

(2) "LIQUIDATING ASSET" INCLUDES A LEASEHOLD, PATENT, COPYRIGHT, ROYALTY RIGHT, AND RIGHT TO RECEIVE PAYMENTS DURING A PERIOD OF MORE THAN 1 YEAR UNDER AN ARRANGEMENT THAT DOES NOT PROVIDE FOR THE PAYMENT OF INTEREST ON THE UNPAID BALANCE.

(3) "LIQUIDATING ASSET" DOES NOT INCLUDE A PAYMENT SUBJECT TO § 15-516 OF THIS SUBTITLE, RESOURCES SUBJECT TO § 15-518 OF THIS SUBTITLE, TIMBER SUBJECT TO § 15-519 OF THIS SUBTITLE, AN ACTIVITY SUBJECT TO § 15-521 OF THIS SUBTITLE, AN ASSET SUBJECT TO § 15-522 OF THIS SUBTITLE, OR ANY ASSET FOR WHICH THE TRUSTEE ESTABLISHES A RESERVE FOR DEPRECIATION UNDER § 15-525 OF THIS SUBTITLE.

(B) A TRUSTEE SHALL ALLOCATE TO INCOME 10 PERCENT OF THE RECEIPTS FROM A LIQUIDATING ASSET AND THE BALANCE TO PRINCIPAL.

15-518. MINERALS, WATER, AND OTHER NATURAL RESOURCES.

(A) 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:

(1) IF RECEIVED AS NOMINAL DELAY RENTAL OR NOMINAL ANNUAL RENT ON A LEASE, A RECEIPT MUST BE ALLOCATED TO INCOME.

(2) IF RECEIVED FROM A PRODUCTION PAYMENT, A RECEIPT MUST 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 MUST BE ALLOCATED TO PRINCIPAL.

(3) IF AN AMOUNT RECEIVED AS A ROYALTY, SHUT-IN-WELL PAYMENT, TAKE-OR-PAY PAYMENT, BONUS, OR DELAY RENTAL IS MORE THAN NOMINAL, 90 PERCENT MUST BE ALLOCATED TO PRINCIPAL AND THE BALANCE TO INCOME.

(4) IF AN AMOUNT IS RECEIVED FROM A WORKING INTEREST OR ANY OTHER INTEREST NOT PROVIDED FOR IN PARAGRAPH (1), (2), OR (3) OF THIS SUBSECTION, 90 PERCENT OF THE NET AMOUNT RECEIVED MUST BE ALLOCATED TO PRINCIPAL AND THE BALANCE TO INCOME.

(B) AN AMOUNT RECEIVED ON ACCOUNT OF AN INTEREST IN WATER THAT IS RENEWABLE MUST BE ALLOCATED TO INCOME. IF THE WATER IS NOT RENEWABLE, 90 PERCENT OF THE AMOUNT MUST BE ALLOCATED TO PRINCIPAL AND THE BALANCE TO INCOME.

(C) THIS SUBTITLE APPLIES WHETHER OR NOT A DECEDENT OR DONOR WAS EXTRACTING MINERALS, WATER, OR OTHER NATURAL RESOURCES BEFORE THE INTEREST BECAME SUBJECT TO THE TRUST.

(D) IF A TRUST OWNS AN INTEREST IN MINERALS, WATER, OR OTHER NATURAL RESOURCES ON OCTOBER 1, 2000, THE TRUSTEE MAY ALLOCATE RECEIPTS FROM THE INTEREST AS PROVIDED IN THIS SUBTITLE OR IN THE MANNER USED BY THE TRUSTEE BEFORE OCTOBER 1, 2000. IF THE TRUST ACQUIRES AN INTEREST IN