

to Section 4.03 or Section 4.06 including gas production expenditures (such latest certificate being herein called the 'current certificate'), in respect of all certified proven gas acreage in such field (the term 'certified proven gas acreage' as used in this Indenture meaning all such acreage described (a) in such current certificate or in any previous similar certificate or (b) in any certificate filed with the Corporate Trustee in connection with the withdrawal of cash from any construction fund, or the establishment of a credit on account of the cost of completion of any special project, established pursuant to any provision of this Indenture), whether such expenditures were made before or after such acreage became proven gas acreage, but excluding all such expenditures which have been made out of the proceeds of insurance on the mortgaged property or any part thereof,

but only to the extent that the sum so computed is not greater than

(B) an amount equal to

(1) the value or minimum value of the gas reserves in place attributable to the Company's gas leasehold estates covering the certified proven gas acreage in such field as of the date specified in the current certificate, plus the value of all gas, if any, withdrawn from the gas reserves attributable to such gas leasehold estates prior to such date and since the date of the acquisition of such gas leasehold estates by the Company, all as determined by an independent geologist, taking into account the costs incurred or to be incurred in producing the gas from such reserves, any development or other contract obligation of the Company with respect thereto, the amount of the royalties, overriding royalties, production payments, production taxes, severance taxes and other similar charges paid or payable by the Company in respect of the gas produced or to be produced from such reserves and all other factors relevant to the valuation of such gas and/or reserves, minus

(2) in the event that any of the certified proven gas acreage in such field constitutes Pacific acreage, as defined in Section 1.13A, an amount equal to the net depreciated and/or depleted book value thereof (estimated if not