

of execution of the Seventeenth Supplemental Indenture, on account of the cost of acquisition or construction and completion of the Second Permian-San Juan Project, including the acquisition, drilling, testing, completion, recompletion and/or equipping of gas wells on acreage covered by gas leasehold estates owned by the Company (including acreage located in any unitized area or on any unitized tract which is being developed pursuant to a unitization or communitization agreement to which the Company is a party), located in any field or fields in the San Juan Basin in San Juan and Rio Arriba Counties, New Mexico; or in any field or fields in La Plata County, Colorado, or in extensions of any of said fields, whether or not any such well upon the completion thereof be a well producing natural gas in commercial quantities. Such cost shall include

(a) all costs of the acquisition or construction and completion of the Second Permian-San Juan Project which shall have been charged or shall be chargeable to fixed property accounts of the Company in accordance with sound accounting practice, including the cost of property or rights acquired for the right of way in, on or under which the Second Permian-San Juan Project or any portion thereof is to be located;

(b) all costs of labor and services, including services of foremen, inspectors, supervisors, surveyors, engineers, counsel and accountants, performed or rendered in connection with the acquisition or construction and completion of the Second Permian-San Juan Project and all costs of materials, supplies, machinery, construction equipment and apparatus acquired or used (including rental charges for machinery, equipment or apparatus hired) for or in connection with the construction and completion of the Second Permian-San Juan Project, whether or not constituting or to constitute a part thereof when completed, and whether or not such costs are charged or chargeable to fixed property accounts of the Company; and

(c) all overhead costs applicable to the construction period including, without limiting the generality of the foregoing, taxes, licenses, excises and assessments, surety bond premiums and insurance premiums, whether or not charged or chargeable to fixed property accounts; and interest during construction and that proportion of any discount on bonds or other securities