

charge or claim, and, pending the final determination of such contest, to delay or refuse payment thereof.

Section 4. The Company covenants and agrees that it will insure and keep insured for a fair value so much of its property as is of a character customarily insured by companies engaged in similar business against loss by fire or from other causes customarily insured against by similar companies or in lieu thereof, in whole or in part, will maintain a system of self insurance, which will accord with the approved practices of similar companies maintaining such systems, and in such case will maintain an adequate insurance reserve, which insurance reserve shall be kept separate and apart from the general assets of the Company and invested as the Company shall deem proper, except that no part of such reserve shall be invested in the stocks of any corporation or association.

The amount of any such insurance, which shall by the terms of the policy or policies be payable to the Company in respect of any loss, whether payable by one insurer or more than one, and which shall not be applied by the insurer under the terms of the insurance contract for the purposes hereinafter in clause (a) of this Section specified, shall, if in excess of \$100,000, be paid by the Company to the Trustee and shall either

(a) be applied to reimburse the Company for expenditures made or to meet expenditures contracted to be made by it in repairing or replacing the property injured or destroyed or in acquiring or building substitutes therefor, or

(b) be applied for some one or more of the purposes mentioned in Section 7 of Article Six hereof in respect of the moneys in said Section referred to, but subject to the restrictions in said Section 7 of Article Six set forth.

Any amount of such insurance which shall not be applied as aforesaid by any insurer or shall not be paid to the Trustee as above provided shall be applied by the Company within one year after the receipt thereof to meet expenditures made by it in repairing or replacing the property injured or destroyed or in acquiring or building substitutes therefor or in acquiring or constructing other property or plants, all of which shall become and be subject to the lien of this Indenture. If such amount shall not be so applied by the Company within said period of one year, the same shall be paid to the Trustee and shall be applied for one or more of the purposes specified in clauses (a) and (b) of this Section.

Section 5. The Company covenants and agrees that it will not create or suffer to exist any mortgage, lien or other encumbrance which would be equal or prior in lien to the lien of this Indenture upon its property or any part thereof or upon the income thereof. This restriction, however, shall not apply to or prevent the creation or assumption, as the case may be, by the Company of:

(1) Purchase money mortgages, liens or encumbrances, or renewals thereof.

(2) Mortgages, liens or other encumbrances existing upon property of any kind at the time of the acquisition thereof, or renewals thereof.

(3) Mortgages, liens or other encumbrances upon property, securing obligations to pay the purchase price of such property out of the production therefrom of oil, gas and/or other products or the proceeds of such production.

(4) Mortgages, liens or other encumbrances given to the United States of America or to any department, agency or instrumentality thereof or to any corporation owned thereby in connection with any arrangements at any time entered into by the Company therewith or with any such department, agency, instrumentality or corporation, without any limitation as to the extent or maturity of such mortgages, liens or encumbrances and whether upon property acquired or to be acquired or constructed or to be constructed, if such mortgages, liens or other encumbrances, shall be necessary to