



BUSINESS CONDUCT GUIDELINES

**Energen has established a toll-free Help Line telephone number for questions
and/or reporting with respect to these Guidelines.**

That number is: 1-888-457-2287

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Letter to Employees

Dear Energen Employee:

Over many years, generations of employees have worked hard to earn Energen's long-standing reputation for ethical behavior and fair dealing. We have a collective obligation to sustain and reinforce this corporate culture through continued adherence to Energen's Statement of Principles.

The Energen Statement of Principles summarizes the high standards of conduct expected of every Energen employee...in every business relationship...at all times. However, it is sometimes difficult to be certain of the right course of conduct. For this reason, Energen has prepared the *Business Conduct Guidelines* and appointed a Corporate Compliance Officer to provide guidance in making the right decisions. Although these Guidelines cannot anticipate every situation, they provide general guidance in conducting Energen's business according to the highest ethical and legal standards.

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Statement of Principles



Statement of Principles

We will conduct our business and earn a profit based on ethical standards and values which recognize

- the dignity and worth of all individuals;
- commitment to excellence in performance;
- personal and business integrity;
- and courage of convictions and actions.

Who is Subject to the Business Conduct Guidelines?

If you are an officer, employee or member of the Board of Directors of Energen Corporation, Energen Resources Corporation or any other direct or indirect subsidiary of Energen Corporation, you are subject to these *Business Conduct Guidelines*.

These Guidelines use the terms “**Energen**”, “**Company**” and “**Employees**” expansively. The terms “**Energen**” and “**Company**” mean collectively and severally, as appropriate for the context, Energen Corporation, Energen Resources Corporation and all other direct and indirect subsidiaries of Energen Corporation. The term “**Employees**” includes all officers, employees and members of the Boards of Directors of Energen Corporation, Energen Resources Corporation and all other direct and indirect subsidiaries of Energen Corporation.

How do the Business Conduct Guidelines Affect Me?

Energen is committed to compliance with all applicable laws and regulations.

- Employees are responsible for understanding and complying with laws, regulations, and Energen policies applicable to performance of their jobs.
- Supervisors are responsible for providing employees with the information and training necessary to comply with legal requirements and policies.
- Employees are accountable for their actions. Violation of laws, regulations, Energen policies, or these Guidelines is a serious matter and may lead to immediate suspension or termination.

Energen’s General Counsel serves as the Company’s Corporate Compliance Officer to assist in interpreting the Guidelines and investigating violations. Each employee is responsible for recognizing potential problems as they arise and consulting the Corporate Compliance Officer or the employee’s immediate supervisor before taking action.

Energen is committed to enforcing these Business Conduct Guidelines and expects all employees to read, understand, refer to, and abide by them. Compliance with the policies cited in these Guidelines is required of all Energen personnel. Violation of these Guidelines is a serious matter and can lead to immediate suspension or termination. Energen is only as good as its people make it. The ultimate responsibility for compliance with these Guidelines rests with you.

How Do I Know What the Guidelines Require?

- The Corporate Compliance Officer will oversee continuing education on a variety of topics related to these Guidelines.
- Employees should review Energen policies and procedures which provide details for a deeper understanding of responsibilities related to their respective jobs.
- Consult the Corporate Compliance Officer if you have questions about these Guidelines or to report a suspected violation.

Waiver of the Guidelines

Waivers for executive officers or members of the Company's Board of Directors may only be made by the Board of Directors or a committee of the Board. Other employees who believe that circumstances warrant a waiver of the Guidelines should discuss the matter with the Corporate Compliance Officer. The Corporate Compliance Officer shall report any such waiver to the Board of Directors at its next meeting.

What Do I Do if I Suspect a Violation?

If you become aware of any illegal conduct or behavior in violation of these *Guidelines* by anyone working for or on behalf of Energen, you should report it immediately, fully and objectively to the Corporate Compliance Officer or to your supervisor, who will discuss it with the Corporate Compliance Officer.

Every effort will be made to protect your confidentiality.

You will not be reprimanded or subject to retaliation for reporting suspected violations of the *Guidelines*.

You can never be wrong in making a good faith report of questionable conduct, but failure to do so is a violation of these *Guidelines*.

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The Corporate Compliance help line is maintained and monitored by the Company's Corporate Compliance Officer. If you have a question about the Business Conduct Guidelines or wish to report a potential violation, you may leave a message on the Help Line. You may leave your message anonymously, but if you wish to receive a response, please leave a way for the Corporate Compliance Officer to contact you.

Conflicts of Interest, Corporate Opportunities, and Gifts and Entertainment

Conflicts of Interest. A conflict of interest may occur when what is good for you personally is not necessarily good for the Company. Energen employees may participate in other financial or business activities as long as the activities are legal; do not interfere with performance of Energen responsibilities; are not in conflict with or adverse to Energen's interests; and do not use Energen's name, reputation, facilities or other resources. The following general guidelines apply:

- An employee may not work for or own a business in which a potential conflict of interest exists without notifying the Corporate Compliance Officer.
- An employee must notify the Corporate Compliance Officer if he/she or a close family member will make money from a business transaction involving Energen.
- Participation in non-profit organizations whose missions may oppose Energen's mission, principles, or interests, and that could reflect unfavorably upon Energen could create a conflict of interest in violation of this policy.
- Without prior approval from Energen, no employee should serve as a director, officer, employee, or consultant to companies that directly compete with Energen or provide services to Energen or its affiliates. Any such positions held by an immediate family member should be disclosed to Energen.

Corporate Opportunities. Employees should not take or use for themselves any business opportunity which is likely to be of interest to Energen without first obtaining the Company's consent.

Gifts and Entertainment. Energen competes solely on the merits of its products and services. You must ensure that gifts and entertainment do not influence or appear to influence decisions made by you or Energen's customers or vendors.

- Employees should never ask for gifts or entertainment of any kind from any firm or individual doing business or proposing to do business with Energen.
- Employees may accept and provide gifts and entertainment consistent with normal business courtesies which (i) do not violate laws, regulations or the policy of the recipient's employer, (ii) are consistent with accepted business practice and are appropriate as to time and place, and (iii) can withstand public scrutiny without embarrassment to you or Energen.

- Energen does not consider cash or its equivalent (such as gift cards, etc.) to be a normal business courtesy. Employees should not solicit, accept or give cash or its equivalent from or to any firm or individual doing business or proposing to do business with Energen.

You should courteously decline or return any gift or entertainment which violates the above guidelines.

SAMPLE SITUATIONS

- *My spouse is a part-owner of a restaurant. Sometimes the Company orders takeout from the restaurant. Need I disclose?*

Yes. While no material conflict may exist, this type of arrangement must be disclosed to the Corporate Compliance Officer.

- *I become aware of an interest in a gas lease that is for sale. May I buy the interest without informing the Company?*

No. This is a corporate opportunity. You should report this opportunity to the appropriate person within the Company and not acquire the lease without prior approval of the Company.

- *I have been invited to play golf with one of our contractors. Should I go?*

It depends. If the contractor is planning to fly you to an exotic location for an all-expenses paid weekend, probably not. If the invitation is for an afternoon at a local course, probably so. The question is one of degree and perception. If you are in doubt, you should consult your supervisor or the Compliance Officer.

- *One of our contractors gave me a windbreaker with his company logo printed on it. May I keep it?*

Yes. Such business courtesies are customary and appropriate.

- *One of our contractors gave me a new set of golf clubs. I'm thrilled. Is this okay?*

No. Such an expensive gift is inappropriate.

- *A contractor has offered to “reimburse” me for 5% of each order I place with him. And, he’s already giving the Company a terrific price. Is this okay?*

No. Any such reimbursement must go to the Company; this is a kickback to you. You should not accept it and you should report the offer to the Corporate Compliance Officer in order to document your refusal.

Government Officials and Employees

No employee should pay or confer any type of payment or benefit upon any local, state or federal governmental official or employee or any other person if such payment or benefit was made with the intent to influence or affect official action or is otherwise prohibited by law.

Stated another way, providing cash, cash equivalents, gifts or entertainment (corporate or personal) to a government official or employee for the purpose of

- obtaining or retaining business,
- obtaining favorable governmental action, or
- directing business to any other person

is strictly prohibited.

Moreover, the **Foreign Corrupt Practices Act** prohibits such payments by Energen and its subsidiaries to government officials outside the United States even if the payment would be legal under the laws of the country where it is made. That Act also prohibits taking any action to assist or further any payments by third persons, even if not authorized, where there is reason to know that the payment will be used for any such purpose.

Political Contributions

Federal and many state laws prohibit corporate contributions to political parties or candidates. Except through Company-sponsored political action committees or, in the case of contributions and activities allowed by state law, and approved by a Company officer:

No company funds, services or assets may be contributed or loaned to support or oppose any political party, political action committee, or candidate for political office.

Employees may not use Company time, funds or supplies to support political activities.

Employee Work Environment

Sound relationships among Energen employees are important for ethical business conduct and productivity. Recognizing the dignity and worth of all people, Energen pledges to treat each employee as an individual on the basis of qualifications to perform jobs without regard to race, color, religion, sex (including conditions of pregnancy), age, national origin, veteran's status, or status as a qualified individual with a disability.

Energen is committed to providing a work environment free from harassment, which consists of unwelcomed conduct whether verbal, physical, or visual, that is based on a person's protected status, such as sex (including conditions of pregnancy), race, color, religion, national origin, age, veteran's status, or status as a qualified individual with a disability.

Sexual harassment deserves special mention:

- It is a violation of Energen policy for any employee, male or female, to sexually harass another employee.
- It is also a violation of Energen policy for a non-employee who does business with this Company to sexually harass an employee, as well as for an employee to sexually harass a non-employee who does business with Energen.

For purposes of this policy, sexual harassment includes but is not limited to the following:

- Making unwelcome sexual advances or requests for sexual favors a condition of an employee's continued employment;
- Making other verbal or physical conduct of a sexual nature a condition of an employee's continued employment;
- Making submission to or rejection of such conduct the basis for employment decisions affecting the employee, i.e., promotion, demotion, transfer, etc.; or
- Behavior that has the purpose or effect of creating an intimidating, hostile, or offensive working environment.

Energen views sexual harassment as a very serious matter. Any employee or supervisor who is found, after appropriate investigation, to be guilty of sexual harassment will be disciplined or discharged, depending on the circumstances involved.

Of course, Energen cannot be responsible for sexual harassment matters which are not brought to its attention. Any employee who believes he or she has been subject to sexual harassment should report the alleged act as soon as possible to the Director – Employee Relations. An investigation of all complaints will be undertaken immediately.

All complaints will be held in confidence to the extent possible, and at no time will an employee be retaliated against for reporting violations of this policy.

SAMPLE SITUATIONS

- *A co-worker, with whom I am friendly, frequently makes off-color jokes which I find offensive. I know she doesn't mean to make me uncomfortable, but I am embarrassed nonetheless. Can I anonymously report her to the Help Line?*

Yes, you may. If you are not comfortable addressing this issue with your friend face to face or with your supervisor, please report it on the Help Line.

- *My friend, who is a minority, was recently denied employment with the Company. He suspects discrimination and wants me to use the Help Line to find out what happened. May I?*

You may use the Help Line to report suspected discrimination. The Company may not, however, violate your friend's privacy by disclosing to you any facts concerning your friend.

Protection of Company Assets (Including Confidential Information)

It is every employee's responsibility to protect Energen's assets against loss, theft and misuse and Employees should not use Company assets for personal benefit. Examples of Company assets include cash, financial assets, buildings, land, vehicles, furniture, tools, parts inventory, supplies, computers, software, electronic mail systems, internet access, voice mail, and confidential information. Employee time is also a Company-owned asset. The Company permits incidental employee use of Company phones, communications and technology, provided that such use is consistent with the other provisions of these guidelines, and does not interfere with job performance (Employees have no right of privacy in such use).

CONFIDENTIAL INFORMATION

Employees should maintain during and after employment the confidentiality of non-public Company information. Examples of confidential information include non-public information about development plans, acquisition models, buy outlines, trade secrets, operating costs, mineral owner information, negotiated contract terms, and employee information. Confidential information also includes non-public information about a business or property which the Company has evaluated for acquisition.

SAMPLE SITUATIONS

- An employee uses his Company computer on his own time to manage the books of his wife's business. Is this okay?

No. Even though he has not used Company time to do this project, he has used a Company asset – the computer – for significant non-Company business.

- My neighbor asks me how much the Company paid for a new truck. Is it okay to answer since he does not work for a competitor?

No. The prices that we pay vendors, credit arrangements and similar procurement matters are non-public, confidential information that should not be disclosed to a competitor or any third party.

Information Technology

Computers, telephones, cell phones, PDAs, software and other forms of information technology are valuable business tools which employees are expected to use carefully and in compliance with the Company's Information Technology Policy. The following is a brief summary of certain provisions of the Information Technology Policy:

- Establish complex passwords, protect the secrecy of your passwords, and never share them.
- Only software approved / purchased by Energen for which a license is maintained should be installed.
- Never copy software or related documentation.
- Report misuse of software or related documentation to the Corporate Compliance Officer.
- Use the same care in drafting an email that you would use in preparing a written document.
- Do not post information about Energen unless specifically authorized.
- Do not post threatening or racially, ethnically, or sexually offensive messages.
- Do not attempt unauthorized access to any computer or communications system.
- Do not access pornographic or sexually explicit materials in any way.
- **All files, e-mail, voice mail messages, disks, desks, work areas, mail, telephones, faxes, copiers, printers, etc., are subject to monitoring and search at any time by authorized Company personnel.**

SAMPLE SITUATIONS

- *I am working on several documents that are important to the Company and my team. Where should I save them?*

All documents should be saved to a networked drive. It is important to save documentation that could be needed by other members of your team to a shared network drive (G: Drive or H: Drive). These networked drives can be accessed by other team members and are recoverable in the event your computer is lost, stolen, or damaged. In the event you have documents that are not ready to be shared with other members of your team or documents that are only used by you, they can be saved to your personal drive (F: Drive). Company information should not be stored on your computer's hard drive ("My Documents" or "C: Drive") as this information may be unrecoverable in the event of equipment failure or present a risk to the Company if the equipment is lost or stolen.

- *I receive a funny, but potentially inappropriate email from a family member. Is it okay if I forward the email to my co-workers?*

It is not okay to forward the email to your co-workers. The Corporation provides email as a means of increasing productivity, enabling electronic communications, and transacting business. Email services are provided as required to authorized users for the performance and fulfillment of job responsibilities. Although employees may use the email system for occasional and incidental personal purposes, the forwarding of this type of email would not be considered acceptable due to the inappropriate nature of the email.

Accurate Financial and Other Records, Reporting and Disclosure

The Company's continued success and credibility require the maintenance of accurate and complete financial, accounting, and other reports and records which fairly reflect the transactions and operations of the Company in reasonable detail and in accordance with applicable accounting rules and government regulations. We use this information to provide full, fair, accurate, timely and understandable disclosure in our reports to regulatory agencies and in other public communications.

- Company information that you record and submit, whether inside or outside the Company, should be accurate, timely and complete.
- No employee should attempt to circumvent the Company's internal controls for financial or other reporting.
- Employees should immediately report any reporting errors or omissions, any suspected fraud, and any violation or failure of internal controls.

SAMPLE SITUATIONS

- I am an employee and I believe my supervisor has overstated volumes in order to inflate financial results. What should I do?

Misrepresenting information in a financial report is dishonest. You should report this matter directly to the Corporate Compliance Officer or Audit Committee or anonymously through the Company's Help Line.

- I am an employee and I have realized that I made a minor mathematical mistake on a recent report. The amount is insignificant. Do I have to tell my supervisor?

You should. The Company requires scrupulously honest recordkeeping. Even a small error may be significant and should be brought to the attention of your supervisor.

REPORTING ACCOUNTING ISSUES

If you become aware of or suspect accounting fraud, report it immediately!

In order to facilitate the handling of complaints relating to accounting and auditing matters, the Company's Audit Committee has established the following procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters ("Accounting Complaints").

- Accounting Complaints should be forwarded to the General Counsel, who will (i) determine whether the complaint actually pertains to accounting or auditing matters and (ii) when possible, acknowledge receipt of the complaint to the sender.
- The General Counsel will forward Accounting Complaints to the Chairman of the Audit Committee ("Chairman") and take appropriate action as directed by the Chairman. At the Chairman's discretion, the matter may then be placed before the full Audit Committee for review and consideration. The Audit Committee and/or its Chairman is authorized to obtain the assistance needed, from internal as well as external sources, to address the concerns raised. Confidentiality will be maintained to the extent possible, consistent with the need to conduct an adequate review.
- Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee.

The General Counsel will maintain a log of all Accounting Complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary report thereof for the Audit Committee, as appropriate. Copies of complaints and such log will be maintained consistent with the law and with the Company's document retention policy.

Accounting Complaints include, without limitation, complaints concerning the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of the financial statements of the Company;
- Fraud or deliberate error in the recording and maintaining of financial records of the Company;
- deficiencies in or noncompliance with the Company's internal accounting controls;

- misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company;
- deviation from full and fair reporting of the Company's financial condition; or
- any complaint relating to the Company's books and records or accounting practices.

Environmental Policy

The Company is committed to protecting our natural environment and resources in all areas where we conduct business. It is the Company's policy to comply with all applicable laws and regulations and to cooperate with local, state and federal agencies in their inspection and enforcement activities.

SAMPLE SITUATIONS

- *An employee learns that we are disposing of potentially hazardous materials in violation of applicable regulations. What should she do?*

Report the matter to the Corporate Compliance Officer.

- *I become aware that we are failing to conduct certain required environmental inspections and that inspection reports are being fabricated. If there appear to be no actual environmental problems, do I really need to worry about this technical violation?*

Yes, environmental regulations often impose inspection and recording keeping requirements that are intended to protect employees, the environment, and the communities in which we operate. We must observe these laws. This example includes two serious policy violations – failure to comply with law and falsification of Company records. You should report the matter to the Corporate Compliance Officer.

Securities Trading

There are Federal laws and regulations that apply to Energen employees' investments in Energen common stock or any other securities issued by Energen or its subsidiaries.

- You should not directly or indirectly buy or sell Energen stock or other securities based on “insider information” (confidential information that has not been publicly communicated and would be considered important to a reasonable investor).
- You should not share insider information with anyone, including family members.
- More specific policies apply to officers and members of the Boards of Directors including a requirement of prior notification to the Corporate Secretary.
- If you are not sure whether you have access to insider information or not, contact the Corporate Compliance Officer for guidance.

SAMPLE SITUATION

- *I am one of the Company's geologists and know that preliminary results from testing of a significant new lease position are encouraging. May I purchase Energen stock?*

You should assume that this information would be considered important to a reasonable investor and you should not trade. If you think that the information is not important, you should contact the Corporate Compliance Officer for guidance.

Antitrust Compliance

Monetary penalties and imprisonment are severe for violations of antitrust laws protecting competition and free enterprise. Energen and its subsidiaries obey all antitrust laws. Employees may not make any agreement or take any action that unlawfully restricts trade including:

- Price-fixing and bid-rigging agreements
- Agreeing to divide markets and allocate customers
- Agreeing to limit technological development, product quality, or joint research
- Agreeing to refuse to deal with designated supplier, buyer, etc.
- Operating a joint venture without approval of counsel
- Tying the sale of an undesired product to the sale of a desired product
- Requiring a customer to purchase all of its requirements from Energen without approval of counsel
- Attempting to eliminate a competitor in order to establish a monopoly

In most antitrust lawsuits, liability is established by circumstantial evidence, i.e., informal conversations during business and social events, the exchange of current confidential business information, etc. It is critical that employees avoid the appearance of anticompetitive conduct.

Ten Points about Antitrust Compliance

Legal conduct may look illegal because of a poor choice of spoken or written words. In a legal investigation, all Energen documents (including personal notes, drafts, e-mail messages, etc.) except certain communications with Energen's attorneys may have to be disclosed. The following general guidelines should be helpful:

1. Do not use guilt complex words ("Please destroy after reading.").
2. Do not use exaggerated power words ("This program will destroy competition").
3. Be wary of tough talk in directives. It can lead to a finding of a specific intent to conduct a predatory activity. ["Put (a competitor) out of business." "Do whatever it takes." "Squash him like a bug."]
4. Do not speculate as to the legal propriety or consequences of conduct or attempt to paraphrase legal advice.
5. Do not describe competition as something unexpected or improper such as referring to price cutting as "unethical" or to a lost customer as one "stolen" by a competitor.
6. Use particular care when discussing competition and prices. Avoid giving the false impression that Energen is not competing vigorously, that its prices are based on anything other than its own business judgment, or that its public statements are "signals" to competitors.
7. When discussing the prices or plans of competitors, clearly identify the source of your information so that there will be no false implication that the information was obtained under a collusive arrangement with a competitor.
8. Avoid giving any impression that special treatment is being accorded to a customer or class of customers ("For you alone").
9. Take care to avoid use of words that might imply falsely that a course of action is being pursued by Energen as a matter of "industry agreement" or "industry policy" rather than as a matter of Energen's individual self-interest.
10. Avoid using "canned" wording in memoranda which may sound as though you are writing for appearance's sake rather than creating an accurate record.

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