

independent engineer's certificate filed with the Corporate Trustee pursuant to this Section, whichever shall be the later, shall, whether or not an event of default under this Indenture shall have happened and be continuing,

(a) apply the unexpended balance of the Third Permian-San Juan Construction Fund (except as to any amount insufficient to effect the redemption of the smallest outstanding bond or portion thereof which shall then be redeemable) to the redemption, as soon as practicable, of bonds of the Second 1974 Series and bonds of the 1975 Series, at the principal amount thereof and accrued interest to the date of redemption; and

(b) apply the remainder of such unexpended balance of the Third Permian-San Juan Construction Fund not required to be applied as provided in the foregoing subdivision (a) (except as to any balance insufficient to effect the redemption of the smallest outstanding bond or portion thereof which shall then be redeemable) to the redemption of bonds of other series outstanding hereunder at the earliest practicable date or dates on which such bonds shall be redeemable.

So far as practicable, bonds of different series to be redeemed in accordance with the provisions of the foregoing subdivision (a) or subdivision (b), as the case may be, shall be redeemed pro rata according to the respective principal amounts of the then outstanding bonds of the particular series affected.

The Company covenants that it will promptly call for redemption the bonds to be redeemed and will furnish all sums required for the payment of the interest and premium (if any) payable in connection with the redemption of any bonds to be redeemed pursuant to this Section 6E.09.

SECTION 6E.10. The Company warrants and represents that, in compliance with its covenant contained in this Section as it existed prior to the execution and delivery of the Twenty-third Supplemental Indenture, the Company has by the execution and delivery of said Twenty-third Supplemental Indenture subjected to the lien of this Indenture all the Company's right, title and interest in, to and under (a) the operating agreement entered into between the Company and the