

(3) convey or transfer its properties as an entirety or substantially as an entirety, except to the Company or a wholly-owned subsidiary of the Company which is engaged in the oil and gas business, unless

(a) the Board of Directors of the Oil and Gas Subsidiary ("Board") has determined that the retention of such properties is no longer in the best interest of the Oil and Gas Subsidiary, the Company and the Bondholders;

(b) such properties are conveyed or transferred for a consideration and upon terms deemed by the Board to be adequate and satisfactory; and

(c) if the consideration for any such conveyance or transfer includes shares of stock of any other corporation, immediately after such transaction such other corporation is a wholly-owned subsidiary of the Company which is engaged in the oil and gas business.

SECTION 2.03. The Company covenants that the Oil and Gas Subsidiaries will not so long as they remain subsidiaries of the Company (a) own or hold any substitutions, replacements, accessions, additions, alterations, improvements, betterments, developments, extensions, or enlargements to the mortgaged property, it being contemplated that all such substitutions, replacements, accessions, additions, alterations, improvements, betterments, developments, extensions and enlargements to the mortgaged property shall be acquired by the Company itself and subjected to the lien of this Indenture, or (b) except for purchase money mortgages securing, in the aggregate, not in excess of Five Hundred Thousand Dollars (\$500,000), have outstanding any indebtedness (other than indebtedness which is not included in determining Combined Capitalization) secured by mortgage or lien upon its property if such indebtedness, when added to all other such indebtedness of the Company and its subsidiaries (including the Oil and Gas Subsidiaries) secured by mortgage or lien (including this Indenture), shall exceed in aggregate amount seventy per centum (70%) of the Combined Capitalization of the Company and its subsidiaries (including the Oil and Gas Subsidiaries). For the purpose of this section the unpaid balance of the purchase price of property to be acquired by the Company or any of its subsidiaries pur-

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