

acquired by the Company after its acquisition of properties of Northwest Production Corporation under the circumstances contemplated in said clause (p) which are replacements of or additions to or extensions of or otherwise appurtenant to properties so acquired by the Company from said Northwest Production Corporation, including in either such case gas production property represented by gas production expenditures made by the Company after the date of such merger or acquisition, as the case may be, in respect of properties so acquired by the Company from Pacific or from said Northwest Production Corporation."

SECTION 4. Section 1.10 of the Mortgage is hereby further modified by striking out the second and third sentences of the fourth paragraph of said Section and inserting in lieu thereof the following:

"The gross retirements in respect of any retired property, other than gas production property not acquired by the Company upon the merger of Pacific into it and not acquired by the Company from Northwest Production Corporation under the circumstances contemplated in clause (p) of the third paragraph of Section 1.09, shall be (a) in the case of bondable additions which shall have been made the basis of the issuance of bonds or the withdrawal of cash or the release of property hereunder, the cost or fair value to the Company, whichever is less, of such bondable additions at the time the same were made the basis of such issuance or withdrawal or release, (b) in the case of property (including gas production property) acquired by the Company from Pacific upon such merger which was recorded in the fixed property accounts of Pacific immediately prior to such merger, or property (including gas production property) acquired by the Company from Northwest Production Corporation under the circumstances contemplated in said clause (p), the net depreciated and/or depleted book value of such property (estimated if not separately shown) as shown or reflected on the books of Pacific or Northwest Production Corporation, as the case may be, immediately prior to such merger or acquisition, and (c) in the case of any other property, other than gas production property, the cost thereof to the Company. The cost to the Company of any property acquired by the Company from Pacific upon such merger which was not recorded in the fixed property accounts of Pacific immediately prior to such merger shall be