

character and amount described and specified in *Subsections C, D and E* of this Section.

All Production Taxes imposed with respect to or measured by or charged against the PP Hydrocarbons and for which PPO is liable, if not paid by WIO as required by § 3.1E, may be deducted from the proceeds of PP Hydrocarbons and paid for the account of PPO, and in the case of any such deduction the amount so deducted shall not be deemed to be the proceeds of PP Hydrocarbons received or realized by PPO.

For all purposes of this Indenture, the net proceeds of PP Hydrocarbons actually received by PPO on or before February 28, 1961, shall be deemed to have been received and applied immediately after the opening of business on March 1, 1961, and the net proceeds actually received by PPO up to the close of business on the last day of each calendar month after February 28, 1961 shall be deemed to have been received and applied immediately after the opening of business on the first day of the next succeeding calendar month. The net proceeds of PP Hydrocarbons actually received by PPO during each period specified in the preceding sentence are hereinafter sometimes called "*the Monthly Runs*". If any date of application specified above (hereinafter called a "*regular application date*") shall be a Saturday, Sunday or legal holiday under the law of the jurisdiction in which the Monthly Runs are received by PPO, the Monthly Runs shall be applied on the first business day next succeeding such regular application date which is not a Saturday, Sunday or legal holiday, but the amount to be applied pursuant to the following *Clause First* shall nevertheless be the amount accrued up to (but not including) such regular application date. The Monthly Runs shall be deemed to have been applied on each such date as follows:

*First*, to the amount referred to in the foregoing *Subsection B* of this Section accrued up to (but not including) the relevant regular application date, and

*Second*, to the amount referred to in the foregoing *Subsection C* of this Section, to the extent then ascertained, and

*Third*, to the amount referred to in the foregoing *Subsection D* of this Section, to the extent then ascertained, and