

after deducting from the sum computed under (A) above or the sum computed under (B) above, whichever is the lesser, the sum of

(a) the aggregate amount of all gas production expenditures, if any, made by the Company on or prior to August 31, 1955 in respect of such proven gas acreage or the gas leasehold estates covering such proven gas acreage, unless such proven gas acreage is included in the Schedule A Properties as hereinafter in this Section defined;

(b) the aggregate amount of all gas production expenditures, if any, made by the Company in respect of such proven gas acreage and the gas leasehold estates covering such acreage subsequent to August 31, 1955 which shall have been made the basis of withdrawal of cash from any construction fund established pursuant to any provision of this Indenture or the basis of any other credit on account of the cost of completion of any special project established under this Indenture; and

(c) the aggregate amount of all gas production expenditures, if any, made by the Company in respect of such proven gas acreage and the gas leasehold estates covering such acreage as set forth in any previous certificate or application delivered by the Company to the Corporate Trustee pursuant to Section 4.03 or Section 4.06, to the extent that such expenditures shall have been utilized as the basis for the issuance of bonds or the withdrawal of cash,

provided that such bondable value shall not in any event exceed the value, determined as provided in (B) above, of the gas reserves in place attributable to the Company's gas leasehold estates covering the proven gas acreage in question as of the date specified in the certificate or application of the Company referred to in (A) above (excluding the value of all gas, if any, withdrawn prior to such date).

The term "Schedule A Properties", as used in this Section and elsewhere in this Indenture, shall mean any acreage described in or covered by the instruments referred to in a list dated as of September 1, 1955 and captioned for identification "Schedule A—List filed pursuant to the provisions of Section 1.13B of Indenture of Mortgage of El Paso Natural Gas Company" which has been delivered to the Corporate Trustee hereunder.