

sterling, or five thousand one hundred and eighty French francs, or four thousand one hundred and ninety-eight German marks, or two thousand four hundred and eighty-eight guilders, shall be deemed to be the equivalent of one thousand dollars; and one hundred and two pounds, fifteen shillings, sterling, or two thousand five hundred and ninety French francs, or two thousand and ninety-nine German marks, or one thousand two hundred and forty-four guilders shall be deemed to be the equivalent of five hundred dollars and twenty pounds, eleven shillings, sterling, or five hundred and eighteen French francs, or four hundred and fifteen German marks eighty pfennigs, or two hundred and forty-eight and eight-tenths guilders, shall be deemed to be the equivalent of one hundred dollars; and in the case of the issue of Bonds payable in other foreign currencies the mint par of exchange between such foreign country and the United States at the time of the issuance of the Bonds in any such currency shall be the basis of computing such equivalents; provided, however, that if there is no such mint par of exchange between the United States and such other foreign country, then in such case the reasonable equivalents of such other foreign currencies shall be determined by the Board of Directors of the Company at the time of authorizing the issue of Bonds in any such currency. In the case of the distribution by the Trustee, under the default provisions of this Indenture, upon any Bond or coupon issued hereunder and outstanding payable only in a foreign currency or currencies, the amount of such distribution to be made in such foreign currency shall be fixed on the basis of gold dollars of the United States at the rate of exchange current on any day fixed by the Trustee within fifteen days before the date fixed for distribution.

ARTICLE II.

ISSUE AND APPROPRIATION OF BONDS.

SECTION 1.--\$25,000,000 principal amount of the Bonds authorized to be issued under this Indenture, being the Bonds of the 1927 Series, may from time to time be executed by the Company and delivered to the Central Company and shall forthwith upon such delivery be authenticated by the Central Company and delivered (without awaiting the filing or recording of this Indenture) in accordance with the order or orders of the Company evidenced by a writing or writings signed by its President or a Vice-President, and Treasurer or Assistant Treasurer, and the Bonds so authenticated and delivered may be used by the Company for any of its lawful purposes. The Central Company, shall, however, be under no obligation to see to the use or application of such Bonds or their proceeds.

SECTION 2.-- Bonds of any series other than the 1927 Series, authorized to be issued under this Indenture, hereinafter called the Residue Bonds, may, from time to time (unless some default described in clauses (A), (B) or (C) of Section 1 of Article IX hereof, or one of the Events of Default as defined in said Section 1 of Article IX, shall have occurred, and in either case be then continuing) be executed by the Company and delivered to the Central Company and shall forthwith upon such delivery be authenticated by the Central Company and delivered in accordance with the order or orders of the Company evidenced by a writing or writings signed by its President or Vice-President and Treasurer or Assistant Treasurer, but, so long as any Bonds of the 1927 Series are outstanding, duly if accompanied by the documents specified in Section 5 of this Article, and only

1. (a) If the net earnings of the Company calculated as hereinafter provided, for a period of twelve consecutive calendar months within the fourteen calendar months immediately preceding the application for authentication and delivery of bonds, shall be in the aggregate not less than $2\frac{1}{2}$ times the annual interest charges (as hereinafter in this Section defined) of the Company, or

(b) If the average annual amount of such net earnings for a period of twenty-four consecutive calendar months within the twenty-six calendar months immediately preceding such application shall be in the aggregate not less than 2 times such annual interest charges, or

(c) If the average annual amount of such net earnings for a period of thirty-six consecutive calendar months within the thirty-eight calendar months immediately preceding such application shall be in the aggregate not less than 2 times such annual interest charges;

and

11. If after November 30, 1926, there shall have been acquired or constructed fixed property, in addition to the properties owned by the Company at the date of the execution and delivery of this Indenture as such properties were constituted on November 30, 1926, useful or necessary to the Company's business (other than oil and/or gas lease and/or interests or royalties therein, mineral rights, oil and/or gas production, and equipment, appliances or other property used for the development of oil and/or gas acreage or for the drilling for and production of oil and/or gas), or if after November 30, 1926, there shall have been made any permanent improvements, extensions or additions (other than such as are hereinabove specifically excepted) to properties owned by the Company at the date of the execution and delivery of this Indenture as such properties were constituted on November 30, 1926; or if after November 30, 1926, the Company shall have made any permanent improvements, extensions or additions (other than such as are hereinabove specifically excepted) to any of its properties whether owned at the date of the execution and delivery of this Indenture or thereafter acquired.

An application for the authentication and delivery of Bonds hereunder shall be deemed to be made on the date when the request therefor is first delivered to the Central Company, even though such request, or the papers supporting the same, is thereafter altered, modified, enlarged, augmented or otherwise changed.

The net earnings of the Company shall be calculated by deducting from its aggregate gross revenues (excluding proceeds realized from the sale of property other than current assets, including stores and supplies and oil and gas above ground as current assets) the aggregate operating expenses of the Company, including therein administrative expenses other than those charged to capital account or surplus, taxes (other than Federal taxes), rentals, insurance, expenditures for current maintenance and repairs, and excluding from such operating expenses all amounts expended or accrued for depletion or depreciation including the Property Replacement Fund hereinafter provided in Article VI and for sinking funds; and by deducting from the result so obtained the amount of any dividends paid to the Company during such period on the stocks of Subsidiary Companies.

The annual interest charges of the Company shall be determined by adding together the annual interest charges upon

(a) All obligations, outstanding at the date of the report required under the provisions of paragraph A of Section 5 of this Article, of the Company secured by a lien or encumbrance upon all or any part of the properties of the Company which are covered by this Indenture, which said Lien or encumbrance shall rank on a parity with or prior to the lien hereof.

(b) The Bonds theretofore authenticated hereunder and not retired by the date of the report required under the provisions of paragraph A of Section 5 of this Article, and the Bonds for the authentication and delivery of which such application is made, and all Bonds which shall not have been authenticated and delivered but the authentication and delivery whereof shall have been requested and to the authentication and delivery of which the Company shall be entitled.

Provided no Residue Bonds may be authenticated and delivered unless the Company shall have, prior to the application for authentication and delivery of Residue Bonds, made application for the authentication of Bonds to the full extent that it is entitled at the date of the report required by the provisions of paragraph A of Section 5 of this Article to have Bonds authenticated under Section 4 of this Article.

The Term "Subsidiary Company", whenever used in this Indenture, shall be construed to mean a corporation, a majority (or such greater amount as may be necessary to ensure voting control, i. e., sufficient to elect a majority of the Board of Directors and to amend the By-Laws) of the outstanding stock (having voting power) of which is owned by the Company either directly, or indirectly through