assets	486,283	515,606
PROPERTY, PLANT AND EQUIPMENT		
Oil and gas properties, successful efforts method	4,080,779	3,379,128
Less accumulated depreciation, depletion and amortization	1,161,635	972,676
Oil and gas properties, net	2,919,144	2,406,452
Utility plant	1,292,611	1,211,624
Less accumulated depreciation	509,989	489,924
Utility plant, net	782,622	721,700
Other property, net	17,461	16,317
Total property, plant and equipment, net	3,719,227	3,144,469
OTHER ASSETS		
Regulatory asset	105,365	102,133
Pension and other postretirement assets	13,907	—
Long-term derivative instruments	—	7,824
Deferred charges and other	38,778	33,086
Total other assets	158,050	143,043
TOTAL ASSETS	$ 4,363,560	$ 3,803,118

As of December 31, (in thousands, except share data)	**2010**	2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt due within one year	$ 5,000	$ 150,000
Notes payable to banks	305,000	—
Accounts payable	268,214	164,327
Accrued taxes	52,845	49,884
Customers' deposits	20,459	20,836
Amounts due customers	20,161	24,106
Accrued wages and benefits	25,203	27,347
Regulatory liability	75,703	29,719
Royalty payable	19,221	19,034
Deferred income taxes	—	10,015
Other	26,805	25,493
Total current liabilities	818,611	520,761
Long-term debt	405,254	410,786
DEFERRED CREDITS AND OTHER LIABILITIES		
Asset retirement obligation	97,415	88,298
Pension and other postretirement liabilities	36,551	55,899
Regulatory liability	110,447	155,088
Deferred income taxes	615,084	505,460
Long-term derivative instruments	112,936	60,446
Other	13,219	18,137
Total deferred credits and other liabilities	985,652	883,328
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, cumulative, $0.01 par value, 5,000,000 shares authorized	—	—
Common shareholders' equity		
Common stock, $0.01 par value; 150,000,000 shares authorized, 74,786,376 shares issued at December 31, 2010, and 74,593,431 shares issued at December 31, 2009	748	746
Premium on capital stock	468,934	461,661
Capital surplus	2,802	2,802
Retained earnings	1,880,183	1,626,753
Accumulated other comprehensive income (loss), net of tax		
Unrealized gain (loss) on hedges, net	(43,667)	49,405
Pension and postretirement plans	(30,730)	(31,790)
Deferred compensation plan	3,288	3,121
Treasury stock, at cost; 3,024,847 shares and 2,991,373 shares at December 31, 2010 and 2009, respectively	(127,515)	(124,455)
Total shareholders' equity	2,154,043	1,988,243
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 4,363,560	$ 3,803,118

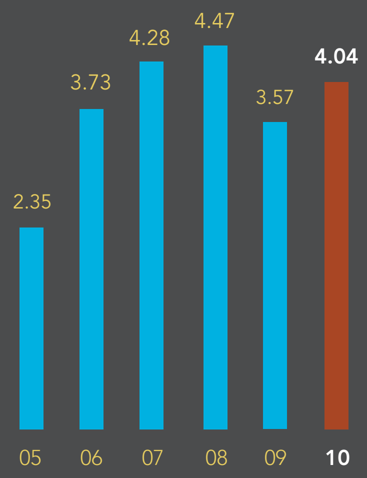
CONSOLIDATED STATEMENTS OF CASH FLOWS

Energen Corporation

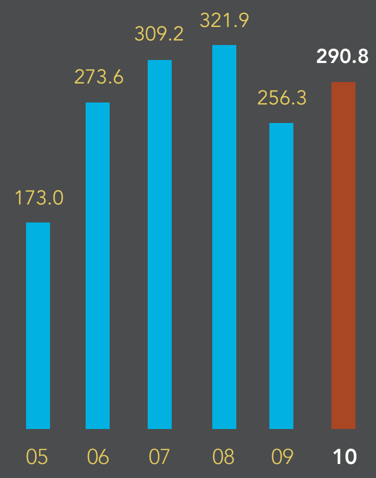
Years ended December 31, (in thousands)	2010	2009	2008
OPERATING ACTIVITIES			
Net income	$ 290,807	$ 256,325	$ 321,915
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	247,865	235,084	188,413
Accretion expense	6,178	4,935	4,290
Deferred income taxes	133,840	84,616	188,414
Bad debt expense	1,565	10,688	6,471
Change in derivative fair value	(819)	(104)	(2,580)
Gain on sale of assets	(2,521)	(5,617)	(10,752)
Other, net	(568)	23,843	8,834
Exploratory expense	63,668	9,874	7,620
Net change in:			
Accounts receivable	(31,939)	(31,914)	94
Inventories	4,022	30,679	1,274
Accounts payable	18,889	5,539	(36,149)
Amounts due customers including gas supply pass-through	20,751	16,967	(16,873)
Income tax receivable	(39,937)	45,924	(50,476)
Pension and other postretirement benefit contributions	(42,233)	(24,137)	(30,261)
Other current assets and liabilities	1,454	16,755	(11,001)
Net cash provided by operating activities	671,022	679,457	569,233
INVESTING ACTIVITIES			
Additions to property, plant and equipment	(434,121)	(340,107)	(460,237)
Acquisitions, net of cash acquired	(410,348)	(185,131)	(17,914)
Proceeds from sale of assets	3,155	7,923	16,224
Purchase of short-term investments	(154,880)	—	—
Sale of short-term investments	154,965	—	—
Other, net	(1,464)	(1,808)	(2,656)
Net cash used in investing activities	(842,693)	(519,123)	(464,583)
FINANCING ACTIVITIES			
Payment of dividends on common stock	(37,377)	(35,542)	(34,620)
Issuance of common stock	685	621	277
Reduction of long-term debt	(150,729)	(1,035)	(10,910)
Net change in short-term debt	305,000	(62,000)	(72,000)
Tax benefit on stock compensation	907	606	17,093
Other	—	(317)	—
Net cash provided by (used in) financing activities	118,486	(97,667)	(100,160)
Net change in cash and cash equivalents	(53,185)	62,667	4,490
Cash and cash equivalents at beginning of period	75,844	13,177	8,687
Cash and cash equivalents at end of period	$ 22,659	$ 75,844	$ 13,177

SELECTED FINANCIAL DATA

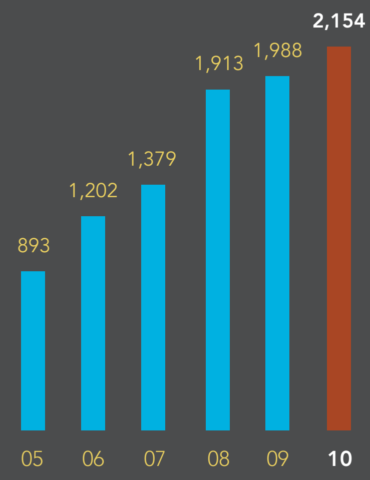
Earnings Per Diluted Share
(dollars)



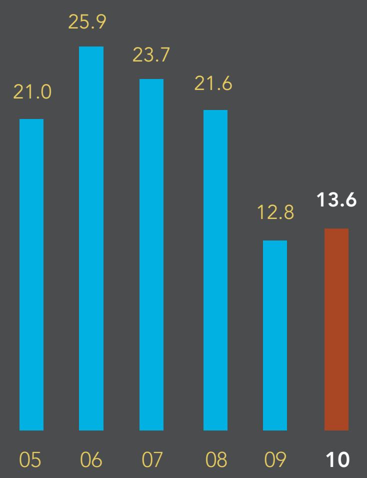
Consolidated Net Income
(dollars in millions)



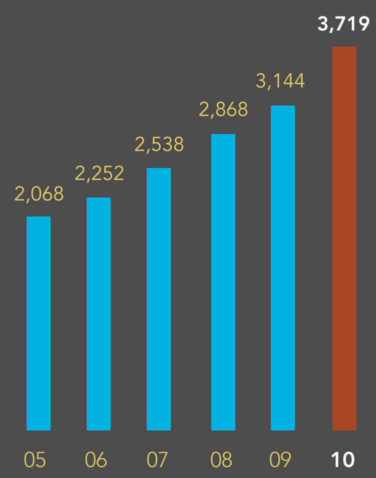
Shareholders' Equity
(dollars in millions)



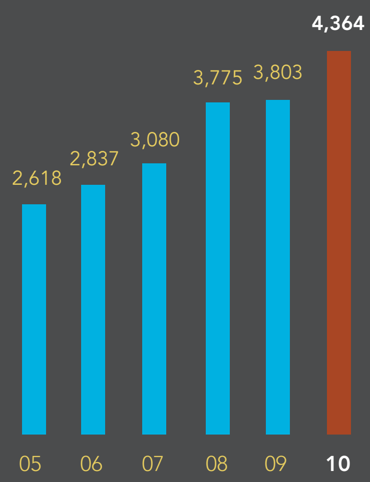
Return on Average Equity
(percent)



Property, Plant & Equipment, Net
(dollars in millions)



Total Assets
(dollars in millions)



SELECTED FINANCIAL & COMMON STOCK DATA

Energen Corporation

(Unaudited)

Years ended December 31, (dollars in thousands, except per share amounts)	**2010**	2009
INCOME STATEMENT*		
Operating revenues	$ 1,578,534	$ 1,440,420
Income from continuing operations	$ 290,807	$ 256,325
Net income	$ 290,807	$ 256,325
Diluted earnings per average common share from continuing operations	$ 4.04	$ 3.57
Diluted earnings per average common share	$ 4.04	$ 3.57
BALANCE SHEET		
Total property, plant and equipment, net	$ 3,719,227	$ 3,144,469
Total assets	$ 4,363,560	$ 3,803,118
Long-term debt	$ 405,254	$ 410,786
Total shareholders' equity	$ 2,154,043	$ 1,988,243
COMMON STOCK DATA		
Annual dividend rate at year end	$ 0.52	$ 0.50
Cash dividends paid per common share	$ 0.52	$ 0.50
Book value per common share	$ 29.96	$ 27.71
Market-to-book ratio at year end (%)	161	169
Yield at year end (%)	1.1	1.1
Return on average common equity (%)	13.6	12.8
Price-to-earnings (diluted) ratio at year end	12.0	13.1
Average common shares outstanding (diluted) (000)	72,051	71,885
Shares outstanding at year end (000)	71,887	71,757
Price Range:		
High	$ 49.94	$ 48.89
Low	$ 40.25	$ 23.18
Close	$ 48.26	$ 46.80

All information has been restated to reflect a 2-for-1 stock split effective June 1, 2005.

**The years ended December 31, 2010 and 2009, include after-tax write-offs of $24.8 million, or $0.34 per diluted share, and $1.3 million, or $0.02 per diluted share, respectively, of unproved leasehold costs associated with Energen Resources' Alabama shale acreage. An after-tax gain of $34.5 million, or $0.47 per diluted share, on the sale of a 50 percent interest in Energen Resources' acreage position in Alabama shales to Chesapeake Energy Corporation is included in the year ended December 31, 2006.*

2008	2007	2006	2005
$ 1,568,910	$ 1,435,060	$ 1,393,986	$ 1,128,394
$ 321,915	$ 309,212	$ 273,523	$ 172,886
$ 321,915	$ 309,233	$ 273,570	$ 173,012
$ 4.47	$ 4.28	$ 3.73	$ 2.35
$ 4.47	$ 4.28	$ 3.73	$ 2.35
$ 2,867,648	$ 2,538,243	$ 2,252,414	$ 2,068,011
$ 3,775,404	$ 3,079,653	$ 2,836,887	$ 2,618,226
$ 561,631	$ 562,365	$ 582,490	$ 683,236
$ 1,913,290	$ 1,378,658	$ 1,202,069	$ 892,678
$ 0.48	$ 0.46	$ 0.44	$ 0.40
$ 0.48	$ 0.46	$ 0.44	$ 0.40
$ 26.68	$ 19.23	$ 16.87	$ 12.15
110	334	278	299
1.6	0.7	0.9	1.1
21.6	23.7	25.9	21.0
6.6	15.0	12.6	15.5
72,030	72,181	73,278	73,715
71,704	71,681	71,244	73,493
$ 79.57	$ 70.41	$ 47.60	$ 44.31
$ 23.00	$ 43.78	$ 32.16	$ 27.06
$ 29.33	$ 64.23	$ 46.94	$ 36.32

SELECTED BUSINESS SEGMENT DATA

Energen Corporation

(Unaudited)

Years ended December 31, (dollars in thousands)	2010	2009
OIL AND GAS OPERATIONS		
Operating revenues from continuing operations		
Natural gas	$ 483,935	$ 460,370
Oil	404,625	284,750
Natural gas liquids	65,161	67,254
Other	5,041	10,172
Total	$ 958,762	$ 822,546
Production volumes from continuing operations		
Natural gas (MMcf)	70,924	72,337
Oil (MBbl)	5,131	4,690
Natural gas liquids (MMgal)	79.0	75.2
Production volumes from continuing operations (MMcfe)	112,989	111,224
Production volumes from continuing operations (MBOE)	18,832	18,537
Proved reserves		
Natural gas (MMcf)	954,387	897,546
Oil (MBbl)	103,262	77,963
Natural gas liquids (MMgal)	1,705.2	1,270.8
Total (MMcfe)	1,817,565	1,546,866
Total (MBOE)	302,928	257,811
Other data from continuing operations		
Lease operating expense	$ 224,901	$ 217,429
Depreciation, depletion and amortization	$ 203,821	$ 184,089
Capital expenditures	$ 717,782	$ 427,399
Operating income	$ 406,729	$ 353,645
NATURAL GAS DISTRIBUTION		
Operating revenues		
Residential	$ 414,870	$ 399,760
Commercial and industrial	159,658	162,141
Transportation	57,049	54,312
Other	(11,805)	1,661
Total	$ 619,772	$ 617,874
Gas delivery volumes (MMcf)		
Residential	24,463	20,921
Commercial and industrial	10,985	9,934
Transportation	46,479	40,903
Total	81,927	71,758
Average number of customers		
Residential	404,697	409,214
Commercial, industrial and transportation	32,632	33,264
Total	437,329	442,478
Other data		
Depreciation and amortization	$ 44,042	50,995
Capital expenditures	$ 93,566	$ 77,809
Operating income	$ 88,383	$ 83,984

2008	2007	2006	2005
$ 536,283	$ 499,406	$ 437,560	$ 365,635
292,908	251,497	181,459	116,651
68,216	68,623	50,258	38,455
16,725	6,066	61,265	6,953
$ 914,132	$ 825,592	$ 730,542	$ 527,694
67,573	64,300	62,824	61,048
4,114	3,879	3,645	3,316
70.7	77.2	76.3	70.5
102,354	98,606	95,596	91,020
17,059	16,435	15,933	15,170
1,038,453	1,115,918	1,096,429	1,080,161
62,034	74,625	74,893	74,962
1,216.0	1,329.9	1,239.2	1,341.2
1,584,375	1,753,652	1,722,811	1,721,537
264,063	292,275	287,135	286,923
$ 236,679	$ 202,078	$ 184,362	$ 156,512
$ 139,539	$ 114,241	$ 97,842	$ 89,340
$ 449,571	$ 379,479	$ 259,678	$ 353,712
$ 482,588	$ 451,567	$ 405,149	$ 243,876
$ 408,280	$ 388,291	$ 426,066	$ 384,753
177,719	164,903	181,900	166,957
51,116	49,255	45,950	43,291
17,663	7,019	9,528	5,699
$ 654,778	$ 609,468	$ 663,444	$ 600,700
21,632	20,665	22,310	24,601
10,934	10,593	11,226	12,498
46,789	51,448	50,760	49,850
79,355	82,706	84,296	86,949
413,151	416,967	420,558	425,110
33,911	34,200	34,456	34,936
447,062	451,167	455,014	460,046
$ 48,874	$ 47,136	$ 44,244	$ 42,351
$ 63,320	$ 58,862	$ 76,157	$ 73,276
$ 81,956	$ 72,742	$ 74,274	$ 72,922

INDUSTRY GLOSSARY

Conventional Gas

Natural gas occurring in a normal porous and permeable reservoir rock, either in the gaseous phase or dissolved in crude oil, and that technically can be produced by normal production practices.

Development Well

A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

Exploratory Well

A well drilled to find and produce oil or gas in an unproved area, to find a new reservoir in a field previously found to be productive in another reservoir, or to extend a known reservoir.

Hedging

The use of derivative commodity instruments such as futures, swaps, and collars to help reduce financial exposure to commodity price volatility.

Horizontal Drilling

A drilling technique that permits the operator to contact and intersect a larger portion of the producing horizon than conventional vertical drilling techniques and can result in both increased production rates and greater ultimate recoveries of hydrocarbons.

Natural Gas Liquids (NGL)

Liquid hydrocarbons that are extracted and separated from the natural gas stream. NGL products include ethane, propane, butane, natural gasoline, and other hydrocarbons.

Nonconventional Gas

Natural gas found in unusual underground situations, such as very impermeable reservoirs, hydrates, and coal deposits.

Operator (of oil & gas properties)

The company responsible for exploration, development, and production activities for a specific project.

Possible Reserves

Unproved reserves that analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable plus possible reserves.

Probable Reserves

Unproved reserves that analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

Proved Developed Reserves

The portion of proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

Proved Reserves

Estimated quantities of crude oil, natural gas, and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Proved Undeveloped Reserves

The portion of proved reserves that can be expected to be recovered from new wells on undrilled proved acreage or from existing wells where a relatively major expenditure is required for completion.

Throughput

Total volumes of natural gas sold and transported by the gas utility.

Units of Measure

Mcf	Thousand cubic feet
MMcf	Million cubic feet
Bcf	Billion cubic feet
Tcf	Trillion cubic feet
Bbl	Barrels
MBO	Thousand barrels
MMBO	Million barrels
MMGal	Million gallons

-e/E following the above denotes that natural gas, oil and NGL components have been converted to their equivalents in terms of either cubic feet of gas or barrels of oil (rate: 6 Mcf per barrel).

Workover

A major remedial, operation on a completed well to restore, maintain, or improve the well's production (e.g., deepening the well or plugging back to produce from a shallower formation).

SHAREHOLDER INFORMATION

Corporate Headquarters
Energen Corporation
605 Richard Arrington Jr. Blvd. N.
Birmingham, AL 35203-2707

Investor Hotline
1-800-654-3206

Common Stock Listing
New York Stock Exchange: EGN

Annual Meeting
April 27, 2011, at 9:30 a.m. CDT
Corporate Headquarters Conference Center

Forms 10-K and 10-Q
Energen's annual and quarterly reports to the Securities and Exchange Commission are available from the Energen Investor Relations Department at Corporate Headquarters.

Investor Relations
Analysts, investment professionals, and shareholders should direct their inquiries to the Energen Investor Relations Department at Corporate Headquarters.

Vice President Investor Relations:
Julie S. Ryland
1-205-326-8421

Investor Relations Coordinator:
Michelle A. Speed
1-205-326-2634 or 1-800-654-3206

Energen on the Web
Corporate information, including news releases, may be accessed at www.energen.com.

Transfer Agent and Registrar
BNY Mellon Shareowner Services
480 Washington Boulevard
Jersey City, NJ 07310-1900

URL: www.bnymellon.com/shareowner/equityaccess

Dedicated Toll Free Number: 1-888-764-5603
An automated voice response system is available around the clock. Customer service representatives are available to assist shareholders Monday through Friday, 8 a.m. to 8 p.m. ET.

TDD/TTY for the Hearing Impaired:
1-800-231-5469

Direct Purchase & Sale Plan
Through BNY Mellon Shareowner Services, Energen offers its shareholders and first-time investors a convenient and economical method of buying and selling Energen common stock. A prospectus and application are available by calling 1-888-764-5603 or 1-800-654-3206.

Enrollment material also is available on the Web at www.bnymellon.com/shareowner/equityaccess.

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One Federal Plaza
1819 Fifth Avenue North
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