

(ii) in the event that the certificate of the Company provided for in subdivision (1) of this Section includes any expenditures and/or indebtedness representing costs incurred by the Company in the drilling, testing, completion and/or equipping of gas or gas and oil wells (other than administrative or overhead charges applicable thereto), stating either that (A) such well is located on acreage covered by one or more of the gas leasehold estates described in Part II of Article Four of the Sixth Supplemental Indenture or in Part III of Article Four of the Seventh Supplemental Indenture or in Part I of Article Six of the Eighth Supplemental Indenture, or (B) that the Company has good title to the proven gas acreage or unproven gas acreage on which such well has been or is being drilled, subject only to (aa) rentals, royalties, reservations, liens or encumbrances (other than reservations, liens or encumbrances securing the payment of indebtedness of the Company or any predecessor in title) existing thereon at the time of acquisition by the Company, (bb) rights or interests of third parties arising by virtue of any exploration, drilling, development, unitization and/or operating agreement or arrangement affecting such acreage, or other liens or encumbrances of the character of permitted encumbrances, granted, created, entered into or made by the Company pursuant to the provisions of Section 8.01, (cc) royalties, in an amount not exceeding one per cent. (1%) in respect of any one lease, granted or created by the Company or San Juan Production Company (a former subsidiary, now merged into the Company), (dd) such irregularities or defects of title, if any, as shall be specified in such opinion, (ee) in the case of acreage acquired from Wood River Oil and Refining Co., Inc., Rock Hill Oil Company, M. J. Florance and Florence A. Florance and/or Blanco Gas Company, subject to the royalties, reservations and/or production payments provided for or reserved in the agreement, dated April 18, 1949, between the Company and said Wood River Oil and Refining Co., Inc. and said Rock Hill Oil Company, (ff) in the case of acreage acquired from Largo Natural Gas Company, subject to the reservations and/or payments provided for in the Memorandum of Sale, dated September 10, 1951, between said Largo Natural Gas Company and said San Juan Production Company, and/or (gg) in the case of acreage in or adjacent to the Blanco Field acquired by the Company