

Permitted Encumbrances.

The term "permitted encumbrances" shall mean as of any particular time any of the following:

(a) liens for taxes, assessments or governmental charges for the then current year; and liens for taxes, assessments or governmental charges, payments, compensation awards and similar obligations not filed due and delinquent;

(b) liens for taxes, governmental charges or assessments already due (or liens incident to construction or operation for indebtedness already due) but the validity of which is being contested at the time by the Company in good faith pursuant to the provisions of Section 4.03;

(c) any liens securing indebtedness, whether assumed by, or assumed nor guaranteed by, the Company nor by any other of which it customarily pays interest, existing at the time date hereof, or as to property heretofore acquired at the time of acquisition by the Company, upon land with respect to which the Company owns oil or gas lease or mineral rights, (or interests or royalties in such lease or right) or upon real estate or rights in or relating to real estate acquired by the Company for booster station, regulating station, measuring station, communication line, gathering line, gas, electric or water transmission or distribution line, or right of way purposes;

(d) easements, licenses, restrictions, exceptions, reservations or other outstanding interests in or against any property or right of the Company or of the Company created or existing by way of, or for the purpose of, public highways, private roads, railroads, railroad sidetracks, pipe lines, transportation lines, transmission lines, distribution lines, telegraph or telephone lines, mains and other like purposes, water power rights of the State, and others; building and other restrictions; and defects, irregularities and encumbrances in title to or bases of minor parts of, the mortgaged property which do not, in the opinion of counsel, materially impair the use of the mortgaged property as an entirety in the operation of the business of the Company;

(e) any obligations or duties affecting the property of the Company to any municipality or public authority with respect to any franchise, grant, license or permit;

(f) defects in titles to rights of way for transmission and communication lines over public or private property which do not, in the opinion of counsel, materially impair the use of the mortgaged property as an entirety in the operation of the business of the Company;

(g) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, lease or permit, or by any provisions of law, to terminate such right, power, franchise, grant, lease or permit or to purchase or reacquire or to designate a purchaser of any of the property of the Company or otherwise to control or regulate any property of the Company;

(h) rights granted or created or burdens assumed by the Company, or limitation of rights arising from agreements entered into, under the provisions of subdivision (7) of Section 8.04;

(i) mortgages or other liens securing obligations pledged with the Trustee hereunder and securing no other obligations;

(j) reservations and exceptions in United States Patents;

and (k) the lien existing at the date hereof on parcel 3 created by a deed of trust upon which there shall not be unpaid at any time more than \$8,500.

Prepaid Lien.

The term "prepaid lien" shall mean any prior lien securing indebtedness for the purchase, payment, satisfaction or redemption of which moneys in the necessary amount shall have been irrevocably deposited in trust with the Trustee or with the trustee or other holder of the prior lien securing such indebtedness, (whether prior to, upon or after the maturity or the redemption date of such indebtedness), provided that, if any such indebtedness is to be redeemed prior to the