

SECTION 1.13A. The term "gas production expenditures" shall include and mean, without duplication, the sum of

(a) all costs to the Company of the acquisition of gas leasehold estates covering proven gas acreage, as defined in Section 1.13 hereof, whether such acreage at the time of the acquisition thereof by the Company was proven gas acreage or unproven gas acreage, and

(b) all expenditures made by the Company, directly or indirectly through the payment or reimbursement by the Company of expenditures made by others, on account of the exploration for gas on and/or the development of gas production from acreage covered by gas leasehold estates owned by the Company (including acreage located in any unitized area or in any communitized tract which is being developed pursuant to a unitization or communitization agreement to which the Company is a party, whether such acreage has been subjected thereto by the Company or by another) which at the time of certification of such expenditures hereunder is proven gas acreage as defined in Section 1.13 hereof, including without limitation expenditures for seismographic or other geophysical surveys or work, the clearing and/or preparation of well sites, the building of access roads into or on such acreage, well drilling expenses tangible or intangible, including the cost of pipe, casing, tubing and other appliances, equipment and materials placed in or on or used in connection with gas wells, and expenditures for the testing, cleaning, stimulating and/or recompletion of gas wells;

provided that such expenditures shall be properly chargeable to the fixed property accounts of the Company in accordance with sound accounting practice. When a well is completed as a dry hole, no expenditures made in drilling the same which have not theretofore been included in a certificate of the Company under Section 4.03 or Section 4.06 shall thereafter be included in gas production expenditures.

The term "gas production property" shall mean and include gas leasehold estates covering proven gas acreage, gas wells and all other property of the character described in the foregoing paragraph acquired or constructed through gas production expenditures.