

hereof, shall have been conveyed; mortgaged, pledged, assigned or transferred by the Company or by anyone on its behalf or with its consent to the Trustees, or either of them, who are hereby authorized to receive at any and all times any property as and for additional security for the payment of the bonds issued or to be issued under this Indenture.

EXCEPTED PROPERTY

Notwithstanding the generality of the foregoing Granting Clauses there is expressly excepted and excluded from the lien and operation of this Indenture, unless and until specifically subjected to the lien hereof, the following described property of the Company whether now owned or hereafter acquired (herein sometimes referred to as "excepted property"):

(a) all gas in pipe lines or processing or treating plants and gas placed in storage in any underground or other reservoir, container or place used for the storage of gas, all liquid petroleum products resulting or derived from the production or processing of natural gas, and all oil and casinghead gas and products thereof or derivatives therefrom;

(b) all gas purchase contracts and all gas sales contracts and all rights and interests therein and thereunder, other than those specifically pledged hereunder or required so to be by reason of Granting Clauses Third and Fourth hereof;

(c) all oil, by-product and petro-chemical properties, as defined in Section 1.13C hereof;

(d) all of the right, title and interest of the Company in, to and under any unproven gas acreage as defined in Section 1.13, and all property installed by the Company in or upon such unproven gas acreage, but only, in the case of a gas leasehold estate also covering proven gas acreage, to the extent that the Company's right, title and interest in the proven and unproven gas acreage covered thereby are severable;

(e) all materials and supplies and all tools and equipment (including drilling rigs, drilling platforms and drilling equipment) not installed as part of the fixed property of the Company;