

otherwise expressly provided), be free and permitted by the Trustees to remain in full possession, control, use and enjoyment of the trust estate and each and every part thereof (except the notes and mortgages of Mideo Gasoline Company and Mideo Transportation Company hereinabove described and hereby pledged as part of the security afforded by this Indenture and excepting further, such other securities of a like character and kind which the Trustees may be hereafter entitled to receive and hold under the provisions of this Indenture), which may at any time be, or become subject to the lien hereof, and shall be free to operate, manage and develop said trust estate, and to receive and use the tolls, issues, income and profits thereof, and to apply the same to its current expenses, and to such other legitimate use as may not be inconsistent with the provisions of this mortgage. The Company, while not in default hereunder, may from time to time, sell and contract to sell, free from the lien hereof, all oil and gas produced from any of its properties, such sales being in the usual course of trade with the customers of the Company, and may from time to time with the written consent of either of the Bankers make changes or alterations or substitutions in any of all leases or contracts which may at any time become subject to the lien hereof, but in such event, the modified, altered or substituted lease or contract shall forthwith become and be subject to the lien of this mortgage. The Company may with the written consent of either of the Bankers abandon or cancel any oil or gas leases now owned, or at any time hereafter acquired which shall become unprofitable to the Company, and may generally do all such other things as may be necessary or convenient to the proper conduct of its business, provided, however, that it shall not be at liberty to create any mortgage or charge in priority to the lien of this Indenture.

Section 2. Subject to the limitations contained in this instrument, the Company may from time to time, whenever it is not in default in respect of the bonds or coupons, or of any covenant, stipulation or agreement herein contained, sell or otherwise dispose of, free from the lien hereof, any of the physical properties (meaning thereby any part of the trust estate now owned or hereafter acquired, consisting of real or personal property, other than notes, mortgages or other securities which the Trustees may now or hereafter be entitled to receive and hold under the provisions of this Indenture), if in its judgment the same may be no longer used or useful in the conduct of its business, by reason of age, wear or otherwise; provided, however, that the same shall be replaced with property of equal value, to be in all respects subject to the lien of this Indenture, or that the proceeds of such sale be deposited with the Trustees. No purchaser at such sale shall be under any obligation to ascertain the occurrence of the event in which such sale is hereby authorized, or to look to the application of the proceeds of such sale. Upon the deposit with the Trustees of the proceeds of such sale, together with a certificate signed by a majority of the directors of the Company stating that said property is no longer used or useful in the proper and judicious conduct of the business of the Company, that the price for which the same has been sold is fair and represents the true value thereof, or upon the delivery to the Trustees of such a certificate further stating that the said property has been replaced with other property of equal value, the Trustees shall release the said property so sold or disposed of from the lien hereof; provided, further, however, that if such proposed sale shall be of any physical ~~personal~~ ~~sale shall be of any physical~~ properties valued in excess of \$50,000, then in addition to the certificate of the directors, the Company shall furnish the Trustees with a certificate of an engineer or engineering firm, familiar with the construction and operation of oil and gas properties and satisfactory to the Trustees, setting forth the price at which it is proposed to sell such physical properties, and stating that in their opinion such selling price is fair and adequate. No certificate of any kind, and no release from the Trustees shall be required where the reasonable and fair value of any property so sold is less than \$5,000, but the sale shall be reported and property so sold shall be replaced or the proceeds of such sale shall be deposited with the Trustees, as above provided.

So long as the Company shall not be in default in respect of any covenant, stipulation or agreement herein contained, the proceeds of any sale or sales deposited with the Trustees aforesaid, and all moneys which may be received as compensation for any of the Trust estate taken by the exercise of the power of eminent domain (less the expenses of the condemnation proceeding) shall be paid out from time to time by the Trustees upon the written order of the President or Treasurer of the Company, accompanied by their affidavit that new and additional property (or additions, extensions, betterments or improvements to any of the mortgages property), equal in value to the amount of money so to be paid out, has been acquired and vested in the Trustees, free and clear of all incumbrances, as part of the Trust estate (and that the same consists in no part of the renewals, replacements or repairs which the Company hereinbefore covenants to make, or of property acquired by means of insurance moneys as hereinbefore provided) and until so paid out the said proceeds of any sale or sales made under the terms of this section shall be held by the Trustees as part of the trust estate.

In making any release or payment as hereinbefore provided, the Trustees may rely absolutely on the truth of any facts stated in an affidavit of the President or Treasurer of the Company; but the Corporate Trustee may in its discretion, and at the expense of the Company require such other evidence of such facts as to it may seem appropriate, and said Trustee may assume for the purpose of making such payments and releases that the Company is not in default, unless and until it shall have knowledge to the contrary. If and whenever requested to do so by the Company, said Trustee shall retain any such moneys so received from the sale of any part of the trust estate, or any such condemnation moneys, and shall apply the same to the credit of the Company in full satisfaction and discharge (to the extent of the aggregate amount of moneys so retained) of all payments for principal (but not for interest) then due or thereafter to become due for sinking fund requirements, as provided in Section 2 of Article II hereof, or said Trustee, at the request of the Company, shall apply such moneys, in purchasing bonds of the Company in the open market at a price not exceeding one hundred and one hundred and one per cent of the par value thereof, and accrued interest