

SECTION 19. Section 7.11 of the Mortgage is hereby modified

(a) by inserting in said Section immediately preceding subdivision (a) of the first paragraph of said Section, the following:

"I. As to properties other than properties owned by Pacific at the effective date of its merger into the Company or replacements of or additions to such properties:"; and

(b) by inserting in said Section immediately following subdivision (c) of said first paragraph, the following:

"II. As to properties acquired by the Company from Pacific upon the merger of Pacific into it and replacements of or additions to such properties, an amount equal to $3\frac{1}{2}\%$ of (i) in the case of properties acquired by the Company from Pacific upon such merger, the gross depreciable amounts of all such properties as shown on the books of Pacific prior to such merger, and (ii) in the case of replacements of or additions to such properties, the amounts recorded in the fixed property accounts of the Company for such replacements or additions; provided, however, that if the Federal Power Commission or other regulatory body having authority in the premises shall permit the Company to make charges for depreciation of such properties at a rate higher than $3\frac{1}{2}\%$ per annum, then the Company shall make such charges at such higher rate but not in excess of 4% per annum;"

SECTION 20. Section 8.01 of the Mortgage is hereby modified by deleting the word "or" at the end of subdivision (10) of said Section, by changing the period at the end of subdivision (11) of said Section to a semicolon, by inserting the word "or" immediately following said semicolon and by adding, immediately following said subdivision (11), a new subdivision reading as follows:

"(12) may, without obtaining any release or consent of the Trustees, surrender, transfer, release or reassign to the assignor free and clear of the lien of this Indenture (A) any of the leases, leaseholds, rights or interest therein assigned under and pursuant to eight Sales Contracts and Operating Agreements dated March 16, 1955, as amended on April 15, 1955, between the Company, as successor to Pacific, and Pan American Petroleum Corporation (formerly Stanolind Oil and Gas Company), covering the Arboles, North Rosa, Cedar Hill, Bondad, Huerfano, Township, Rosa and Ignacio areas, if (i) in the opinion of