

but no credit shall be given for the previous cost of operating any of said wells or repairing or maintaining said other property, nor shall there be any debit for and on account of the value of the production theretofore taken from the participating area. The initial investment cost of the enlarged participating area, which shall be the sum of the above credits, shall be apportioned to and paid by the working interest owners in the enlarged participating area in proportion to their percentage of participation in the enlarged participating area, and a cash settlement to that end shall be made between the Unit Operator representing the old participating area and the working interest owners in the area to be embraced therein.

If State Lands are committed to this agreement, any schedule submitted for approval under this section shall be filed concurrently with the Commissioner of Public Lands or his designated representative. The Commissioner or such representative shall have a period of fifteen (15) days from receipt of said schedule within which to file with the Supervisor any objection thereto, together with my recommendation for revision thereof. If such objection or recommendation is not concurred in by Unit Operator and Supervisor prior to submission of the schedule to the Director for approval, the Director shall approve or disapprove the schedule after giving due consideration to the objections and recommendations filed by the Commissioner or his representative.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive apportionment of any sums accrued or paid for production obtained prior to the effective date of revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States, which shall be determined by the Supervisor and the amounts thereof deposited with the District Land Office of the Bureau of Land Management to be held as unearned money until a participating area is finally approved and then applied as