



ENERGEN CORPORATION
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December 14, 2011

Public Company Accounting Oversight Board
Office of the Secretary
1666 K Street, NW
Washington, DC 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 37

Energen Corporation (Energen) respectfully submits comments on the Public Company Accounting Oversight Board's (PCAOB) *Concept Release on "Auditor Independence & Audit Firm Rotation"*. A diversified energy company headquartered in Birmingham, Alabama, Energen is a growing oil and gas exploration and production company complemented by its legacy natural gas distribution business. Its oil and gas exploration and production company, Energen Resources Corporation, is a top 20 independent producer (on the basis of U.S. proved reserves), while its regulated subsidiary, Alabama Gas Corporation, is the largest natural gas distributor in Alabama.

We support the PCAOB's goal of enhancing the independence, objectivity and professional skepticism of auditors. However, we believe that mandating audit firm rotation will detract from these goals and will likely result in deficiencies in audit quality. Mandatory rotation removes the knowledge base and understanding developed by the audit firm, which threatens audit quality and effectiveness. Performing a high quality, effective audit depends on an auditor's detailed understanding of an entity's operations. This understanding is particularly important for industries such as ours which are highly regulated and specialized in terms of the services and products we offer. This knowledge is only truly developed over time and experience. Audit firm rotation may actually impede the accumulation of sector/industry specific expertise.

Further, we do not believe that mandatory audit firm rotation is the most cost-beneficial method to achieve the objectives mentioned above. For every rotation, management will face the disruption, expense, and time involved in changing its audit firm. Management may devote a considerable amount of time helping the auditor understand the company (in addition to the time spent evaluating and selecting the auditor upfront). Voluntary auditor change is often planned much in advance and well-timed based on company activities. Mandating audit firm change at specific times not chosen by the entity may cause even greater disruption. Moreover, it is our concern that auditors would likely "over audit" in early audit years given lack of ongoing experience with a given client or industry that is new to a firm. The risk of over audit arises for the new auditors in making sure that year 1 disclosures/balances are correct before assuming any liability under an issued opinion.

We appreciate your consideration of this issue and our comments. While we support enhancements of the attributes of auditor independence, objectivity and professional skepticism, we do not believe that mandatory audit firm rotation would provide sufficient benefit to overcome the operational issues and significant cost it would create.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles Porter".

Charles W. Porter, Jr.
Vice President, CFO & Treasurer