

pany through its well drilling and development program the cost of which has been included in the Permian-San Juan Project as completed as set forth in the certificate of the Company provided for in subdivision (1) above has established proven reserves of natural gas attributable to gas leasehold estates owned by the Company and the deliverability of natural gas from such proven reserves through the wells so drilled (exclusive of reserves established through expenditures constituting part of the cost of the San Juan Project), in amounts not less than the reserves and deliverability, respectively, forecast therefor in the exhibits submitted by the Company to the Federal Power Commission in Docket No. G-2106 in support of the Company's application for a certificate of public convenience and necessity authorizing the construction and operation of the Permian-San Juan Project;

(4) an opinion of counsel stating, with respect to the properties comprising the Permian-San Juan Project, that the Company has good title, subject only to permitted encumbrances, to (a) all compressor stations, gas treating plants and gasoline plants, (b) main and branch transmission pipe lines, main trunk gathering lines and substantially all other pipe lines (other than gathering lines and water lines of a temporary character), and (c) substantially all other real properties, and estates and interests therein, comprised in such Project (other than the properties described generally in subdivisions (46) and (47) of Part I of Article Three of the Fourteenth Supplemental Indenture), and that the Company has acquired rights of way (as defined in Section 1.09) for such pipe lines and appurtenances thereto, subject to permitted encumbrances as aforesaid, and subject also to such irregularities in and deficiencies of title as may exist in respect of portions of the rights of way for the Permian-San Juan Project, provided that in the opinion of such counsel such irregularities and deficiencies may be remedied, without the incurring of disproportionate expense by the Company, by relocation of the portion of the pipe line affected or by negotiation or other action, and will not result in a break in the continuity of any pipe lines included in the Permian-San Juan Project, and that the completed Permian-San Juan Project and the Company's interest in the rights of way therefor, subject as aforesaid, are subject to the lien of this Indenture free and clear of all other liens and encumbrances, or will be so subject to the lien of this Indenture upon the execution and delivery of