UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2024
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______ to ______

Commission File Number: 1-39804

Exact name of registrant as specified in its charter:

Texas Pacific Land Corporation

State or other jurisdiction of incorporation or organization:	**IRS Employer Identification No.:**
Delaware	75-0279735

Address of principal executive offices:
1700 Pacific Avenue, Suite 2900 Dallas, Texas 75201

Registrant's telephone number, including area code:
(214) 969-5530

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock (par value $.01 per share)	TPL	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

As of April 30, 2024, the Registrant had22,989,755 shares of Common Stock, $0.01 par value, outstanding.

TEXAS PACIFIC LAND CORPORATION
Form 10-Q
For the Quarter Ended March 31, 2024
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TEXAS PACIFIC LAND CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except shares and per share amounts)
(Unaudited)

	March 31, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	$ 837,100	$ 725,169
Accounts receivable and accrued receivables, net	121,807	128,971
Prepaid expenses and other current assets	4,921	2,944
Tax like-kind exchange escrow	—	5,380
Total current assets	963,828	862,464
Real estate acquired	129,774	130,024
Property, plant and equipment, net	92,200	89,587
Royalty interests acquired, net	46,154	46,609
Intangible assets, net	20,741	21,025
Real estate and royalty interests assigned through the Declaration of Trust, no value assigned:		
Land (surface rights)	—	—
1/16th nonparticipating perpetual royalty interest	—	—
1/128th nonparticipating perpetual royalty interest	—	—
Other assets	6,473	6,689
Total assets	$ 1,259,170	$ 1,156,398
LIABILITIES AND EQUITY		
Accounts payable and accrued expenses	$ 23,322	$ 22,501
Ad valorem and other taxes payable	4,180	10,761
Income taxes payable	36,603	4,795
Unearned revenue	6,766	6,330
Total current liabilities	70,871	44,387
Deferred taxes payable	42,034	42,365
Unearned revenue - noncurrent	22,717	25,006
Accrued liabilities - noncurrent	1,099	1,444
Total liabilities	136,721	113,202
Commitments and contingencies	—	—
Equity:		
Preferred stock, $0.01 par value; 1,000,000 shares authorized, none outstanding as of March 31, 2024 and December 31, 2023	—	—
Common stock, $0.01 par value; 46,536,936 and 7,756,156 shares authorized as of March 31, 2024 and December 31, 2023, respectively, and 22,993,479 and 23,007,681 (as adjusted for stock split) outstanding as of March 31, 2024 and December 31, 2023, respectively	231	78
Treasury stock, at cost; 92,597 and 86,929 shares as of March 31, 2024 and December 31, 2023, respectively	(151,952)	(144,998)
Additional paid-in capital	13,163	14,613
Accumulated other comprehensive income	1,810	1,831
Retained earnings	1,259,197	1,171,672
Total equity	1,122,449	1,043,196
Total liabilities and equity	$ 1,259,170	$ 1,156,398

See accompanying notes to condensed consolidated financial statements.

TEXAS PACIFIC LAND CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND TOTAL COMPREHENSIVE INCOME
(in thousands, except shares and per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenues:		
Oil and gas royalties	$ 92,120	$ 89,130
Water sales	37,126	21,729
Produced water royalties	23,006	20,134
Easements and other surface-related income	20,646	14,969
Land sales	1,244	400
Total revenues	174,142	146,362
Expenses:		
Salaries and related employee expenses	12,461	10,593
Water service-related expenses	10,212	5,656
General and administrative expenses	4,924	3,552
Legal and professional fees	4,057	16,628
Ad valorem and other taxes	2,357	1,574
Land sales expenses	250	3
Depreciation, depletion and amortization	3,840	3,404
Total operating expenses	38,101	41,410
Operating income	136,041	104,952
Other income, net	9,943	5,389
Income before income taxes	145,984	110,341
Income tax expense	31,567	23,773
Net income	$ 114,417	$ 86,568
Other comprehensive loss — periodic pension costs, net of income taxes of $6 for the three months ended March 31, 2024 and 2023	(21)	(25)
Total comprehensive income	$ 114,396	$ 86,543
Net income per share of common stock		
Basic	$ 4.97	$ 3.75
Diluted	$ 4.97	$ 3.75
Weighted average number of shares of common stock outstanding		
Basic	23,003,001	23,079,251
Diluted	23,020,249	23,095,193
Cash dividends per share of common stock	$ 1.17	$ 1.08

See accompanying notes to condensed consolidated financial statements.

TEXAS PACIFIC LAND CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash flows from operating activities:		
Net income	$ 114,417	$ 86,568
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	3,840	3,404
Share-based compensation	3,354	2,473
Deferred taxes	(331)	(306)
Changes in operating assets and liabilities:		
Operating assets, excluding income taxes	5,602	(2,076)
Operating liabilities, excluding income taxes	(11,446)	640
Income taxes payable	31,808	19,263
Prepaid income taxes	—	4,809
Cash provided by operating activities	147,244	114,775
Cash flows from investing activities:		
Purchase of fixed assets	(2,238)	(1,749)
Proceeds from sale of fixed assets	—	5
Cash used in investing activities	(2,238)	(1,744)
Cash flows from financing activities:		
Dividends paid	(26,907)	(25,061)
Settlement of common stock repurchases	(10,341)	(6,837)
Shares exchanged for tax withholdings	(1,207)	(939)
Cash used in financing activities	(38,455)	(32,837)
Net increase in cash, cash equivalents and restricted cash	106,551	80,194
Cash, cash equivalents and restricted cash, beginning of period	730,549	517,182
Cash, cash equivalents and restricted cash, end of period	$ 837,100	$ 597,376
Supplemental disclosure of cash flow information:		
Income taxes paid	$ —	$ —
Supplemental non-cash investing and financing information:		
Increase in accounts payable related to capital expenditures	$ 3,424	$ 2,024

See accompanying notes to condensed consolidated financial statements.

TEXAS PACIFIC LAND CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Description of Business Segments

Texas Pacific Land Corporation (which, together with its subsidiaries as the context requires, may be referred to as "TPL", the "Company", "our", "we" or "us") is a Delaware corporation and one of the largest landowners in the State of Texas with approximately 868,000 surface acres of land in West Texas, principally concentrated in the Permian Basin. Additionally, we own a 1/128th nonparticipating perpetual oil and gas royalty interest ("NPRI") under approximately 85,000 acres of land, a 1/16th NPRI under approximately 371,000 acres of land, and approximately 4,000 additional net royalty acres (normalized to 1/8th) ("NRA") for a collective total of approximately 195,000 NRA located in the western part of Texas.

Our revenues are derived from oil and gas royalties, water sales, produced water royalties, easements and other surface-related income and land sales.

On January 11, 2021, we completed our reorganization from a business trust, Texas Pacific Land Trust (the "Trust"), organized under a Declaration of Trust dated February 1, 1888 (the "Declaration of Trust"), into Texas Pacific Land Corporation, a corporation formed and existing under the laws of the state of Delaware (the "Corporate Reorganization").

Increase in Authorized Shares of Common Stock

As of December 31, 2023, the Company had authorized shares consisting of 1,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock"), and 7,756,156 shares of common stock, par value $0.01 per share ("Common Stock"). On March 1, 2024, we filed a Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation") with the Secretary of State of the State of Delaware, pursuant to which the Certificate of Incorporation was amended and restated to provide that the total number of authorized shares of capital stock of the Company be increased to 47,536,936 shares of capital stock, consisting of 1,000,000 shares of Preferred Stock and 46,536,936 shares of Common Stock.

Common Stock Split

On March 26, 2024, we effected a three-for-one stock split in the form of a stock dividend of two shares of Common Stock for every share of Common Stock outstanding to stockholders of record as of March 18, 2024. All shares, stock awards, restricted stock awards ("RSAs"), restricted stock units ("RSUs"), performance stock units ("PSUs") and per share information have been retroactively adjusted to reflect the stock split. The three-for-one stock split was not applied to shares held as treasury stock. The shares of Common Stock retain a par value of $0.01 per share. Accordingly, an amount equal to the par value of the increased shares resulting from the stock split was reclassified from "Additional paid-in capital" to "Common Stock."

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and on the same basis as the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023. The condensed consolidated financial statements herein include all adjustments which are, in the opinion of management, necessary to fairly state the financial position of the Company as of March 31, 2024 and the results of its operations and its cash flows for the three months ended March 31, 2024 and 2023, respectively. Such adjustments are of a normal nature and all intercompany accounts and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted from this report, and accordingly these interim financial statements and footnotes should be read in conjunction with the audited financial statements and footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2023. The results for the interim periods shown in this report are not necessarily indicative of future financial results.

We operate our business in two segments: Land and Resource Management and Water Services and Operations. Our segments provide management with a comprehensive financial view of our key businesses. The segments enable the alignment of strategies and objectives of TPL and provide a framework for timely and rational allocation of resources within businesses. See Note 13, "Business Segment Reporting" for further information regarding our segments.

2. Summary of Significant Accounting Policies

Use of Estimates in the Preparation of Financial Statements

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. In the event estimates and/or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information.

Cash, Cash Equivalents and Restricted Cash

We consider investments in bank deposits, money market funds, and other highly-liquid cash investments, such as U.S. Treasury bills and commercial paper, with original maturities of three months or less to be cash equivalents. Our cash equivalents are considered Level 1 assets in the fair value hierarchy.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
Cash and cash equivalents	$ 837,100	$ 725,169
Tax like-kind exchange escrow	—	5,380
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 837,100	$ 730,549

3. Real Estate Activity

As of March 31, 2024 and December 31, 2023, TPL owned the following land and real estate (in thousands, except number of acres):

	March 31, 2024		December 31, 2023	
	Number of Acres	Net Book Value	Number of Acres	Net Book Value
Land (surface rights) [(1)]	798,958	$ —	798,999	$ —
Real estate acquired	69,447	129,774	69,447	130,024
Total real estate situated in Texas	868,405	$ 129,774	868,446	$ 130,024

(1) Real estate assigned through the Declaration of Trust.

For the three months ended March 31, 2024, we sold41 acres of land in Texas for an aggregate sales price of $1.2 million. There were no significant land sales for the three months ended March 31, 2023. There were no land acquisitions for the three months ended March 31, 2024 or 2023.

4. Property, Plant and Equipment

Property, plant and equipment, net consisted of the following as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
Property, plant and equipment, at cost:		
Water service-related assets	$ 141,920	$ 136,340
Furniture, fixtures and equipment	9,884	9,801
Other	598	598
Total property, plant and equipment, at cost	152,402	146,739
Less: accumulated depreciation	(60,202)	(57,152)
Property, plant and equipment, net	$ 92,200	$ 89,587

Depreciation expense was $3.1 million and $3.0 million for the three months ended March 31, 2024 and 2023, respectively.

5. Oil and Gas Royalty Interests

As of March 31, 2024 and December 31, 2023, we owned the following oil and gas royalty interests (in thousands):

	March 31, 2024	December 31, 2023
Oil and gas royalty interests:		
1/16th nonparticipating perpetual royalty interests(1)	$ —	$ —
1/128th nonparticipating perpetual royalty interests(1)	—	—
Royalty interests acquired, at cost	51,494	51,494
Total royalty interests	51,494	51,494
Less: accumulated depletion	(5,340)	(4,885)
Royalty interests, net	$ 46,154	$ 46,609

(1) Royalty interests assigned through the Declaration of Trust.

There were no sales or acquisitions of oil and gas royalty interests during the three months ended March 31, 2024 or 2023.

Depletion expense was $0.5 million and $0.3 million for the three months ended March 31, 2024 and 2023, respectively.

6. Intangible Assets

Intangible assets, net consisted of the following as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
Intangible assets, at cost:		
Saltwater disposal easement	$ 17,557	$ 17,557
Groundwater rights acquired	3,846	3,846
Total intangible assets, at cost[(1)]	21,403	21,403
Less: accumulated amortization	(662)	(378)
Intangible assets, net	$ 20,741	$ 21,025

(1) The remaining weighted average amortization period for total intangible assets was 18.5 years as of March 31, 2024.

There were no intangible asset acquisitions for the three months ended March 31, 2024 or 2023.

Amortization of intangible assets was $0.3 million for the three months ended March 31, 2024. There was no amortization of intangible assets for the three months ended March 31, 2023. The estimated future annual amortization expense of intangible assets is $0.9 million for the remainder of 2024, $1.1 million for each year of 2025 through 2029, and $14.3 million thereafter.

7. Share-Based Compensation

The Company grants share-based compensation to employees under the Texas Pacific Land Corporation 2021 Incentive Plan (the “2021 Plan”) and to its non-employee directors under the 2021 Non-Employee Director Stock and Deferred Compensation Plan (the “2021 Directors Plan” and, with the 2021 Plan, the “Plans”). In conjunction with the three-for-one stock split effected on March 26, 2024, the Plans were adjusted to increase the authorized number of shares that may be issued under the Plans. As of March 31, 2024, share-based compensation granted under the Plans has included these award types: stock awards, RSAs, RSUs and PSUs. Currently, all awards granted under the plans are entitled to receive dividends (which are accrued and distributed to award recipients upon vesting) or have dividend equivalent rights. Dividends and dividend equivalent rights are subject to the same vesting conditions as the awards to which they relate and are forfeitable if the related awards are forfeited. RSUs granted under the 2021 Plan vest in one-third increments and PSUs granted under the 2021 Plan cliff vest at the end of three years if the performance metrics are achieved (as discussed further below). RSAs granted prior to October 31, 2023 under the 2021 Directors Plan vested on the first anniversary of the award. Effective October 31, 2023, the 2021 Directors Plan was amended such that stock awards granted vest in full on the date of grant.

Incentive Plan for Employees

The maximum aggregate number of shares of the Company’s Common Stock that may be issued under the 2021 Plan is225,000 shares, which may consist, in whole or in part, of authorized and unissued shares, treasury shares, or shares reacquired by the Company in any manner. As of March 31, 2024, 136,596 shares of Common Stock remained available under the 2021 Plan for future grants.

The following table summarizes activity related to RSAs and RSUs under the 2021 Plan for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,							
	2024				2023			
	Restricted Stock Awards		Restricted Stock Units		Restricted Stock Awards		Restricted Stock Units	
	Number of RSAs	Weighted-Average Grant-Date Fair Value per Share	Number of RSUs	Weighted-Average Grant-Date Fair Value per Share	Number of RSAs	Weighted-Average Grant-Date Fair Value per Share	Number of RSUs	Weighted-Average Grant-Date Fair Value per Share
Nonvested at beginning of period [(1)]	—	$ —	18,675	$ 527	4,011	$ 417	16,836	$ 441
Granted [(2)]	—	—	12,297	478	—	—	8,544	641
Vested [(3)]	—	—	(6,213)	484	—	—	(3,810)	368
Cancelled and forfeited	—	—	(306)	528	—	—	—	—
Nonvested at end of period	—	$ —	24,453	$ 514	4,011	$ 417	21,570	$ 533

(1) RSAs were granted on December 29, 2021: 5,979 shares vested on December 29, 2022, 120 shares were forfeited during 2023 and 3,891 shares vested on December 29, 2023.

(2) RSUs vest in one-third increments over a three-year period.

(3) Of the 6,213 shares that vested during the three months ended March 31, 2024, 2,469 shares were surrendered upon vesting by employees to the Company to settle tax withholdings.

The following table summarizes activity related to PSUs for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,			
	2024		2023	
	Number of Target PSUs	Weighted-Average Grant-Date Fair Value per Share	Number of Target PSUs	Weighted-Average Grant-Date Fair Value per Share
Nonvested at beginning of period [(1)]	12,738	$ 595	7,182	$ 452
Granted [(2)]	8,340	538	5,556	781
Vested	—	—	—	—
Cancelled and forfeited	—	—	—	—
Nonvested at end of period	21,078	$ 573	12,738	$ 595

(1) Nonvested PSUs as of January 1, 2024 include 6,369 RTSR (as defined below) PSUs and 6,369 FCF (as defined below) PSUs. If the maximum performance metrics described in the PSU agreements are achieved, the actual number of units that will ultimately be awarded under the PSU agreements will exceed target units by 100% (i.e. a collective 12,738 additional units would be issued).

(2) The PSUs were granted on February 13, 2024 and include 4,170 RTSR PSUs (based on target) with a grant date fair value of $ 602 per share and 4,170 FCF PSUs (based on target) with a grant date fair value of $475 per share. If the maximum performance potential metrics described in the PSU agreements are achieved, the actual number of units that will ultimately be awarded under the PSU agreements will exceed target units by 100% (i.e., a collective 8,340 additional units would be issued).

Each PSU has a value equal to one share of Common Stock. The PSUs will vest three years after grant if certain performance metrics are met, as follows: 50% of the PSUs may be earned based on the Company's relative total stockholder return ("RTSR") over the applicable three-year measurement period compared to the XOP Index, and 50% of the PSUs may be earned based on the cumulative free cash flow per share ("FCF") over the three-year vesting period. As the RTSR PSU is a market-based award, its grant date fair value was determined using a Monte Carlo simulation model that uses the same input assumptions as the Black-Scholes model to determine the expected potential ranking of the Company against the XOP Index, i.e., the probability of satisfying the market condition defined in the award. Expected volatility in the model was estimated based on the volatility of historical stock prices over a period matching the expected term of the award. The risk-free interest rate was based on U.S. Treasury yield constant maturities for a term matching the expected term of the award.

Equity Plan for Non-Employee Directors

The maximum aggregate number of shares of Common Stock that may be issued under the 2021 Directors Plan is 30,000 shares, which may consist, in whole or in part, of authorized and unissued shares, treasury shares, or shares reacquired by the Company in any manner. As of March 31, 2024, 24,219 shares of Common Stock remained available under the 2021 Directors Plan for future grants.

The following table summarizes activity related to the RSAs under the 2021 Directors Plan for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,			
	2024		2023	
	Number of RSAs	Weighted-Average Grant-Date Fair Value per Share	Number of RSAs	Weighted-Average Grant-Date Fair Value per Share
Nonvested at beginning of period	1,134	$ 781	2,097	$ 427
Granted [1]	—	—	1,458	781
Vested	(1,134)	781	(1,785)	416
Cancelled and forfeited	—	—	—	—
Nonvested at end of period	—	$ —	1,770	$ 730

(1) RSAs granted prior to October 31, 2023 vest on the first anniversary of the grant date.

In January 2024, the Company granted a total of 2,160 shares of Common Stock with a grant date fair value of $524 per share, the closing price of its Common Stock on the date of grant, to the members of the Company's board of directors (the "Board"). The stock awards were vested in full on the date of grant.

Share-Based Compensation Expense

The following table summarizes our share-based compensation expense by line item in the condensed consolidated statements of income (in thousands):

	Three Months Ended March 31,	
	2024	2023
Salaries and related employee expenses (employee awards)	$ 2,220	$ 2,156
General and administrative expenses (director awards)	1,134	317
Total share-based compensation expense [1]	$ 3,354	$ 2,473

(1) The Company recognized a tax benefit of $ 0.7 million and $ 0.5 million related to share-based compensation for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024, there was $16.6 million of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under existing share-based plans expected to be recognized over a weighted average period of 1.7 years.

8. Other Income, Net

Other income, net, includes interest earned on our cash balances, other employee pension costs, and other miscellaneous income (expense). Miscellaneous income (expense) includes insurance proceeds and gains and losses on disposals of capital assets.

Other income, net for the three months ended March 31, 2024 and 2023 was as follows (in thousands):

	Three Months Ended March 31,	
	2024	2023
Other income, net:		
Interest earned on cash and cash equivalents, net	$ 9,801	$ 5,258
Other employee pension costs	142	128
Miscellaneous other income (expense), net	—	3
Total other income, net	$ 9,943	$ 5,389

9. Income Taxes

The calculation of our effective tax rate was as follows for the three months ended March 31, 2024 and 2023 (in thousands, except percentages):

	Three Months Ended March 31,	
	2024	2023
Income before income taxes	$ 145,984	$ 110,341
Income tax expense	$ 31,567	$ 23,773
Effective tax rate	21.6 %	21.5 %

For interim periods, our income tax expense and resulting effective tax rate are based upon an estimated annual effective tax rate adjusted for the effects of items required to be treated as discrete to the period, including changes in tax laws, changes in estimated exposures for uncertain tax positions, and other items.

10. Earnings Per Share

Basic earnings per share ("EPS") is computed based on the weighted average number of shares outstanding during the period. Diluted EPS is computed based upon the weighted average number of shares outstanding during the period plus unvested restricted stock and other unvested awards granted pursuant to our incentive and equity compensation plans. The computation of diluted EPS reflects the potential dilution that could occur if all outstanding awards under the incentive and equity compensation plans were converted into shares of Common Stock or resulted in the issuance of shares of Common Stock that would then share in the earnings of the Company. The number of dilutive securities is computed using the treasury stock method.

The following table sets forth the computation of EPS for the three months ended March 31, 2024 and 2023 (in thousands, except number of shares and per share data):

	Three Months Ended March 31,	
	2024	2023
Net income	$ 114,417	$ 86,568
Basic earnings per share:		
Weighted average shares outstanding for basic earnings per share	23,003,001	23,079,251
Basic earnings per share	$ 4.97	$ 3.75
Diluted earnings per share:		
Weighted average shares outstanding for basic earnings per share	23,003,001	23,079,251
Effect of dilutive securities:		
Incentive and equity compensation plans	17,248	15,942
Weighted average shares outstanding for diluted earnings per share	23,020,249	23,095,193
Diluted earnings per share	$ 4.97	$ 3.75

Restricted stock, if any, is included in the number of shares of Common Stock issued and outstanding, but omitted from the basic EPS calculation until such time as the shares of restricted stock vest. Certain stock awards granted are not included in the dilutive securities in the table above as they are anti-dilutive for the three months ended March 31, 2024 and 2023.

11. Commitments and Contingencies

Litigation

Management is not aware of any legal, environmental or other commitments or contingencies that would have a material effect on the Company's financial condition, results of operations or liquidity as of March 31, 2024.

Prior to January 1, 2022, ad valorem taxes with respect to our historical royalty interests were paid directly by third parties pursuant to an existing arrangement. After the completion of our Corporate Reorganization, we received notice from a third party that it no longer intended to pay the ad valorem taxes related to such historical royalty interests. In order to protect the historical royalty interests from any potential tax liens for non-payment of ad valorem taxes, we have accrued and/or paid such ad valorem taxes since January 1, 2022. While we intend to seek reimbursement from the third party for such taxes, we are unable to estimate the amount and/or likelihood of such reimbursement, and accordingly, no loss recovery receivable has been recorded as of March 31, 2024.

12. Changes in Equity

The following tables present changes in our equity for the three months ended March 31, 2024 and 2023 (in thousands, except shares and per share amounts):

	Common Stock		Treasury Stock	Additional Paid-in Capital	Accum. Other Comp. Income (Loss)	Retained Earnings	Total Equity
	Shares	Amount					
For the three months ended March 31, 2024:							
Balances as of December 31, 2023	23,007,681	$ 78	$ (144,998)	$ 14,613	$ 1,831	$ 1,171,672	$ 1,043,196
Net income	—	—	—	—	—	114,417	114,417
Issuance of common stock related to stock split	—	153	—	(153)	—	—	—
Dividends paid — $ 1.17 per share of common stock	—	—	—	—	—	(26,907)	(26,907)
Share-based compensation, net of forfeitures	8,373	—	4,698	(1,297)	—	15	3,416
Repurchases of common stock and related excise taxes	(20,106)	—	(10,445)	—	—	—	(10,445)
Shares exchanged for tax withholdings	(2,469)	—	(1,207)	—	—	—	(1,207)
Periodic pension costs, net of income taxes of $ 6	—	—	—	—	(21)	—	(21)
Balances as of March 31, 2024	22,993,479	$ 231	$ (151,952)	$ 13,163	$ 1,810	$ 1,259,197	$ 1,122,449

	Common Stock		Treasury Stock	Additional Paid-in Capital	Accum. Other Comp. Income (Loss)	Retained Earnings	Total Equity
	Shares	Amount					
For the three months ended March 31, 2023:							
Balances as of December 31, 2022	23,087,037	$ 78	$ (104,139)	$ 8,293	$ 2,516	$ 866,139	$ 772,887
Net income	—	—	—	—	—	86,568	86,568
Dividends paid — $ 1.08 per share of common stock	—	—	—	—	—	(25,061)	(25,061)
Share-based compensation, net of forfeitures	5,268	—	3,033	(560)	—	(103)	2,370
Repurchases of common stock and related excise taxes	(10,881)	—	(6,749)	—	—	—	(6,749)
Shares exchanged for tax withholdings	(1,464)	—	(939)	—	—	—	(939)
Periodic pension costs, net of income taxes of $ 6	—	—	—	—	(25)	—	(25)
Balances as of March 31, 2023	23,079,960	$ 78	$ (108,794)	$ 7,733	$ 2,491	$ 927,543	$ 829,051

Increase in Authorized Shares of Common Stock

On March 1, 2024, the Company increased its authorized shares of capital stock to 47,536,936 consisting of 1,000,000 shares of Preferred Stock and 46,536,936 shares of Common Stock. For further information see Note 1, “Organization and Description of Business Segments.”

Stock Repurchase Program

On November 1, 2022, our Board approved a stock repurchase program, which became effective January 1, 2023, to purchase up to an aggregate of $250 million of our outstanding Common Stock.

The Company repurchases stock under the stock repurchase program opportunistically with funds generated by cash from operations. This stock repurchase program may be suspended from time to time, modified, extended or discontinued by the Board at any time. Purchases under the stock repurchase program may be made through a combination of open market repurchases in compliance with Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended, privately negotiated transactions, and/or other transactions at the Company’s discretion, including under a Rule 10b5-1 trading plan implemented by the Company, and will be subject to market conditions, applicable legal requirements and other factors.

For the three months ended March 31, 2024 and 2023, we repurchased shares of our Common Stock in amounts totaling $10.3 million and $6.7 million, respectively.

13. Business Segment Reporting

During the periods presented, we reported our financial performance based on the following segments: Land and Resource Management and Water Services and Operations. Our segments provide management with a comprehensive financial view of our key businesses. The segments enable the alignment of our strategies and objectives and provide a framework for timely and rational allocation of resources within businesses. We eliminate any inter-segment revenues and expenses upon consolidation.

The Land and Resource Management segment encompasses the business of managing our approximate868,000 surface acres of land and our approximate 195,000 NRA of oil and gas royalty interests in West Texas, principally concentrated in the Permian Basin. The revenue streams of this segment consist primarily of royalties from oil and gas, revenues from easements and commercial leases, and land and material sales.

The Water Services and Operations segment encompasses the business of providing a full-service water offering to operators in the Permian Basin. The revenue streams of this segment primarily consist of revenue generated from sales of sourced and treated water as well as revenue from produced water royalties.

The following table presents segment financial results for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenues:		
Land and resource management	$ 111,485	$ 104,023
Water services and operations	62,657	42,339
Total consolidated revenues	$ 174,142	$ 146,362
Net income:		
Land and resource management	$ 80,971	$ 65,343
Water services and operations	33,446	21,225
Total consolidated net income	$ 114,417	$ 86,568
Capital expenditures:		
Land and resource management	$ 51	$ 175
Water services and operations	5,611	3,598
Total capital expenditures	$ 5,662	$ 3,773
Depreciation, depletion and amortization:		
Land and resource management	$ 693	$ 618
Water services and operations	3,147	2,786
Total depreciation, depletion and amortization	$ 3,840	$ 3,404

The following table presents total assets and property, plant and equipment, net by segment as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
Assets:		
Land and resource management	$ 1,069,160	$ 975,136
Water services and operations	190,010	181,262
Total consolidated assets	$ 1,259,170	$ 1,156,398
Property, plant and equipment, net:		
Land and resource management	$ 5,179	$ 5,322
Water services and operations	87,021	84,265
Total consolidated property, plant and equipment, net	$ 92,200	$ 89,587

14. Oil and Gas Producing Activities

We measure our share of oil and gas produced in barrels of oil equivalent ("Boe"). One Boe equals one barrel of crude oil, condensate, NGLs (natural gas liquids) or approximately 6,000 cubic feet of gas. As of March 31, 2024 and 2023, our share of oil and gas produced was approximately 24.8 and 20.9 thousand Boe per day, respectively. Reserves related to our royalty interests are not presented because the information is unavailable.

There are a number of oil and gas wells that have been drilled but are not yet completed ("DUC") where we have a royalty interest. The number of DUC wells is determined using uniform drilling spacing units with pooled interests for all wells awaiting completion. We have identified 694 and 675 DUC wells subject to our royalty interest (an estimated 10.3 and 9.7 net DUC wells) as of March 31, 2024 and December 31, 2023, respectively.

15. Subsequent Events

We evaluated events that occurred after the balance sheet date through the date these financial statements were issued, and the following events that met recognition or disclosure criteria were identified:

Dividends Declared

On May 6, 2024, our Board declared a quarterly cash dividend of $1.17 per share, payable on June 17, 2024 to stockholders of record at the close of business on June 3, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Statement Regarding Forward-Looking Statements

Statements in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding management's expectations, hopes, intentions or strategies regarding the future. Words or phrases such as "expects" and "believes", or similar expressions, when used in this Quarterly Report on Form 10-Q or other filings with the Securities and Exchange Commission (the "SEC"), are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding the Company's future operations and prospects, the markets for real estate in the areas in which the Company owns real estate, applicable zoning regulations, the markets for oil and gas including actions of other oil and gas producers or consortiums worldwide such as the Organization of the Petroleum Exporting Countries ("OPEC") and Russia (collectively referred to as "OPEC+"), expected competition, management's intent, beliefs or current expectations with respect to the Company's future financial performance and other matters. All forward-looking statements in this Report are based on information available to us as of the date this Report is filed with the SEC, and we assume no responsibility to update any such forward-looking statements, except as required by law. All forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the factors discussed in Item 1A. "Risk Factors" of Part I of our Annual Report on Form 10-K for the year ended December 31, 2023, and in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 1A. "Risk Factors" of this Quarterly Report on Form 10-Q.

The following discussion and analysis should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 21, 2024 and the condensed consolidated financial statements and accompanying notes included, in Part I, Item 1 of this Quarterly Report on Form 10-Q. Period-to-period comparisons of financial data are not necessarily indicative, and therefore, should not be relied upon as indicators, of the Company's future performance.

Overview

Texas Pacific Land Corporation (which, together with its subsidiaries as the context requires, may be referred to as "TPL", the "Company", "our", "we" or "us") is one of the largest landowners in the State of Texas with approximately 868,000 surface acres of land in West Texas, with the majority of our ownership concentrated in the Permian Basin. Additionally, we own a 1/128th nonparticipating perpetual oil and gas royalty interest ("NPRI") under approximately 85,000 acres of land, a 1/16th NPRI under approximately 371,000 acres of land, and approximately 4,000 additional net royalty acres (normalized to 1/8th) ("NRA"), for a collective total of approximately 195,000 NRA, all located in the western part of Texas.

The Company was originally organized under a Declaration of Trust, dated February 1, 1888, to receive and hold title to extensive tracts of land in the State of Texas, previously the property of the Texas and Pacific Railway Company. We completed our reorganization on January 11, 2021 from a business trust, Texas Pacific Land Trust, into Texas Pacific Land Corporation, a corporation formed and existing under the laws of the state of Delaware.

We are not an oil and gas producer. Our business activity is generated from surface and royalty interest ownership in West Texas, primarily in the Permian Basin. Our revenues are derived from oil and gas royalties, water sales, produced water royalties, easements and other surface-related income and land sales. Due to the nature of our operations and concentration of our ownership in one geographic location, our revenue and net income are subject to substantial fluctuations from quarter to quarter and year to year. In addition to fluctuations in response to changes in the market price for oil and gas, our financial results are also subject to decisions by the owners and operators of not only the oil and gas wells to which our oil and gas royalty interests relate, but also to other owners and operators in the Permian Basin as it relates to our other revenue streams, principally water sales, produced water royalties, easements, and other surface-related revenue.

For a further overview of our business and business segments, see Item 1. "Business — General" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Market Conditions

Average oil prices during 2024 have increased slightly compared to average oil prices during 2023. Oil prices continue to be impacted by certain actions by OPEC+, geopolitical factors, and evolving global supply and demand trends, among other factors. Average natural gas prices during 2024 have decreased compared to average natural gas prices during 2023. Global and domestic natural gas markets have experienced volatility due to macroeconomic conditions, infrastructure and logistical constraints, weather, and geopolitical issues, among other factors. Since mid-2022, the Waha Hub located in Pecos County, Texas has at times experienced significant negative price differentials relative to Henry Hub, located in Erath, Louisiana, due in part to growing local Permian natural gas production and limited natural gas pipeline takeaway capacity. Midstream infrastructure is currently under construction by operators to provide additional takeaway capacity, though the impact on future basis differentials will be dependent on future natural gas production and other factors. Changes in global and domestic macro-economic conditions could result in additional shifts in oil and gas supply and demand in future periods. Although our revenues are directly and indirectly impacted by changes in oil and natural gas prices, we believe our royalty interests (which require no capital expenditures or operating expense burden from us for well development), strong balance sheet, and liquidity position will help us navigate through potential commodity price volatility.

Permian Basin Activity

The Permian Basin is one of the oldest and most well-known hydrocarbon-producing areas and currently accounts for a substantial portion of oil and gas production in the United States, covering approximately 86,000 square miles across southeastern New Mexico and western Texas. Exploration and production ("E&P") companies operating in the Permian Basin continue to maintain robust drilling and development activity. Per the U.S. Energy Information Administration, Permian production is currently in excess of 6.0 million barrels per day, which is higher than the average daily production of any year prior to 2024.

With our ownership concentration in the Permian Basin, our revenues are directly impacted by oil and gas pricing and drilling activity in the Permian Basin. Below are metrics for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
Oil and Gas Pricing Metrics:(1)		
WTI Cushing average price per bbl	$ 77.50	$ 75.93
Henry Hub average price per mmbtu	$ 2.15	$ 2.64
Activity Metrics specific to the Permian Basin:(1)(2)		
Average monthly horizontal permits	592	680
Average monthly horizontal wells drilled	521	535
Average weekly horizontal rig count	301	338
DUCs as of March 31 for each applicable year	4,536	4,986
Total Average US weekly horizontal rig count(2)	560	697

(1) Commonly used definitions in the oil and gas industry provided in the table above are defined as follows: WTI Cushing represents West Texas Intermediate. Bbl represents one barrel of 42 U.S. gallons of oil. Mmbtu represents one million British thermal units, a measurement used for natural gas. DUCs represent drilled but uncompleted wells. DUC classification is based on well data and date stamps provided by Enverus. DUCs is based on wells that have a drilled/spud date stamp but do not have a completed or first production date stamp. Excludes wells that have been labeled plugged and abandoned or permit expired and wells drilled/spud more than five years ago.

(2) Permian Basin specific information per Enverus analytics. US weekly horizontal rig counts per Baker Hughes United States Rotary Rig Count for horizontal rigs. Statistics for similar data are also available from other sources. The comparability between these other sources and the sources used by the Company may differ.

The metrics above show selected domestic benchmark oil and natural gas prices and approximate activity levels in the Permian Basin for the three months ended March 31, 2024 and 2023. Oil prices in 2024 to date have increased compared to the same period in 2023, while natural gas prices in 2024 to date have declined compared to the same period last year. Although E&P companies broadly continue to deploy capital at a measured pace, drilling and development activities across the Permian Basin have remained robust. As we are a significant landowner in the Permian Basin and not an oil and gas producer, our revenue is affected by the development decisions made by companies that operate in the areas where we own royalty interests and land. Accordingly, these decisions made by others affect, both directly and indirectly, our oil and gas royalties, produced water royalties, water sales, and other surface-related income.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are cash and cash flows generated from our operations. Our primary liquidity and capital requirements are for capital expenditures related to our Water Services and Operations segment (the extent and timing of which are under our control), working capital and general corporate needs.

We continuously review our liquidity and capital resources. If market conditions were to change and our revenues were to decline significantly or operating costs were to increase significantly, our cash flows and liquidity could be reduced. Should this occur, we could seek alternative sources of funding. We have no debt or credit facilities, nor any off-balance sheet arrangements as of March 31, 2024.

As of March 31, 2024, we had cash and cash equivalents of $837.1 million that we expect to utilize, along with cash flow from operations, to provide capital to support our business, to repurchase our common stock, par value $0.01 per share (the "Common Stock") subject to market conditions, to pay dividends subject to the discretion of our board of directors (the "Board"), for potential acquisitions and for general corporate purposes. For the three months ended March 31, 2024, we paid $26.9 million in dividends to our stockholders and we repurchased $10.3 million of our Common Stock (including share repurchases not settled at the end of the period).

During the three months ended March 31, 2024, we invested approximately $5.6 million in Texas Pacific Water Resources LLC projects to maintain and/or enhance our water sourcing assets.

We believe that cash from operations, together with our cash and cash equivalents balances, will be sufficient to meet ongoing capital expenditures, working capital requirements and other cash needs for the foreseeable future.

Cash Flows from Operating Activities

For the three months ended March 31, 2024 and 2023, net cash provided by operating activities was $147.2 million and $114.8 million, respectively. Our cash flow provided by operating activities is primarily from oil, gas and produced water royalties, water and land sales, easements, and other surface-related income. Cash flows used in operations generally consist of operating expenses associated with our revenue streams, general and administrative expenses and income taxes.

The increase in cash flows provided by operating activities for the three months ended March 31, 2024 compared to the same period of 2023 was primarily related to an increase in operating income and changes in working capital requirements during 2024 as compared to 2023.

Cash Flows Used in Investing Activities

For the three months ended March 31, 2024 and 2023, net cash used in investing activities was $2.2 million and $1.7 million, respectively. Our cash flows used in investing activities are primarily related to acquisitions of land, acquisitions of intangible assets, such as subsurface easements, and capital expenditures related to our water services and operations segment.

The increase in net cash used by investing activities was due to the $0.5 million increase in capital expenditures during the three months ended March 31, 2024 compared to the same period of 2023.

Cash Flows Used in Financing Activities

For the three months ended March 31, 2024 and 2023, net cash used in financing activities was $38.5 million and $32.8 million, respectively. Our cash flows used in financing activities primarily consist of activities which return capital to our stockholders such as payment of dividends and repurchases of our Common Stock.

During the three months ended March 31, 2024 and 2023, we paid total dividends of $26.9 million and $25.1 million, respectively. During the three months ended March 31, 2024 and 2023, we repurchased $10.3 million and $6.7 million of our Common Stock, respectively (including share repurchases not settled at the end of the period).

Results of Operations - Consolidated

The following table shows our consolidated results of operations for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31,	
	2024	**2023**
Revenues:		
Oil and gas royalties	$ 92,120	$ 89,130
Water sales	37,126	21,729
Produced water royalties	23,006	20,134
Easements and other surface-related income	20,646	14,969
Land sales	1,244	400
Total revenues	174,142	146,362
Expenses:		
Salaries and related employee expenses	12,461	10,593
Water service-related expenses	10,212	5,656
General and administrative expenses	4,924	3,552
Legal and professional fees	4,057	16,628
Ad valorem and other taxes	2,357	1,574
Land sales expenses	250	3
Depreciation, depletion and amortization	3,840	3,404
Total operating expenses	38,101	41,410
Operating income	136,041	104,952
Other income, net	9,943	5,389
Income before income taxes	145,984	110,341
Income tax expense	31,567	23,773
Net income	$ 114,417	$ 86,568

For the Three Months Ended March 31, 2024 as Compared to the Three Months Ended March 31, 2023

Consolidated Revenues and Net Income:

Total revenues increased 19.0%, to $174.1 million for the three months ended March 31, 2024 compared to $146.4 million for the three months ended March 31, 2023. This increase was principally related to a $15.4 million increase in water sales, a $5.7 million increase in easements and other surface-related income, a $3.0 million increase in oil and gas royalty revenue and a $2.9 million increase in produced water royalties over the same period. Individual revenue line items are discussed below under "Segment Results of Operations." Net income of $114.4 million for the three months ended March 31, 2024 was 32.2% higher than the comparable period of 2023 principally as a result of the increase in revenues discussed above.

Consolidated Expenses:

Salaries and related employee expenses. Salaries and related employee expenses were $12.5 million for the three months ended March 31, 2024 compared to $10.6 million for the comparable period of 2023. The increase in salaries and related employee expenses is principally related to market compensation adjustments that take effect annually at the start of the year.

Water service-related expenses. Water service-related expenses increased $4.6 million to $10.2 million for the three months ended March 31, 2024 compared to the same period of 2023. Certain types of water-related expenses, including, but not limited to, transfer, treatment, and water purchases, will vary from period to period as our customers' needs and requirements change. The increase in water service-related expenses for the three months ended March 31, 2024 is principally related to the 70.9% increase in water sales over the same period of 2023. Water sales were impacted not only by increased customer volumes, but also by higher demand within shorter time commitments, and resulted in increased water treatment, purchase and transfer expenses. Additionally, a focus on increasing water production from existing wells resulted in increased repairs and maintenance expense. While these dynamics in demand resulted in an 80.5% increase in water service-related expenses for the three months ended March 31, 2024 compared to the same period of 2023, the operational decision to meet these demands resulted in increased revenues and operating income over the same time period.

General and administrative expenses. General and administrative expenses increased $1.4 million to $4.9 million for the three months ended March 31, 2024 compared to the same period of 2023. During the three months ended March 31, 2024, stock awards that were vested in full on the grant date were granted to members of the Company's Board which resulted in immediate recognition of the grant date fair value of the awards on the date of grant. See further discussion of this change in Note 7, "Share-Based Compensation" in the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q. The increased board compensation expense for the three months ended March 31, 2024 resulting from this policy change is a one-time event.

Legal and professional fees. Legal and professional fees were $4.1 million for the three months ended March 31, 2024 compared to $16.6 million for the comparable period of 2023. The decrease is principally related to a reduction in legal expenses associated with stockholder matters that occurred during the prior year.

Ad valorem and other taxes. Ad valorem and other taxes were $2.4 million for the three months ended March 31, 2024, compared to $1.6 million for the three months ended March 31, 2023. The increase in ad valorem and other taxes is related to regulatory increases in estimated tax values driven by increased oil pricing and new production. Prior to January 1, 2022, the ad valorem taxes with respect to our historical royalty interests were paid directly by third parties pursuant to an existing arrangement. After the completion of our corporate reorganization on January 11, 2021, we received notice from a third party that it no longer intended to pay the ad valorem taxes related to such historical royalty interests. While we continue to believe the obligation to pay these ad valorem taxes belongs to the third party, we have accrued and/or paid an estimate of such taxes in order to protect the royalty interests from any potential tax liens for nonpayment of ad valorem taxes. While we intend to seek reimbursement from the third party following payment of such taxes, we are unable to determine the amount and/or likelihood of such reimbursement, and accordingly, have not recorded a loss recovery receivable as of March 31, 2024.

Other income, net. Other income, net was $9.9 million and $5.4 million for the three months ended March 31, 2024 and 2023, respectively. The increase in other income, net is primarily related to increased interest income earned on our cash balances during 2024. Higher cash balances and higher interest rates during this period contributed to the increase in interest income.

Total income tax expense. Total income tax expense was $31.6 million and $23.8 million for the three months ended March 31, 2024 and 2023, respectively. The increase in income tax expense is primarily related to increased operating income resulting from increased consolidated revenues.

Segment Results of Operations

We operate our business in two reportable segments: Land and Resource Management and Water Services and Operations. We eliminate any inter-segment revenues and expenses upon consolidation.

We evaluate the performance of our operating segments separately to monitor the different factors affecting financial results. The reportable segments presented are consistent with our reportable segments discussed in Note 13, "Business Segment Reporting" in the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q. We monitor our reporting segments based upon revenue and net income calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Our results of operations for the three months ended March 31, 2024 continue to benefit from activity in the Permian Basin. Our oil and gas royalty revenues have increased due to increased royalty production. Additionally, revenues derived from water sales, easements and other surface-related income, and produced water royalties have also been positively impacted by our active management of our surface and royalty interests.

For the Three Months Ended March 31, 2024 as Compared to the Three Months Ended March 31, 2023

The following is an analysis of our operating results for the comparable periods by reportable segment (in thousands):

	Three Months Ended March 31,			
	2024		2023	
Revenues:				
Land and resource management:				
Oil and gas royalties	$ 92,120	53 %	$ 89,130	61 %
Easements and other surface-related income	18,121	10 %	14,493	10 %
Land sales	1,244	1 %	400	— %
Total land and resource management revenue	111,485	64 %	104,023	71 %
Water services and operations:				
Water sales	37,126	21 %	21,729	15 %
Produced water royalties	23,006	13 %	20,134	14 %
Easements and other surface-related income	2,525	2 %	476	— %
Total water services and operations revenue	62,657	36 %	42,339	29 %
Total consolidated revenues	$ 174,142	100 %	$ 146,362	100 %
Net income:				
Land and resource management	$ 80,971	71 %	$ 65,343	75 %
Water services and operations	33,446	29 %	21,225	25 %
Total consolidated net income	$ 114,417	100 %	$ 86,568	100 %

Land and Resource Management

Land and Resource Management segment revenues increased $7.5 million, or 7.2%, to $111.5 million for the three months ended March 31, 2024 as compared to the same period of 2023. The increase in Land and Resource Management segment revenues is related to a $3.6 million increase in easements and other surface-related income and a $3.0 million increase in oil and gas royalty revenue for three months ended March 31, 2024 compared to the same period of 2023.

Oil and gas royalties. Oil and gas royalty revenue was $92.1 million for the three months ended March 31, 2024 compared to $89.1 million for the three months ended March 31, 2023, an increase of 3.4%. Oil and gas royalties for the three months ended March 31, 2023 included an $8.7 million settlement with an operator with respect to unpaid oil and gas royalties for older production periods. Excluding the $8.7 million settlement, oil and gas royalties increased $11.7 million due to higher production volume for the three months ended March 31, 2024 compared to the same period of 2023. Our share of production increased to 24.8 thousand per barrels of oil equivalent (“Boe”) per day for the three months ended March 31, 2024 compared to 20.9 thousand Boe per day for the same period of 2023. The average realized price declined 4.6% to $42.71 per Boe for the three months ended March 31, 2024 from $44.76 per Boe for the three months ended March 31, 2023.

The financial and operational data by royalty stream is presented in the table below for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023 [(2)]
Our share of production volumes [(1)]:		
Oil (MBbls)	990	792
Natural gas (MMcf)	3,806	3,306
NGL (MBbls)	633	539
Equivalents (MBoe)	2,258	1,882
Equivalents per day (MBoe/d)	24.8	20.9
Oil and gas royalty revenue (in thousands):		
Oil royalties	$ 72,614	$ 56,894
Natural gas royalties	7,062	10,956
NGL royalties	12,444	12,615
Total oil and gas royalties	$ 92,120	$ 80,465
Realized prices:		
Oil ($/Bbl)	$ 76.77	$ 75.23
Natural gas ($/Mcf)	$ 2.01	$ 3.58
NGL ($/Bbl)	$ 21.24	$ 25.28
Equivalents ($/Boe)	$ 42.71	$ 44.76

(1) Commonly used definitions in the oil and gas industry not previously defined: MBbls represents one thousand barrels of crude oil, condensate or NGLs. Mcf represents one thousand cubic feet of natural gas. MMcf represents one million cubic feet of natural gas. MBoe represents one thousand Boe. MBoe/d represents one thousand Boe per day.

(2) The metrics provided for the three months ended March 31, 2023 exclude the impact of the $8.7 million settlement of oil and gas royalties discussed above.

Easements and other surface-related income. Easements and other surface-related income was $18.1 million for the three months ended March 31, 2024, an increase of 25.0% compared to $14.5 million for the three months ended March 31, 2023. Easements and other surface-related income includes revenue related to the use and crossing of our land for oil and gas exploration and production, renewable energy, and agricultural operations. The increase in easements and other surface-related income is principally related to increases of $5.7 million in pipeline easements and was partially offset by decreases in wellbore easements and material sales for the three months ended March 31, 2024 compared to the same period of 2023. The amount of income derived from pipeline easements is a function of the term of the easement, the size of the easement, and the number of easements entered into for any given period. Easements and other surface-related income is dependent on development decisions made by companies that operate in the areas where we own land and is, therefore, unpredictable and may vary significantly from period to period. See “Market Conditions” above for additional discussion of development activity in the Permian Basin during the three months ended March 31, 2024.

Net income. Net income for the Land and Resource Management segment increased 23.9% to $81.0 million for the three months ended March 31, 2024 compared to $65.3 million for the three months ended March 31, 2023. Segment operating income increased $17.4 million for the three months ended March 31, 2024 compared to the same period of 2023, largely driven by the $12.4 million decrease in legal and professional fees and the $7.5 million increase in segment revenues. Expenses are discussed further above under “Results of Operations - Consolidated.”

Water Services and Operations

Water Services and Operations segment revenues increased 48.0% to $62.7 million for the three months ended March 31, 2024 as compared with revenues of $42.3 million for the same period of 2023. The increase in Water Services and Operations segment revenues is principally due to increases in water sales revenue and produced water royalties, which are discussed below. As discussed in “Market Conditions” above, our segment revenues are directly influenced by development decisions made by our customers and the overall activity level in the Permian Basin. Accordingly, our segment revenues and sales volumes, as further discussed below, will fluctuate from period to period based upon those decisions and activity levels.

Water sales. Water sales revenue increased $15.4 million, or 70.9% to $37.1 million for the three months ended March 31, 2024, compared to the same period of 2023. The growth in water sales is principally due to an increase of 51.3% in water sales volumes for the three months ended March 31, 2024, compared to the same period of 2023.

Produced water royalties. Produced water royalties are received from the transfer or disposal of produced water on our land. Produced water royalties are contractual and not paid as a matter of right. We do not operate any salt water disposal wells. Produced water royalties were $23.0 million for the three months ended March 31, 2024 compared to $20.1 million for the same period in 2023. This increase is principally due to increased produced water volumes for the three months ended March 31, 2024 compared to the same period of 2023.

Net income. Net income for the Water Services and Operations segment was $33.4 million for the three months ended March 31, 2024 compared to $21.2 million for the three months ended March 31, 2023. Segment operating income increased $13.7 million for the three months ended March 31, 2024 compared to the same period of 2023. The increase is principally due to the $20.3 million increase in segment revenues. Expenses are discussed further above under “Results of Operations - Consolidated.”

Non-GAAP Performance Measures

In addition to amounts presented in accordance with GAAP, we also present certain supplemental non-GAAP performance measurements. These measurements are not to be considered more relevant or accurate than the measurements presented in accordance with GAAP. In compliance with the requirements of the SEC, our non-GAAP measurements are reconciled to net income, the most directly comparable GAAP performance measure. For all non-GAAP measurements, neither the SEC nor any other regulatory body has passed judgment on these non-GAAP measurements.

EBITDA, Adjusted EBITDA and Free Cash Flow

EBITDA is a non-GAAP financial measurement of earnings before interest expense, taxes, depreciation, depletion and amortization. Its purpose is to highlight earnings without finance, taxes, and depreciation, depletion and amortization expense, and its use is limited to specialized analysis. We calculate Adjusted EBITDA as EBITDA plus employee share-based compensation. Its purpose is to highlight earnings without non-cash activity such as share-based compensation and other non-recurring or unusual items, if applicable. We calculate Free Cash Flow as Adjusted EBITDA less current income tax expense and capital expenditures. Its purpose is to provide an additional measure of operating performance. We have presented EBITDA, Adjusted EBITDA and Free Cash Flow because we believe that these metrics are useful supplements to net income in analyzing the Company's operating performance. Our definitions of Adjusted EBITDA and Free Cash Flow may differ from computations of similarly titled measures of other companies.

The following table presents a reconciliation of net income to EBITDA, Adjusted EBITDA and Free Cash Flow for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31,	
	2024	2023
Net income	$ 114,417	$ 86,568
Add:		
Income tax expense	31,567	23,773
Depreciation, depletion and amortization	3,840	3,404
EBITDA	149,824	113,745
Add:		
Employee share-based compensation	2,220	2,156
Adjusted EBITDA	152,044	115,901
Less:		
Current income tax expense	(31,898)	(24,079)
Capital expenditures	(5,662)	(3,773)
Free Cash Flow	$ 114,484	$ 88,049

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosures of contingent assets and liabilities. For a full discussion of our accounting policies please refer to Note 2 to the Consolidated Financial Statements included in our 2023 Annual Report on Form 10-K filed with the SEC on February 21, 2024.

There have been no material changes to our critical accounting policies or in the estimates and assumptions underlying those policies, from those provided in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2023 Annual Report on Form 10-K.

New Accounting Pronouncements

For further information regarding recently issued accounting pronouncements, see Note 2, “Summary of Significant Accounting Policies” in the notes to the condensed consolidated financial statements included in Item 1. “Financial Statements” in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the information related to market risk of the Company disclosed in Part II, Item 7A. “Quantitative and Qualitative Disclosure on Market Risk” set forth in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 21, 2024.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of the Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), performed an evaluation of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15 under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our CEO and CFO have concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2024.

There have been no changes during the quarter ended March 31, 2024 in the Company’s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

TPL is not involved in any material pending legal proceedings other than as disclosed below.

On November 23, 2022, TPL filed a complaint in Delaware Chancery Court ("the Court") against Horizon Kinetics, LLC, Horizon Kinetics Asset Management LLC, SoftVest Advisors LLC, and SoftVest, L.P. (collectively, the "Stockholder Defendants") under the caption Texas Pacific Land Corporation v. Horizon Kinetics LLC, Horizon Kinetics Asset Management LLC, SoftVest Advisors, LLC, and SoftVest L.P. (C.A. No. 2022-1066-JTL) (the "Action"). Horizon Kinetics LLC and Horizon Kinetics Asset Management LLC are affiliated with Murray Stahl, a member of the Board, and SoftVest Advisors, LLC and SoftVest L.P. are affiliated with Eric Oliver, a member of the Board. TPL filed the Action to resolve a disagreement with the Stockholder Defendants over their voting commitments pursuant to a Stockholders' Agreement with the Company. A trial was held on April 17, 2023. On December 1, 2023, the Court ruled (the "Ruling") that the Stockholder Defendants' shares were deemed to have been voted in favor of Proposal Four, the Company's proposal to increase the number of authorized shares of Common Stock, which the Court deemed approved by holders of a majority of the shares of Common Stock, at the Company's 2022 annual meeting of stockholders. The Ruling was appealed by the Stockholder Defendants, and on February 27, 2024, the Delaware Supreme Court affirmed the Ruling in favor of the Company.

Item 1A. Risk Factors.

There have been no material changes in the risk factors previously disclosed in response to Part I, Item 1A. "Risk Factors" set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 21, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended March 31, 2024, the Company repurchased shares of its Common Stock as follows:

Period	Total Number of Shares Purchased[(1)]	Average Price Paid per Share[(1)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[(1)]	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs[(2)]
January 1 through January 31, 2024	1,373	$ 1,518	1,373	
February 1 through February 29, 2024	2,375	1,529	2,375	
March 1 through March 31, 2024[(3)]	3,888	1,190	3,888	
Total	7,636	$ 1,354	7,636	$ 197,241,439

(1) *The three-for-one stock split effected on March 26, 2024 was not applied to shares held as treasury stock. See Note 1, "Organization and Description of Business Segments" in the notes to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for further information.*

(2) *On November 1, 2022, our Board approved a stock repurchase program to purchase up to an aggregate of $250 million of our outstanding Common Stock effective beginning January 1, 2023. The Company intends to purchase Common Stock under the repurchase program opportunistically with funds generated by cash from operations. This repurchase program may be suspended from time to time, modified, extended or discontinued by the Board at any time. Purchases under the stock repurchase program may be made through a combination of open market repurchases in compliance with Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended, privately negotiated transactions, and/or other transactions at the Company's discretion, including under a Rule 10b5-1 trading plan implemented by the Company, and will be subject to market conditions, applicable legal requirements and other factors.*

(3) *The average price paid per share for the month of March 2024 includes repurchases of Common Stock before and after the March 18, 2024 record date for the three-for-one stock split.*

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits and Financial Statement Schedules.

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3.1*	Second Amended and Restated Certificate of Incorporation dated May 18, 2023, as amended.
31.1*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1*	Certification of Chief Executive Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following information from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Income and Total Comprehensive Income, (iii) Condensed Consolidated Statements of Cash Flows and (iv) Notes to Condensed Consolidated Financial Statements.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in iXBRL.

* Filed or furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEXAS PACIFIC LAND CORPORATION
(Registrant)

Date:	May 8, 2024	By:	/s/ Tyler Glover Tyler Glover President, Chief Executive Officer and Director
Date:	May 8, 2024	By:	/s/ Chris Steddum Chris Steddum Chief Financial Officer

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "TEXAS PACIFIC LAND CORPORATION", FILED IN THIS OFFICE ON THE EIGHTEENTH DAY OF MAY, A.D. 2023, AT 4:42 O`CLOCK P.M.

Jeffrey W. Bullock, Secretary of State

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:42 PM 05/18/2023
FILED 04:42 PM 05/18/2023
SR 20232177530 - File Number 7891250

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF TEXAS PACIFIC LAND CORPORATION

TEXAS PACIFIC LAND CORPORATION (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "DGCL"), hereby certifies as follows:

1. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on April 28, 2020.

2. This Amended and Restated Certificate of Incorporation, which restates, integrates and also further amends the Certificate of Incorporation as heretofore amended and restated, has been approved and declared advisable by the board of directors of the Corporation (the "Board"), and has been duly adopted by the stockholders of the Corporation in accordance with Sections 242 and 245 of the DGCL. Except where the context otherwise requires, references to this "Amended and Restated Certificate of Incorporation" herein refer to the Amended and Restated Certificate of Incorporation, as amended, restated, supplemented and otherwise modified from time to time.

3. The Certificate of Incorporation is hereby amended, integrated and restated in its entirety to read as follows:

ARTICLE I
NAME

SECTION 1.1 Name. The name of the Corporation is Texas Pacific Land Corporation.

ARTICLE II
REGISTERED AGENT

SECTION 2.1 Registered Agent. The address of its registered office in the State of Delaware is 1675 South State Street, Suite B, County of Kent, City of Dover, Delaware 19901. The name of the Corporation's registered agent at such address is Capitol Services, Inc.

ARTICLE III
PURPOSE

SECTION 3.1 Purpose. The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL as it currently exists or may hereafter be amended. In addition to the powers and privileges conferred upon the Corporation by law and those incidental thereto, the Corporation shall possess and may exercise all the powers and privileges that are necessary or convenient to the conduct, promotion or attainment of the business or purposes of the Corporation, including, but not limited to, effecting a merger, capital stock exchange, asset acquisition, stock

purchase, reorganization or similar business combination, involving the Corporation and one or more businesses.

ARTICLE IV
CAPITALIZATION

SECTION 4.1 Number of Shares.

(A) The total number of shares of stock that the Corporation shall have authority to issue is 8,756,156 shares of stock, classified as:

(1) 1,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock"); and

(2) 7,756,156 shares of common stock, par value $0.01 per share ("Common Stock").

(B) The number of authorized shares of Preferred Stock or Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares of stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of either Preferred Stock (or any series thereof) or Common Stock voting separately as a class shall be required therefor.

(C) For purposes of this Amended and Restated Certificate of Incorporation, beneficial ownership of shares shall be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

SECTION 4.2 Provisions Relating to Preferred Stock.

(A) Preferred Stock may be issued from time to time in one or more series, the shares of each series to have such designations, powers, preferences, privileges and rights, and qualifications, limitations and restrictions thereof, as are stated and expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board as hereafter prescribed (a "Preferred Stock Designation").

(B) Subject to any limitations prescribed by law and the rights of any series of the Preferred Stock then outstanding, if any, authority is hereby expressly granted to and vested in the Board to authorize the issuance of Preferred Stock from time to time in one or more series, and with respect to each series of Preferred Stock, to fix and state by the Preferred Stock Designation the designations, powers, preferences, privileges and relative, participating, optional, or special rights, and qualifications, limitations and restrictions relating to each series of Preferred Stock, including, but not limited to, the following:

(1) whether or not the series is to have voting rights, full, special or limited, or is to be without voting rights, and whether or not such series is to be entitled to vote as a separate series either alone or together with the holders of one or more other classes or series of stock;

(2) the number of shares to constitute the series and the designation thereof;

(3) restrictions on the issuance of shares of the same series or of any other series;

(4) whether or not the shares of any series shall be redeemable at the option of the Corporation or the holders thereof or upon the happening of any specified event, and, if redeemable, the redemption price or prices (which may be payable or issuable in the form of cash, notes, securities or other property), and the time or times at which, and the terms and conditions upon which, such shares shall be redeemable and the manner of redemption;

(5) whether or not the shares of a series shall be subject to the operation of retirement or sinking funds to be applied to the purchase or redemption of such shares for retirement, and, if such retirement or sinking fund or funds are to be established, the annual amount thereof, and the terms and provisions relative to the operation thereof;

(6) the dividend rate, whether dividends are payable in cash, stock of the Corporation or other property, the conditions upon which and the times when such dividends are payable, the preference to or the relation to the payment of dividends payable on any other class or classes or series of stock, whether or not such dividends shall be cumulative or noncumulative, and if cumulative, the date or dates from which such dividends shall accumulate;

(7) the preferences, if any, and the amounts thereof which the holders of any series thereof shall be entitled to receive upon the voluntary or involuntary liquidation, dissolution or winding up of, or upon any distribution of the assets of, the Corporation;

(8) whether or not the shares of any series, at the option of the Corporation or the holders thereof or upon the happening of any specified event, shall be convertible into or exchangeable or redeemable for, the shares of any other class or classes or of any other series of the same or any other class or classes or series of stock, securities or other property of the Corporation and the conversion price or prices, ratio or ratios, rate or rates, times or other terms and conditions of, on or at which such exchange or redemption may be made, with such adjustments, if any, as shall be stated and expressed or provided for in such resolution or resolutions; and

(9) such other powers, preferences, privileges and rights, and qualifications, limitations and restrictions with respect to any series as may to the Board seem advisable.

(C) The shares of each series of Preferred Stock may vary from the shares of any other series thereof in any or all of the foregoing or in other respects.

(D) Except as otherwise required by law, holders of a series of Preferred Stock, as such, shall be entitled only to such voting rights, if any, as shall expressly be granted thereto by this Amended and Restated Certificate of Incorporation (including the Preferred Stock Designation related to such series of Preferred Stock).

SECTION 4.3 Provisions Relating to Common Stock.

(A) Except as may otherwise be provided in this Amended and Restated Certificate of Incorporation, each share of Common Stock shall have identical rights and privileges in every respect. Common Stock shall be subject to the express terms of Preferred Stock and any series thereof. Except as may otherwise be required by this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation) or by applicable law, the holders of shares of Common Stock shall be entitled to one vote for each such share upon all matters which the stockholders are entitled to vote, the holders of shares of Common Stock shall have the exclusive right to vote for the election of directors and on all other matters upon which the stockholders are entitled to vote, and the holders of Preferred Stock shall not be entitled to vote at or receive notice of any meeting of stockholders. Each holder of Common Stock shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Corporation (as in effect at the time in question and as may be amended, restated, supplemented and otherwise modified from time to time, the "Bylaws"), and applicable law on all matters put to a vote of the stockholders of the Corporation. Except as otherwise required in this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation) or by applicable law, the holders of Common Stock shall vote together as a single class on all matters (or, if any holders of Preferred Stock are entitled to vote together with the holders of Common Stock, the holders of Common Stock and the Preferred Stock shall vote together as a single class).

(B) Notwithstanding the foregoing, except as otherwise required by applicable law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation) or pursuant to the DGCL.

(C) Subject to the rights and preferences, if any, applicable to shares of Preferred Stock or any series thereof, the holders of shares of Common Stock shall be entitled to receive ratably in proportion to the number of shares of Common Stock held by them such dividends and distributions (payable in cash, stock or property), if, when and as may be declared thereon by the Board, at any time and from time to time, out of any funds or assets of the Corporation legally available therefor and in such amounts as the Board in its direction shall determine.

(D) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to the rights, if any, of the holders of Preferred Stock or any series thereof having a preference over or the right to participate with the Common Stock as to distributions upon liquidation, dissolution or winding up, the holders of shares of Common Stock

shall be entitled to receive all of the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Common Stock held by them. A dissolution, liquidation or winding-up of the Corporation, as such terms are used in this paragraph (D), shall not be deemed to be occasioned by or to include any consolidation or merger of the Corporation with or into any other corporation or corporations or other entity or a sale, lease, exchange or conveyance of all or a part of the assets of the Corporation.

(E) No stockholder shall, by reason of the holding of shares of any class or series of capital stock of the Corporation, have any preemptive or preferential right to acquire or subscribe for any shares or securities of any class or series, whether now or hereafter authorized, which may at any time be issued, sold or offered for sale by the Corporation, unless specifically provided for in a Preferred Stock Designation.

SECTION 4.4 No Cumulative Voting. There shall be no cumulative voting in the election of directors.

ARTICLE V
DIRECTORS

SECTION 5.1 Term and Classes.

(A) The business and affairs of the Corporation shall be managed by or under the direction of the Board elected in accordance with this Amended and Restated Certificate of Incorporation and the Bylaws. In addition to the powers and authorities expressly conferred upon them by statute or by this Amended and Restated Certificate of Incorporation or the Bylaws, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

(B) The directors, other than those who may be elected by the holders of any series of Preferred Stock as specified in the related Preferred Stock Designation, shall be and are divided, with respect to the time for which they severally hold office, into three classes, with the term of the class designated as the "third class" of directors in the Amended and Restated Certificate of Incorporation effective on January 11, 2021, expiring at the 2023 annual meeting of stockholders, and the terms of the classes elected at the annual meeting of stockholders held in 2021 and 2022, respectively, expiring at the 2024 and 2025 annual meeting of stockholders; provided that the division of directors into classes shall terminate at the 2025 annual meeting of stockholders. Notwithstanding the preceding sentence, but subject to the rights of any series of Preferred Stock to elect directors separately as a class, each director elected by the stockholders after the 2022 annual meeting of stockholders shall serve for a term expiring at the first annual meeting of stockholders held after such director's election. Each director shall hold office until his or her successor shall have been duly elected and qualified, subject, however, to such director's earlier death, resignation, disqualification or removal.

SECTION 5.2 Vacancies. Subject to applicable law and the rights of the holders of any series of Preferred Stock then outstanding, any newly created directorship that results from an increase in the number of directors or any vacancy on the Board that results from the death,

incapacity, resignation, disqualification or removal of any director or from any other cause shall, unless otherwise required by law or by resolution of the Board, be filled solely by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Subject to the rights of any series of Preferred Stock entitled to elect directors separately as a class, any director appointed to a vacant or newly created directorship shall serve for a term expiring at the next election of the class for which such director shall have been chosen or, following the termination of the division of directors into three classes, at the next annual meeting of stockholders held after their appointment. No decrease in the number of authorized directors constituting the Board shall shorten the term of any incumbent director.

SECTION 5.3 Removal. Subject to the rights of the holders of shares of any series of Preferred Stock, if any, to elect additional directors pursuant to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation thereunder), any director serving in a class of directors expiring at the third annual meeting of stockholders following their election, and any director serving in the class expiring at the 2023 annual meeting of stockholders, shall be removable only for cause, and all other directors shall be removable either with or without cause. The removal of any director shall require the affirmative vote of the holders of at least a majority of the voting power of the outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class and acting at a meeting of the stockholders in accordance with the DGCL, subject to any greater vote provided for directors elected separately by the holders of one or more series of Preferred Stock. Except as applicable law otherwise provides, cause for the removal of a director shall be deemed to exist only if the director whose removal is proposed: (1) has been convicted of a felony by a court of competent jurisdiction and that conviction is no longer subject to direct appeal; (2) has been found to have been grossly negligent in the performance of his or her duties to the Corporation in any matter of substantial importance to the Corporation by (a) the affirmative vote of at least 80% of the directors then in office (other than the director whose removal is proposed) at any meeting of the Board called for that purpose or (b) a court of competent jurisdiction; or (3) has been adjudicated by a court of competent jurisdiction to be mentally incompetent, which mental incompetency directly affects his or her ability to serve as a director of the Corporation.

SECTION 5.4 Number. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, if any, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by the affirmative vote of a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships). Unless and except to the extent that the Bylaws so provide, the election of directors need not be by written ballot.

ARTICLE VI
STOCKHOLDER ACTION

SECTION 6.1 Written Consents. Subject to the rights of holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation (a) may, pursuant to a resolution of and at the direction of the Board, be taken by consent in writing of such

stockholders and (b) otherwise must be taken at a duly held annual or special meeting of stockholders and may not be taken by any consent in writing of such stockholders.

ARTICLE VII
SPECIAL MEETINGS

SECTION 7.1 Special Meetings. Special meetings of stockholders of the Corporation may be called only by the Board pursuant to a resolution adopted by the Board. The Board may fix the date, time and place, if any, of such special meeting, either within or without the State of Delaware. Subject to the rights of holders of any series of Preferred Stock, the stockholders of the Corporation shall not have the power to call or request a special meeting of stockholders of the Corporation. The Board may for any reason postpone, reschedule or cancel any special meeting of the stockholders previously scheduled by the Board.

ARTICLE VIII
BYLAWS

SECTION 8.1 Bylaws. In furtherance of, and not in limitation of, the powers conferred by the laws of the State of Delaware, the Board is expressly authorized to adopt, amend or repeal the Bylaws. Any adoption, amendment or repeal of the Bylaws by the Board shall require the approval of the Board. Stockholders shall also have the power to adopt, amend or repeal the Bylaws; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, the Bylaws may be adopted, altered, amended or repealed by the stockholders of the Corporation only by the affirmative vote of holders of not less than a majority in voting power of the then-outstanding shares of stock entitled to vote thereon, voting together as a single class. No Bylaws hereafter made or adopted, nor any repeal of or amendment thereto, shall invalidate any prior act of the Board that was valid at the time it was taken.

ARTICLE IX
LIMITATION OF DIRECTOR LIABILITY

SECTION 9.1 Limitation of Director Liability. No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as it now exists. In addition to the circumstances in which a director of the Corporation is not personally liable as set forth in the preceding sentence, a director of the Corporation shall not be liable to the fullest extent permitted by any amendment to the DGCL hereafter enacted that further limits the liability of a director. Any amendment, repeal or modification of this Article IX shall be prospective only and shall not affect any limitation on liability of a director for acts or omissions occurring prior to the date of such amendment, repeal or modification.

ARTICLE X
AMENDMENT OF CERTIFICATE OF INCORPORATION

SECTION 10.1 Amendments.

(A) The Corporation shall have the right, subject to any express provisions or restrictions contained in this Amended and Restated Certificate of Incorporation, from time to time, to amend this Amended and Restated Certificate of Incorporation or any provision hereof in any manner now or hereafter provided by applicable law, and all rights and powers of any kind conferred upon a director or stockholder of the Corporation by this Amended and Restated Certificate of Incorporation or any amendment hereof are subject to such right of the Corporation.

(B) Notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or the Bylaws (and in addition to any other vote that may be required by applicable law or this Amended and Restated Certificate of Incorporation), the affirmative vote of the holders of a majority in voting power of the outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to amend, alter or repeal any provision of this Amended and Restated Certificate of Incorporation.

ARTICLE XI
FORUM SELECTION

SECTION 11.1 Exclusive Forum.

(A) Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forums for any stockholder (including a beneficial owner) to bring (1) any derivative action or proceeding brought on behalf of the Corporation, (2) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee, agent or stockholder of the Corporation, (3) any action or proceeding asserting a claim against the Corporation, its directors, officers or employees or agents arising pursuant to, or seeking to enforce any right, obligation or remedy under, any provision of the DGCL, the laws of the State of Texas, the laws of the State of New York, the Certificate of Incorporation or the Bylaws (as each may be amended from time to time), or (4) any action or proceeding asserting a claim against the Corporation, its directors, officers or employees or agents governed by the internal affairs doctrine, shall, to the fullest extent permitted by law, be the Court of Chancery of the State of Delaware (or, if such court does not have jurisdiction, any state or federal court residing with the State of Delaware) or the United States District Court for the Northern District of Texas in Dallas, Texas (or, if such court does not have jurisdiction, any district court of Dallas County in the State of Texas) (each, a "Permissible Court"), in each case subject to the Permissible Court having personal jurisdiction over the indispensable parties named as defendants.

(B) Unless the Corporation consents in writing to the selection of an alternative forum (which consent may be given at any time, including during the pendency of litigation), the sole and exclusive forum for any action asserting a cause of action arising under the Securities Act of 1933, as amended, shall be the federal district courts of the United States.

(C) Any person or entity purchasing or otherwise acquiring or holding or owning (or continuing to hold or own) any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI.

(D) If any provision or provisions of this Article XI shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article XI (including, without limitation, each portion of any sentence of this Article XI containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation on this 18th day of May, 2023.

TEXAS PACIFIC LAND CORPORATION

By: ______________________

Name: Tyler Glover

Title: Chief Executive Officer

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "TEXAS PACIFIC LAND CORPORATION", FILED IN THIS OFFICE ON THE FIRST DAY OF MARCH, A.D. 2024, AT 9:09 O`CLOCK A.M.

SECRETARY'S OFFICE

Jeffrey W. Bullock, Secretary of State

7891250 8100
SR# 20240826783

Authentication: 202921388
Date: 03-01-24

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 09:09 AM 03/01/2024
FILED 09:09 AM 03/01/2024
SR 20240826783 - File Number 7891250

CERTIFICATE OF AMENDMENT TO THE SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF TEXAS PACIFIC LAND CORPORATION

(Pursuant to Section 242 of the General Corporation Law of the State of Delaware)

TEXAS PACIFIC LAND CORPORATION, a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies as follows:

1. That the name of this corporation is Texas Pacific Land Corporation (the "Corporation") and that the Corporation was originally incorporated pursuant to the DGCL on April 28, 2020 under the name Texas Pacific Land Corporation

2. That the Board of Directors of the Corporation duly adopted resolutions setting forth the proposed amendment to the Certificate of Incorporation of the Corporation (the "Certificate"), declaring said amendment to be advisable and in the best interests of the Corporation and its stockholders and authorizing the submission to the stockholders of a proposal to authorize said amendment, which resolutions setting forth the proposed amendment are substantially as follows:

RESOLVED:

That Section 4.1(A) of Article IV of the Certificate of this Corporation be amended and restated to read in its entirety as follows:

"(A) The total number of shares of stock that the Corporation shall have authority to issue is 47,536,936 shares of stock, classified as:

(1) 1,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock"); and

(2) 46,536,936 shares of common stock, par value $0.01 per share ("Common Stock")."

3. That thereafter said amendment was duly adopted in accordance with the provisions of Section 242 of the DGCL.

IN WITNESS WHEREOF, Texas Pacific Land Corporation has caused this Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation to be signed by its Chief Executive Officer this the 1st day of March, 2024.

By: ______________________

Name: Tyler Glover

Title: Chief Executive Officer

Exhibit No. 31.1

CERTIFICATION

I, Tyler Glover, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of Texas Pacific Land Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

By: /s/ Tyler Glover
Tyler Glover, President and
Chief Executive Officer

Exhibit No. 31.2

CERTIFICATION

I, Chris Steddum, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of Texas Pacific Land Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2024

By: /s/ Chris Steddum
Chris Steddum, Chief Financial Officer

Exhibit No. 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of Texas Pacific Land Corporation (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Tyler Glover, Chief Executive Officer of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	May 8, 2024	By:	/s/ Tyler Glover
			Tyler Glover, President and Chief Executive Officer

Exhibit No. 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 of Texas Pacific Land Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Chris Steddum, Chief Financial Officer of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	May 8, 2024	By:	/s/ Chris Steddum
			Chris Steddum, Chief Financial Officer