

ASSIGNMENT OF OIL AND GAS INTERESTS

STATE OF ALABAMA

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COUNTY OF SHELBY

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THIS ASSIGNMENT OF OIL AND GAS INTERESTS (this "**Assignment**") is executed and entered into by and between **CHESAPEAKE APPALACHIA, L.L.C.**, an Oklahoma limited liability company (hereinafter called "**Assignor**"), whose mailing address is 6100 N. Western, Oklahoma City, Oklahoma 73118, and **ENERGEN RESOURCES CORPORATION**, an Alabama corporation (hereinafter called "**Assignee**"), whose address is 605 Richard Arrington, Jr. Boulevard North, Birmingham, Alabama 35203-2707.

ARTICLE I **ASSIGNMENT OF OIL AND GAS INTERESTS**

Section 1.1 Assignment. Subject to the reservations and exceptions set forth in Section 1.2 below, Assignor, for Ten Dollars (\$10.00) and other good and valuable consideration in hand paid by Assignee, together with the reservation of rights and interests set forth below, the receipt and sufficiency of which consideration are hereby acknowledged and confessed, does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN AND DELIVER unto Assignee, all of Assignor's right, title and interest in and to the oil, gas and/or mineral leases, other interests in the oil, gas and/or the mineral estate, fee mineral interests, working interests, operating rights, net profits interests, overriding royalty interests, and the right to earn any such interests under a farmout contract, farmout option contract, and other agreements granting the right to explore for oil, gas or other minerals more particularly described in Exhibit A attached hereto (the "**Subject Interests**"), together with all of Assignor's right, title and interest in and to any wells, pipelines, equipment and other personalty located on the lands covered by such Subject Interests.

Section 1.2 Reservations and Exceptions from Assignment. There is hereby saved, excepted and reserved to Assignor from the Subject Interests, an overriding royalty interest, subject to proportionate reduction as provided below, with respect to each Subject Interest equal to the greater of (i) two percent (2%) or (ii) the amount, if any, by which twenty-two percent (22%) exceeds the aggregate percentage of royalty, overriding royalty and other burdens affecting such Subject Interest as of the date of this Assignment, in each case, of eight-eighths (8/8ths) of all of the oil, gas, hydrocarbons and other minerals (of every kind and character and whether similar or dissimilar to the aforementioned minerals) produced and sold from such Subject Interest (the "**Retained ORRI**").

TO HAVE AND TO HOLD the Subject Interests unto Assignee, its successors and assigns forever, subject, however, to the matters set forth herein.

ARTICLE II **WARRANTY OF TILE; LIMITATION OF WARRANTIES**

Section 2.1 Special Warranty. Assignor does hereby bind itself to warrant and forever defend, all and singular, title to the Subject Interests, subject to the matters set forth herein, unto Assignee, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Assignor only, but not otherwise. In this regard, Assignor only represents and warrants to Assignee, its successors and assigns, that Assignor has not conveyed or created an encumbrance on any interest in the Subject Interests since the date of Assignor's acquisition of the Subject Interests. The warranty given by Assignor in this Assignment is a special warranty of title only.

Section 2.2 Subrogation. Assignee shall be and is hereby subrogated to all covenants and warranties of title by parties (other than Assignor and its affiliates)

heretofore given or made to Assignor or its predecessors in title in respect of any of the Subject Interests.

Section 2.3 Subject to Farmout Agreement. This Assignment is made by Assignor and accepted by Assignee subject to the terms, provisions and conditions of that certain Farmout Agreement dated April 1, 2009 (the "**Farmout Agreement**"), by and between Assignor and Assignee.

ARTICLE III MISCELLANEOUS

Section 3.1 Additional Agreements. Assignor covenants and agrees to execute and deliver to Assignee such other and additional instruments and documents as may be necessary to fully convey the Subject Interests (save and except the Retained ORRI) to Assignee.

Section 3.2 Taxes. All ad valorem, property, production, severance and similar taxes and assessments relative to the Subject Interests shall be apportioned and prorated between Assignor and Assignee as of the effective date hereof.

Section 3.3 Retained ORRI.

(a) Costs and Expenses. The Retained ORRI shall be delivered to Assignor in kind or value at the point of sale by Assignee, at Assignor's election, free and clear of all costs and expenses of exploration, development, drilling, operation and production; provided, however, the Retained ORRI shall be charged with its proportionate part of (i) all treating, processing, gathering, transportation, compression, dehydration and marketing costs and expenses and (ii) all gross production, severance, ad valorem, sales and other taxes which may be levied on or assessed against the Retained ORRI.

(b) Pooling. Assignee shall have the right and power (but has no obligation) to pool, unitize or communitize, at any time and from time to time, either before or after production, without the consent or joinder of Assignor, all or any portion of the Subject Interests as to any depth or depths, with other lands or leases. The unit or units created by a pooling or combination shall be of a size and shape as Assignee determines to be appropriate for development and production of oil, gas, or other minerals, unless a larger or smaller spacing pattern, or drilling or production unit (including field or pooled units) have been fixed, established and required by an order of a regulatory body or other authority having jurisdiction, in which event such spacing pattern or drilling or production units shall comply with such order. In the event that the Retained ORRI is so pooled, unitized or communitized with other lands or leases in order to form a unit, Assignor shall receive from production from such unit, in lieu of the Retained ORRI reserved hereunder, an interest which that portion of the Retained ORRI and the number of net mineral acres relative to such Retained ORRI included in such unit bears to the total number of mineral acres included in such unit. Furthermore, Assignee shall have the absolute right, in Assignee's reasonable discretion, to change, reform, redesignate, reshape, increase or decrease the size, quality or shape of any such unit, whether or not such change diminishes, reduces, increases or nullifies the interest herein reserved, or the value thereof, so long as any such change is not discriminatory against the reserved interests of Assignor and so long as such change is in compliance with the terms of any affected lease comprising the Subject Interests and with any order issued by a regulatory body or other authority having jurisdiction. Assignor, to the extent necessary, hereby ratifies any such units.

(c) Retained ORRI Convertible into a Back-In Working Interest. Upon Payout (as defined below) with respect to each well drilled on, or pooled with, the Subject Interests, Assignor shall have the right ("**Assignor's Conversion Right**"), but not the obligation, to convert the Retained ORRI with respect to such well and the Subject Interests included within the unit for such well into, and receive an assignment of, twenty-five percent (25%) of such Subject Interests, subject to proportionate reduction as provided below, along with the applicable percentage interest in and to such well and all equipment and other property appurtenant to such well based upon the aforesaid percentage interest (the "**Back-In Working Interest**"). Promptly, but in any case on or

before sixty (60) days following Payout with respect to each well drilled on, or pooled with, the Subject Interests, Assignee shall provide Assignor written notice that such well has reached Payout (a **"Payout Notice"**). Assignee, in conjunction with such Payout Notice, shall also provide Assignor with the proposed percentage working interest of Assignor in and to the well, the date upon which the well reached Payout, and any and all leases, farmouts, operating agreements, or other contracts to which Assignor's interest would be subject. Assignor shall have sixty (60) days after receipt of a Payout Notice (the **"Conversion Response Period"**) to provide written notice to Assignee whether Assignor elects to exercise Assignor's Conversion Right with respect to such well and the Subject Interests included within the unit for such well. The failure of Assignor to notify Assignee as provided above within the Conversion Response Period shall constitute an election by Assignor not to convert the Retained ORRI into the Back-In Working Interest. At such time as (i) Payout occurs with respect to a well drilled on, or pooled with, the Subject Interests and (ii) an election is made by Assignor to convert the Retained ORRI into the Back-In Working Interest as set forth hereinabove, Assignor and Assignee agree to execute and deliver each to the other such instrument or instruments in recordable form as are necessary or appropriate to set forth the exact interests then owned by the parties hereto. The election to convert the Retained ORRI into the Back-In Working Interest shall be effective as of 7:00 a.m. local time at the location of the Subject Interests, on the first day following the date on which Payout occurs. The Back-In Working Interest shall be subject to any operating agreement governing such well and the Subject Interests included within the unit for such well at the time of conversion of the Retained ORRI into the Back-In Working Interest, or, to the extent there is no existing operating agreement, the Parties agree to execute an appropriately modified AAPL 610-1982 Model Form Operating Agreement substantially identical to the form that was attached as Exhibit "H" to the that certain Joint Exploration, Leasehold Purchase and Area of Mutual Interest Agreement dated October 13, 2006 (the **"JEA"**), by and between Assignor and Assignee, such modifications to include, without limitation, (i) that Energen would be the operator, (ii) the deletion of all references to the JEA and (iii) that the interests of Assignor and Assignee would be revised to reflect the effect of this Assignment (either an existing operating agreement or such operating agreement executed by Assignor and Assignee as provided above shall be referred to as the **"Governing JOA"**).

As used in this agreement, the term **"Payout"** with respect to any well drilled on, or pooled with, the Subject Interests shall mean that point in time when Assignee has recovered from the proceeds from the sale of production from such well, after deduction for (a) all royalties, overriding royalties and other burdens affecting the Subject Interests included in the unit for such well existing as of the date of this Assignment, including the Retained ORRI herein created, and (b) all ad valorem, severance, gross production and any other taxes levied on such production, the sum of the following: (i) one hundred twenty-five percent (125%) of all costs and expenses incurred by Assignee in drilling, testing, completing and equipping such well, plus the costs of surface facilities, if such facilities are constructed and used by Assignee to process production from such well, and (ii) one hundred twenty-five percent (125%) of all costs and expenses incurred by Assignee in operating and producing such well during the time of recovery of such costs and expenses. Such costs and expenses shall be determined in accordance with the accounting procedure included in the Governing JOA applicable to such well. In the event surface facilities are constructed by Assignee, and such facilities will facilitate processing from more than one well, then for purposes of Payout, (i) the capital costs of such facilities shall be allocated equally among all wells utilizing such facilities and (ii) the operating expenses associated with such facilities shall be allocated among all wells on a unit of production basis.

(d) Proportionate Reduction. The Retained ORRI and the Back-In Working Interest shall be proportionately reduced to the extent that any Subject Interest applicable thereto covers less than the full mineral estate under the lands covered by such Subject Interest.

Section 3.4 No Obligation to Develop. Notwithstanding anything to the contrary herein contained or in the Farmout Agreement, Assignee shall never be under any obligation to drill on, develop or otherwise maintain the Subject Interests in force. Any operations on the Subject Interests shall be solely at the will and discretion of

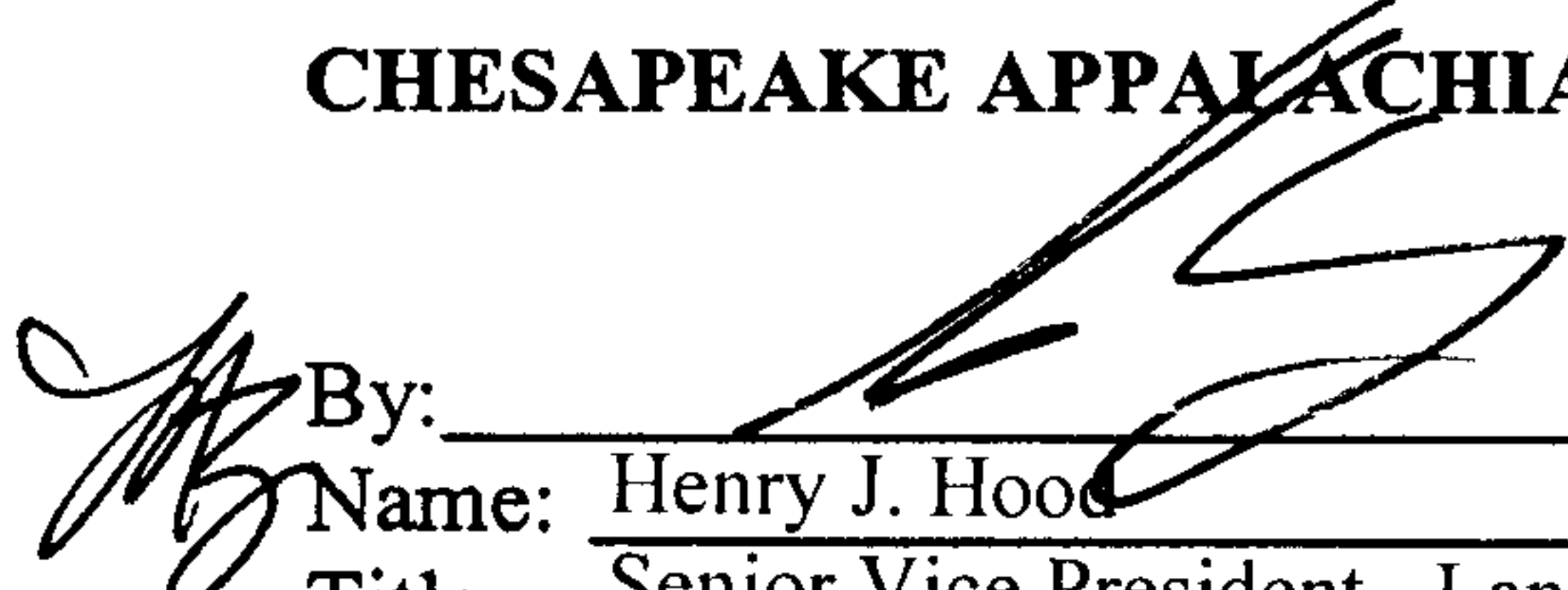
Assignee. Assignor shall have no right to demand development or exploration of the Subject Interests.

Section 3.5 Successors and Assigns. All of the provisions hereof shall inure to the benefit of and be binding upon the respective successors and assigns of Assignor and Assignee.

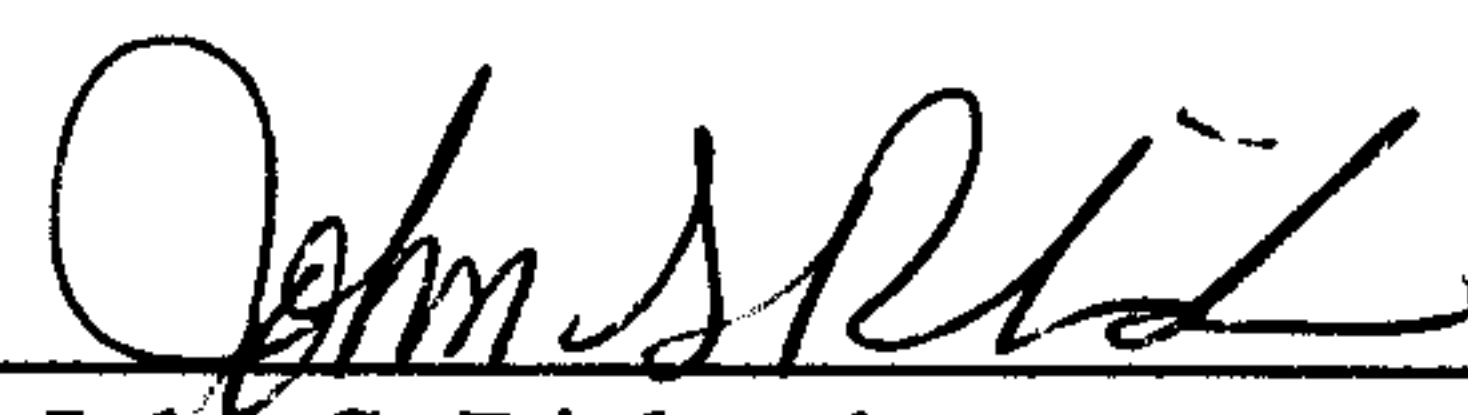
Section 3.6 Counterparts. This Assignment may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one and the same assignment.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment on the dates of the acknowledgments set forth below, to be effective, however, for all purposes, as of the 20th day of October, 2009 (the "Effective Date").

CHESAPEAKE APPALACHIA, L.L.C.

By: 
Name: Henry J. Hood
Title: Senior Vice President - Land and Legal
& General Counsel

ENERGEN RESOURCES CORPORATION

By: 
Name: John S. Richardson
Title: President and COO



Prepared by:

Paul Rote, CPL
Energen Resources Corporation
605 Richard Arrington Blvd. North
Birmingham, AL 35203



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Shelby Cnty Judge of Probate, AL
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STATE OF OKLAHOMA

COUNTY OF _____

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I, the undersigned Notary Public in and for said County and State, hereby certify _____, whose name as the _____ of Chesapeake Appalachia, L.L.C., an Oklahoma limited liability company, is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand this the _____ day of _____, 2009.

Notary Public, State at Large

My Commission Expires: _____

STATE OF ALABAMA

COUNTY OF JEFFERSON

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I, the undersigned Notary Public in and for said County and State, hereby certify JOHN S. RICHARDSON, whose name as the PRESIDENT & COO of Energen Resources Corporation, an Alabama corporation, is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand this the 21st day of October, 2009.

[Signature]
Notary Public, State at Large
My Commission Expires: 01/24/2012

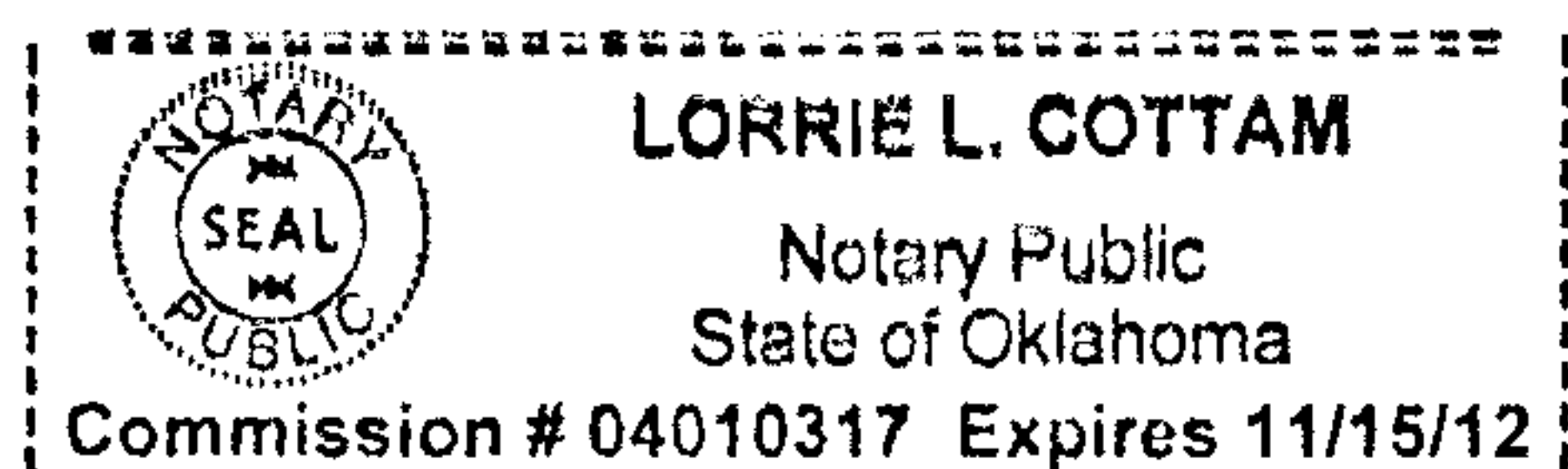
STATE OF OKLAHOMA)

) SS:

COUNTY OF OKLAHOMA

I, the undersigned Notary Public in and for said County and State, hereby certify Henry J. Hood, whose name as the Senior Vice President - Land and Legal & General Counsel of Chesapeake Appalachia, L.L.C., an Oklahoma limited liability company, is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand this the 25th day of November, 2009.



[Signature]
Notary Public, State at Large
My Commission Expires: 11/15/12



20091223000468520 5/9 \$35.00
Shelby Cnty Judge of Probate, AL
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EXHIBIT A

ATTACHED TO AND MADE PART OF THAT ASSIGNMENT OF OIL AND GAS INTERESTS DATED EFFECTIVE OCTOBER 20, 2009, BETWEEN CHESAPEAKE APPALACHIA, LLC, ASSIGNOR, AND ENERGEN RESOURCES CORPORATION, ASSIGNEE.

THE LEASES AND INTERESTS HEREIN CONVEYED ARE LIMITED GEOGRAPHICALLY TO COVER LANDS LOCATED WITHIN THE EXTERIOR BOUNDARIES OF THE OUTLINES DEPICTED IN CROSS-HATCH ON THE ATTACHED EXHIBITS A-1, A-2 & A-3. SHOULD A LEASE OR INTEREST FALL BOTH INSIDE AND OUTSIDE THE BOUNDARY, ONLY THAT PORTION FALLING WITHIN THE BOUNDARY IS INTENDED TO BE CONVEYED HEREIN.

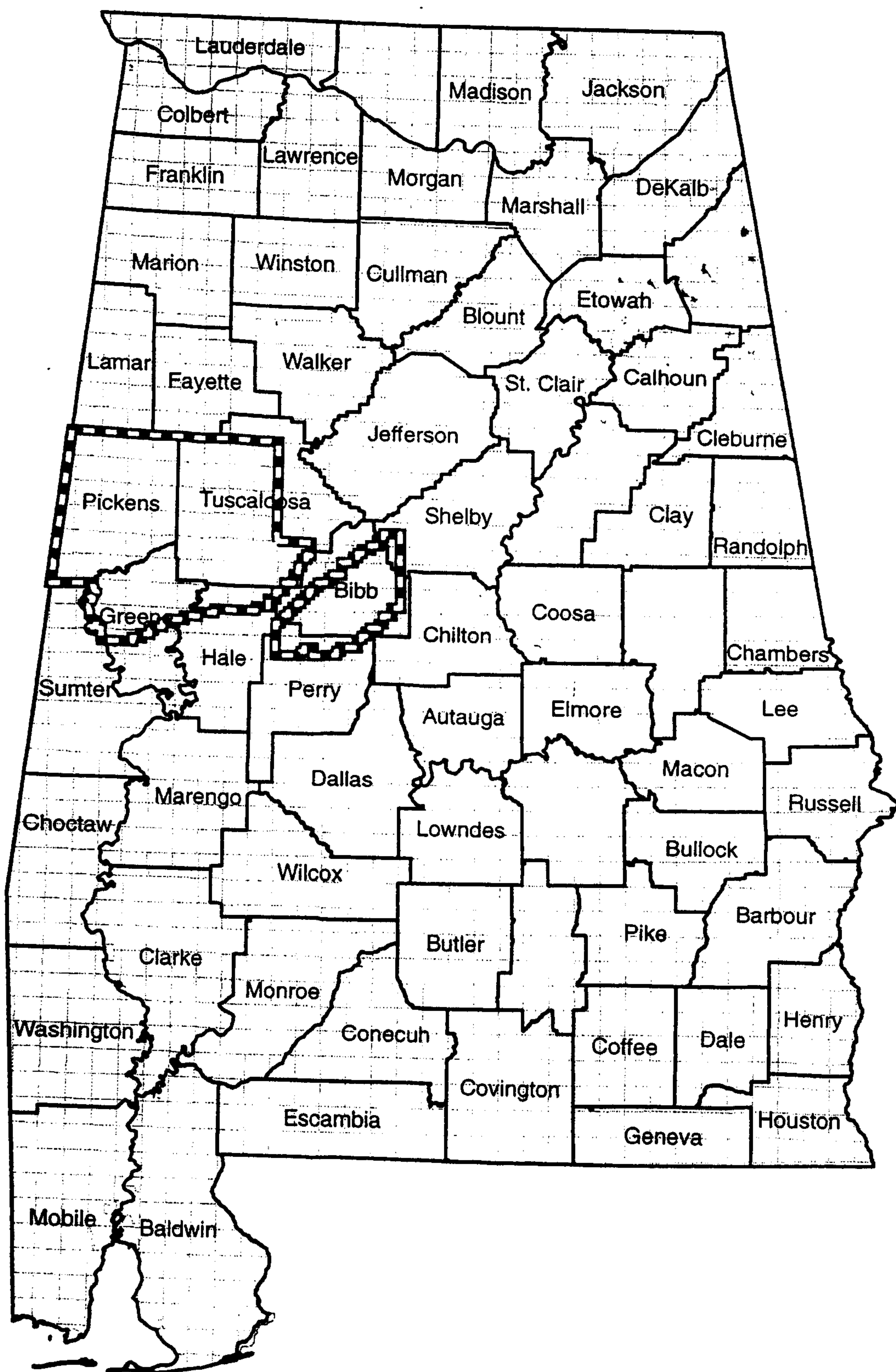
SHELBY COUNTY					
LEASE NO	LESSOR	LESSEE	DATE	BOOK	PAGE
AL803849-00P	KAY VERNON, WIDOW	PITTS LANDMAN SERVICES, INC.	9/24/2006	2007	129000041640
					129000041650
AL803851-00P	RAY SISCO	PITTS LANDMAN SERVICES, INC.	9/20/2006	2007	129000041660
					129000041670
For recording purposes only, this instrument conveys 55.5 net mineral acres.					



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Shelby Cnty Judge of Probate, AL
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Exhibit A-1

To Assignment of Oil and Gas Interests
Between Chesapeake Appalachia, L.L.C. and Energen Resources Corporation
Dated Effective October 20, 2009



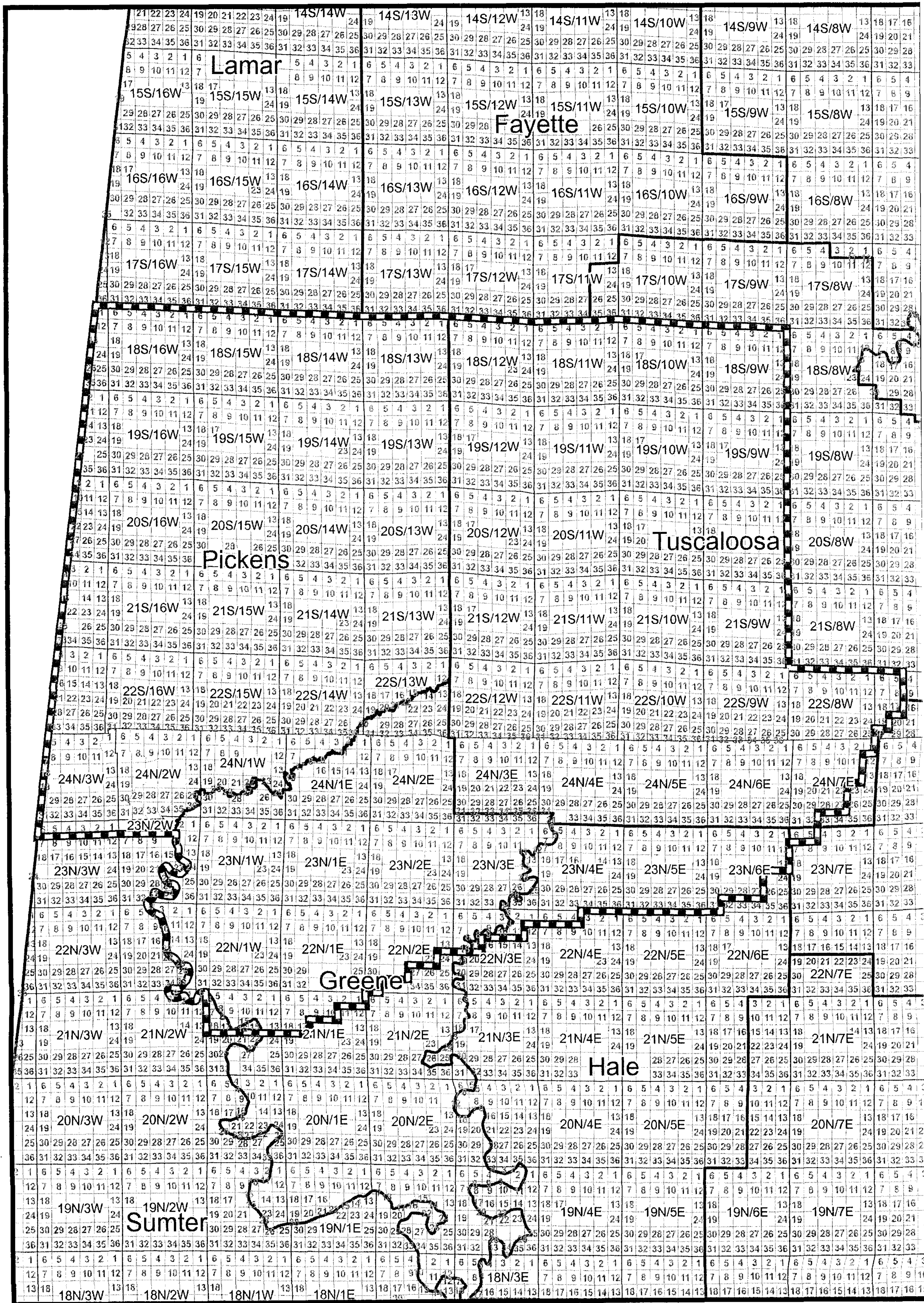
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Exhibit A-2

To Assignment of Oil and Gas Interests
Between Chesapeake Appalachia, L.L.C. and Energen Resources Corporation
Dated Effective October 20, 2009





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Exhibit A-3

To Assignment of Oil and Gas Interests
Between Chesapeake Appalachia, L.L.C. and Energen Resources Corporation
Dated Effective October 20, 2009

