

**22-3-411 Receipts normally apportioned -- Minerals, water, and other natural resources.**

- (1) To the extent that a trustee accounts for receipts from an interest in minerals or other natural resources pursuant to this section, the trustee shall allocate them as follows:
  - (a) If received as nominal delay rental or nominal annual rent on a lease, a receipt shall be allocated to income.
  - (b) If received from a production payment, a receipt shall be allocated to income if and to the extent that the agreement creating the production payment provides a factor for interest or its equivalent. The balance shall be allocated to principal.
  - (c) If an amount received as a royalty, shut-in-well payment, take-or-pay payment, bonus, or delay rental is more than nominal, 90% shall be allocated to principal and the balance to income.
  - (d) If an amount is received from a working interest or any other interest not provided for in Subsection (1)(a), (b), or (c), 90% of the net amount received shall be allocated to principal and the balance to income.
- (2) An amount received on account of an interest in water that is renewable shall be allocated to income. If the water is not renewable, 90% of the amount shall be allocated to principal and the balance to income.
- (3) This chapter applies whether or not a decedent or donor was extracting minerals, water, or other natural resources before the interest became subject to the trust.
- (4) If a trust owns an interest in minerals, water, or other natural resources on May 3, 2004, the trustee may allocate receipts from the interest as provided in this chapter or in the manner used by the trustee before May 3, 2004. If the trust acquires an interest in minerals, water, or other natural resources after May 3, 2004, the trustee shall allocate receipts from the interest as provided in this chapter.

Amended by Chapter 297, 2011 General Session