

improvement of the plant, equipment of facilities of the Pipe Line Company for the conduct of its business; and the Pipe Line Company shall, at the expiration of such period of six months next ensuing after the day and the date of any such sale, give to said Trustee full and accurate information, in writing, as to what, if any, changes have been made under the provisions hereof with respect to the property and estates hereby granted and conveyed, or intended so to be, by lapse, release, surrender, removal and re-location, sale or otherwise.

The Pipe Line Company shall have the further right at all times, provided no default has been made, as aforesaid, to convey or exchange, freed from the incumbrances and trusts hereof, all or any of the real estate now held or which shall hereafter be acquired by it, which shall no longer be either useful or necessary in the proper and judicious management and maintenance of its business or of the property hereby conveyed; but in no case shall any such sale or other disposition of such real estate be made without the express assent in writing of the Trustee; and said Trustee is hereby expressly authorized to release under its seal from the operation and effect of this mortgage any property so sold or exchanged, whether the consideration of such sale be wholly cash or partly cash and partly secured by a mortgage on the premises sold. The certificate of the President or Vice-President, under the seal of the Pipe Line Company, attested by the Secretary, certifying to the adoption of a resolution by the Board of Directors of the Pipe Line Company requesting such release, and stating that the value of the property taken in exchange, or the price obtained in case of sale, is the fair and reasonable value thereof, shall be sufficient evidence of the facts to warrant any such release and shall fully protect the Trustee in respect thereto; but any property so taken in exchange, if such there be, shall forthwith become and be subject to the lien of this mortgage as if the same had been originally included herein; and the net proceeds of real estate so released (if sold) shall be paid over and assigned by the Pipe Line Company to the Trustee, and shall be applied by the Trustee with all con-

venient speed, at the election of the Pipe Line Company, as follows: Such proceeds and the proceeds of all property subject to the lien of this mortgage taken by the exercise of the power of eminent domain shall either

(a.) Be turned over to the Pipe Line Company, for application by it to the betterment or extension of the plants and property owned or controlled by it, upon presentation by the Pipe Line Company of a copy of a resolution by its Board of Directors, duly certified by its Secretary, requesting the payment to it of such proceeds and specifying the nature of the betterments or extensions of the plants and property above mentioned and certifying that the value of such betterments or extensions is or will be at least equal to the amount of such proceeds so to be used therefor, so that the security of this mortgage shall not thereby be diminished; or else

(b.) Shall be applied by the Trustee towards the purchase from time to time, and at such prices as the Trustee shall deem proper, and as shall be approved by the Pipe Line Company, of one or more of the bonds hereby secured, and all bonds so purchased and the coupons thereto appertaining shall be immediately cancelled and shall cease to be entitled to the benefit of the security hereby provided; or else

(c.) If the property so sold or exchanged is at the time subject to any prior mortgage, the proceeds of such sale or exchange shall be applied as required by such prior mortgage to the extent of any such requirement, and the balance of such proceeds, if any, shall be applied as provided in (a) and (b) hereof.

It shall be no part of the duty of the Trustee to see to the application by the Pipe Line Company of the proceeds of any property released by the Trustee as herein provided.

ARTICLE III.

The Pipe Line Company, its successors and assigns, shall and will, upon demand in writing of the Trustee, at any time, make, execute, acknowledge, and deliver all such further acts, deeds, and assurances in the law as may be