

the property described in this Indenture, or any part thereof or upon any after acquired property of the Company or any Subsidiary Mortgagor Company; and if any Subsidiary Company shall fail to pay any such taxes, rates, assessments, and charges lawfully imposed upon its property or upon the income and profits thereof, then the company will either pay the same or will acquire and will transfer to the Trustee the claim therefor or will make adequate provisions for the satisfaction or discharge thereof; provided however, that nothing contained in this Article shall require the company or any Subsidiary Company to pay, acquire or make provision for such tax, assessment, lien or charge so long as the Company or such Subsidiary Company in good faith shall contest the validity thereof.

The Company or the Subsidiary Mortgagor Companies shall not and will not apply for or claim any deduction by reason of this Indenture from the taxable value of the lands and property covered or intended to be covered hereby, nor take advantage of any law hereafter passed deducting from the value of said property for the purpose of taxation the lien of this Indenture thereon, if thereby any bondholder or the Trustee might incur any liability for any taxes.

SECTION 8. (a) That, so long as any Bonds of Series "A" are outstanding, no Subsidiary Company, other than any Subsidiary Mortgagor Company, will create or permit to be created or to have outstanding any indebtedness (contingent or otherwise) except:

(1) To the Trustee or to the Company or to another Subsidiary company, and then only while such indebtedness is held by any of them; or

(2) Obligations in payment of the purchase price of the property hereafter acquired by said Subsidiary Company; or

(3) Indebtedness (in addition to those specified in (1) and (2)) maturing in one year or less from the date thereof, and incurred for current operating expenses, including the purchase of stores and supplies and oil and gas above ground, and then only to an amount not in excess of the current assets of such Subsidiary Company; or

(4) Indebtedness (in addition to those specified in (1) and (2)) maturing in two years or less from the date thereof, and incurred for current operating expenses, including the purchase of stores and supplies and oil and gas above ground, if secured by a pledge of petroleum and/or petroleum products above ground in storage, and then only to an amount which added to the amount of (3) above shall not be in excess of the current assets of such Subsidiary Company.

For the purpose of this Section, current assets shall include only such assets as are recognized as current assets by standard accounting practice, and shall include stores and supplies and oil above ground and the right of recourse on contingent liabilities, but shall exclude (1) all indebtedness owing from any other Subsidiary Company (other than Subsidiary Mortgagor Companies), and (2) all indebtedness (including the right of recourse on contingent liabilities) owing from the Company, or from the Subsidiary Mortgagor Companies, to the extent that they shall exceed seventeen and one-half per cent. (17½%) of all current assets other than such indebtedness, and (3) all current assets created by an indebtedness to the Company or a Subsidiary Mortgagor Company. Current assets shall be deemed to have been created by an indebtedness to the Company or a Subsidiary Mortgagor Company only when at any time the total of the following three items, to wit:

(aa) The amount of the increase of all assets, other than current assets, of such Subsidiary Company since November 30, 1921;

(bb) The amount of decrease of liabilities, other than current liabilities (but not including funded debt or current liabilities), since November 30, 1921;