

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

(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, 2001

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 1-737

TEXAS PACIFIC LAND TRUST

(Exact name of registrant as specified in its charter)

NOT APPLICABLE

75-0279735

(State or other jurisdiction of incorporation
or organization)

(I.R.S. Employer
Identification No.)

1700 Pacific Avenue, Suite 1670, Dallas, Texas 75201

(Address of principal executive offices)
(Zip Code)

214/969-5530

(Registrant's telephone number, including area code)

80 Broad Street, Suite 2700, New York, New York 10004

(Former name, former address and former fiscal year,
if changed since last report)

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 X No
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Part I
FINANCIAL INFORMATION

TEXAS PACIFIC LAND TRUST

BALANCE SHEETS
MARCH 31, 2001 and DECEMBER 31, 2000

<TABLE>
<CAPTION>

December 31,
2000

ASSETS

March 31,
2001

| | (Unaudited) | |
|---|--------------|-----|
| <S> | | <C> |
| <C> | | |
| Cash | \$ 245,661 | \$ |
| 263,834 | | |
| Temporary cash investments at cost which approximates market | 1,000,000 | |
| 1,350,000 | | |
| Accounts receivable | 596,142 | |
| 587,109 | | |
| Accrued interest receivable | 368,232 | |
| 379,383 | | |
| Prepaid expenses | 30,654 | |
| 43,792 | | |
| Notes receivable for land sales | 8,463,673 | |
| 8,591,998 | | |
| Real estate acquired through foreclosure: | | |
| (9,268.43 acres at March 31, 2001 and 9,669.46 acres at December 31, 2000) | 3,976,482 | |
| 3,992,302 | | |
| Water wells, leasehold improvements, furniture and | | |
| equipment - at cost less accumulated depreciation | 116,476 | |
| 120,898 | | |
| Property, no value assigned : | | |
| Land (surface rights) situated in twenty-one counties in | | |
| Texas - 1,025,892.21 acres in 2001 and 1,025,894.27 acres in 2000 | -- | |
| -- | | |
| Town lots in Iatan, Loraine and Morita - 628 lots in 2001 and 2000 | -- | |
| -- | | |
| 1/16 nonparticipating perpetual royalty interest in 386,987.70 acres in 2001 and 2000 | -- | |
| -- | | |
| 1/128 nonparticipating perpetual royalty interest in 85,413.60 acres in 2001 and 2000 | -- | |
| -- | | |
| | ----- | - |
| | \$14,797,320 | |
| \$15,329,316 | ===== | |
| ===== | | |
| LIABILITIES AND CAPITAL | | |
| Federal income taxes payable | \$ 343,629 | \$ |
| 67,290 | | |
| Other taxes | 103,121 | |
| 36,330 | | |
| Other liabilities | 15,765 | |
| 51,071 | | |
| Escrow deposits on land sales | -- | |
| 640 | | |
| Deferred taxes | 3,862,005 | |
| 3,905,678 | | |
| | ----- | - |
| Total liabilities | 4,324,520 | |
| 4,061,009 | | |
| Capital: | | |
| Certificates of Proprietary Interest, par value \$100 | | |
| each; outstanding one certificate in 2001 and 2000 | -- | |
| -- | | |
| Sub-share Certificates in Certificates of Proprietary Interest, par value | | |
| \$.16 2/3 each; outstanding 2,488,505 sub-shares in 2001 and | | |
| 2,504,205 sub-shares in 2000 | -- | |
| -- | | |
| Net proceeds from all sources | 10,472,800 | |
| 11,268,307 | | |
| | ----- | - |
| Total capital | 10,472,800 | |
| 11,268,307 | | |
| | ----- | - |
| | \$14,797,320 | |
| \$15,329,316 | ===== | |
| ===== | | |

</TABLE>

See accompanying notes to financial statements.

(1)

TEXAS PACIFIC LAND TRUST

STATEMENTS OF INCOME

(Unaudited)

<TABLE>
<CAPTION>

| | Three Months Ended March 31 | |
|--|--------------------------------|-------------|
| | 2001 | 2000 |
| <S> | <C> | <C> |
| Income: | | |
| Rentals, royalties and sundry income | \$1,415,568 | \$1,077,087 |
| Land sales | 18,540 | 782,726 |
| Interest | 213,621 | 214,712 |
| | ----- | ----- |
| | 1,647,729 | 2,074,525 |
| | ----- | ----- |
| Expenses: | | |
| Taxes, other than Federal income taxes | 149,971 | 131,026 |
| Basis in real estate sold | 15,821 | 588,815 |
| General and administrative expenses | 395,377 | 361,030 |
| | ----- | ----- |
| | 561,169 | 1,080,871 |
| | ----- | ----- |
| Income before Federal income taxes | 1,086,560 | 993,654 |
| Federal income taxes | 299,829 | 296,980 |
| | ----- | ----- |
| Net income | \$ 786,731 | \$ 696,674 |
| | ===== | ===== |
| Average number of sub-share certificates and equivalent sub-share certificates outstanding | 2,501,138 | 2,585,555 |
| | ===== | ===== |
| Basic earnings per sub-share certificate | \$.31 | \$.27 |
| | ===== | ===== |
| Cash dividend per sub-share certificate | \$.40 | \$.40 |
| | ===== | ===== |

</TABLE>

See accompanying notes to financial statements.

(2)

TEXAS PACIFIC LAND TRUST

STATEMENTS OF CASH FLOWS

(Unaudited)

<TABLE>
<CAPTION>

| | Three Months Ended March 31 | |
|-----|--------------------------------|------|
| | 2001 | 2000 |
| <S> | <C> | <C> |

Cash flows from operating activities:

| | | |
|---|--------------|--------------|
| Net income | \$ 786,731 | \$ 696,674 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 11,700 | 10,800 |
| Deferred taxes | (43,673) | (38,806) |
| (Increase) decrease in assets: | | |
| Accounts receivable | (9,033) | (5,785) |
| New notes receivable from land sales | (13,900) | (559,227) |
| Payments received on notes receivable | 142,225 | 131,910 |
| Accrued interest receivable | 11,151 | (9,402) |
| Prepaid Federal income taxes | -- | 41,523 |
| Prepaid expenses | 13,138 | 12,049 |
| Real estate acquired through foreclosure | 15,820 | 588,815 |
| Increase (decrease) in liabilities: | | |
| Federal income taxes payable | 276,339 | 294,263 |
| Other taxes payable | 66,791 | 71,542 |
| Escrow deposits on land sales | (640) | -- |
| Other liabilities payable | (35,306) | (40,470) |
| | ----- | ----- |
| Total adjustments | 434,612 | 497,212 |
| | ----- | ----- |
| Net cash provided by operating activities | 1,221,343 | 1,193,886 |
| | ----- | ----- |
| Cash flows from investing activities- | | |
| Additions to water wells, leasehold improvements, furniture and equipment | (7,278) | (6,339) |
| | ----- | ----- |
| Cash flows from financing activities: | | |
| Sub-shares purchased for retirement | (578,716) | (578,940) |
| Dividends paid | (1,003,522) | (1,033,842) |
| | ----- | ----- |
| Net cash used by financing activities | (1,582,238) | (1,612,782) |
| | ----- | ----- |
| Net (decrease) in cash and cash equivalents | (368,173) | (425,235) |
| Cash and cash equivalents at beginning of period | 1,613,834 | 1,872,539 |
| | ----- | ----- |
| Cash and cash equivalents at end of period | \$ 1,245,661 | \$ 1,447,304 |
| | ===== | ===== |

</TABLE>

See accompanying notes to financial statements.

(3)

TEXAS PACIFIC LAND TRUST
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2001

- (1) In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of Texas Pacific Land Trust (Trust) as of March 31, 2001 and the results of its operations for the three months ended March 31, 2001 and 2000 and its cash flows for the three months ended March 31, 2001 and 2000, respectively. These financial statements and footnotes included herein should be read in conjunction with the Trust's annual financial statements as of December 31, 2000 and 1999 and for each of the years in the three year period ended December 31, 2000 included in the Trust's Form 10-K.
- (2) No value is assigned to the land, unless acquired through foreclosure; consequently, no allowance for depletion is computed, and no charge to income is made therefore, and no cost is deducted from the proceeds of the land sales in computing gain or loss thereon.

- (3) The Sub-shares and the Certificates of Proprietary Interest are freely interchangeable in the ratio of one Certificate of Proprietary Interest for 600 Sub-shares or 600 Sub-shares for one Certificate of Proprietary Interest.
- (4) The Trust's effective Federal income tax rate is less than the 34% statutory rate because taxable income is reduced by statutory percentage depletion allowed on mineral royalty income.
- (5) The results of operations for the three months ended March 31, 2001 are not necessarily indicative of the results to be expected for the full year.
- (6) Cash in excess of daily requirements is invested in money market instruments with maturities of ninety days or less. Such investments are deemed to be cash equivalents for purposes of the statements of cash flows.

Supplemental cash flow information for the three months ended March 31, 2001 and 2000 is summarized as follows:

<TABLE>
<CAPTION>

| | 2001 ----- | 2000 ----- |
|---------------------------|--------------------|----------------|
| <S> | <C> | <C> |
| Federal income taxes paid | \$ 67,163 ===== | \$ -- ===== |

</TABLE>

(4)

- (7) The Trust has adopted SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information which establishes standards for the way public business enterprises are to report information about operating segments. SFAS No. 131 utilizes the management approach as a basis for identifying reportable segments. The management approach is based on the way that management organizes the segments within the enterprise for making operating decisions and assessing performance. The Trust's management views its operations as one segment and believes the only significant activity is managing the land which was conveyed to the Trust in 1888. Trust management makes decisions about resource allocation and performance assessment based on the same financial information presented in these financial statements. Managing the land includes sales and leases of such land, and the retention of oil and gas royalties.

(5)

Management's Discussion and
Analysis of Financial Condition and
Results of Operations for the
Three Months Ended
March 31, 2001 and 2000

Results of Operations for Quarter Ended March 31, 2001 Compared to Quarter Ended March 31, 2000

Earnings per sub-share were \$.31 for the first quarter of 2001 compared to \$.27

for the first quarter of 2000. Total revenues were \$1,647,729 compared to \$2,074,525, a decrease of 20.6%. The main reason for earnings being increased while total revenues were 20.6% less is that land sold in the first quarter of 2000 had a basis of \$572,994 more than land sold in the first quarter of 2001.

The Trust sold 2.06 acres of land for \$18,540, an average of \$9,000 per acre for the first quarter of 2001. This compares to 15,654.53 acres at \$50 per acre for a total of \$782,726 in the first quarter of 2000.

Land Sales may vary widely from year to year and quarter to quarter. The total dollar amount, the average price per acre, and the number of acres sold in any one year or quarter should not be assumed to be indicative of land sales in the future. The Trust is a passive seller of land; it does not actively solicit sales of land. The demand for and the sales price of any particular tract of the Trust's land is influenced by many factors including the national and local economies, the rate of residential and commercial development in nearby areas, livestock carrying capacity, and the conditions of the local agricultural industry which itself is influenced by range conditions and prices for livestock and other agricultural products. Approximately 99% of the Trust's land is classified as ranch land and intermingled with other ownerships to form ranching units. Ranch land sales are, therefore, largely dependent on the actions of the adjoining landowners.

Rentals, royalties and sundry income were \$1,415,568 in the first quarter of 2001 compared to \$1,077,087 in the first quarter of 2000, an increase of 31.4%.

Oil and gas royalty revenue was \$1,188,717, up 38.1% compared to the first quarter of 2000. Oil royalty revenue was \$658,259, up 10.2% compared to 2000. Crude oil production subject to the Trust's royalty interest was down 3.0% for the first quarter and the average price per royalty barrel was up 13.6% compared to 2000. Gas royalty revenue was \$530,458 in the first quarter, up 101.2% on a volume decrease of 6.2% and price increase of 114.6%.

Easement and Sundry income was \$139,017, up 6.9% from the first quarter of 2000.

Interest revenue decreased .5% in the first quarter of 2001 compared to 2000. Interest from notes receivable was \$192,086, up 1.1% from the first quarter of 2000. Notes receivable were \$8,463,673 as of March 31, 2001 down 4.0% from March 31, 2000. Sundry interest was \$21,535, down 12.8% from the first quarter of 2000.

Taxes, other than Federal income taxes were up 14.5% over the first quarter of 2000. This is due mainly to the increase in oil and gas production taxes.

General and administrative expenses increased 9.5% compared to the first quarter of 2000.

(6)

Management's Discussion (cont'd)

Liquidity and Capital Resources

The Trust's oil and gas royalty revenues, lease rentals and receipts of interest and principal on notes receivable has generated more than adequate amounts of cash to meet the Trust's needs and should continue to do so in the predictable future.

Words or phrases when used in this Form 10-Q or other filings with the Securities and Exchange Commission, such as "does not believe" and "believes", or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the information related to market risk of the Trust since December 31, 2000.

(7)

PART II

OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits. Interim report furnished to shareholders upon request per sub-part Item 601 (19) Regulation S-K.
- (b) Reports on Form 8-K. The registrant has filed no reports on Form 8-K during the quarter for which this report is filed.

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 TRUST

(Registrant)

Date 5/09/01

By /s/ ROY THOMAS

Roy Thomas, General Agent,
Authorized Signatory and Principal
Financial Officer