

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, 2002

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)

(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 No

Part I
FINANCIAL INFORMATION
TEXAS PACIFIC LAND TRUST
BALANCE SHEETS
MARCH 31, 2002 and DECEMBER 31, 2001

<Table>
<Caption>

December 31, 2001	March 31, 2002	
ASSETS		

(Unaudited)		
<C>		
Cash	\$ 191,816	\$
85,065		
Temporary cash investments at cost which approximates market	2,700,000	
2,500,000		
Accounts receivable	344,091	
334,888		
Accrued interest receivable	417,520	

417,817			
Prepaid expenses		42,796	
61,138			
Notes receivable for land sales		10,740,020	
11,421,331			
Real estate acquired through foreclosure:			
(7,791.86 acres at March 31, 2002 and December 31, 2001)		2,450,886	
2,450,886			
Water wells, leasehold improvements, furniture and equipment - at cost less accumulated depreciation		203,282	
207,388			
Prepaid Federal income taxes		--	
149,668			
Property, no value assigned :			
Land (surface rights) situated in twenty-one counties in Texas - 1,010,811.14 acres in 2002 and 1,013,792.00 acres in 2001		--	
--			
Town lots in Iatan, Loraine and Morita - 628 lots in 2002 and 2001		--	
--			
1/16 nonparticipating perpetual royalty interest in 386,987.70 acres in 2002 and 2001		--	
--			
1/128 nonparticipating perpetual royalty interest in 85,413.60 acres in 2002 and 2001		--	
--			

		\$ 17,090,411	\$
17,628,181		=====	
=====			
LIABILITIES AND CAPITAL			
Federal income taxes payable		\$ 360,825	\$
--			
Other taxes		76,021	
20,521			
Other liabilities		45,656	
2,537			
Escrow deposits on land sales		--	
5,000			
Deferred taxes		4,193,579	
4,402,481			

Total liabilities		4,676,081	
4,430,539			
Capital:			
Certificates of Proprietary Interest, par value \$100 each; outstanding no certificates in 2002 and 2001		--	
--			
Sub-share Certificates in Certificates of Proprietary Interest, par value \$.16 2/3 each; outstanding 2,383,687 sub-shares in 2002 and 2,398,393 sub-shares in 2001		--	
--			
Net proceeds from all sources		12,414,330	
13,197,642			

Total capital		12,414,330	
13,197,642			

		\$ 17,090,411	\$
17,628,181		=====	
=====			

</Table>

See accompanying notes to financial statements.

(Unaudited)

<Table>
<Caption>

	Three Months Ended March 31	
	2002	2001
<S>	<C>	<C>
Income:		
Rentals, royalties and sundry income	\$ 1,079,512	\$ 1,415,568
Land sales	193,756	18,540
Interest	249,376	213,621
	-----	-----
	1,522,644	1,647,729
	-----	-----
Expenses:		
Taxes, other than Federal income taxes	104,903	149,971
Basis in real estate sold	--	15,821
General and administrative expenses	405,059	395,377
	-----	-----
	509,962	561,169
	-----	-----
Income before Federal income taxes	1,012,682	1,086,560
Federal income taxes	301,592	299,829
	-----	-----
Net income	\$ 711,090	\$ 786,731
	=====	=====
Average number of sub-share certificates and equivalent sub-share certificates outstanding	2,391,273	2,501,138
	=====	=====
Basic earnings per sub-share certificate	\$.30	\$.31
	=====	=====
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,	
	2002	2001
-		
	-----	-----
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 711,090	\$ 786,731
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	10,201	11,700
Deferred taxes	(208,902)	
(43,673)		
(Increase) decrease in assets:		
Accounts receivable	(9,203)	
(9,033)		
New notes receivable from land sales	(145,000)	(13,900)
Payments received on notes receivable	826,311	142,225
Accrued interest receivable	297	11,151
Prepaid Federal income taxes	149,668	--
Prepaid expenses	18,342	13,138
Real estate acquired through foreclosure	--	15,820
Increase (decrease) in liabilities:		
Federal income taxes payable	360,825	276,339
Other taxes payable	55,500	66,791
Escrow deposits on land sales	(5,000)	(640)

(35,306)	Other liabilities payable	43,119	
-		-----	-----
	Total adjustments	1,096,158	434,612
-		-----	-----
	Net cash provided by operating activities	1,807,248	1,221,343
-		-----	-----
	Cash flows from investing activities-		
	Additions to water wells, leasehold improvements, furniture and equipment	(6,095)	(7,278)
-		-----	-----
	Cash flows from financing activities:		
	Sub-shares purchased for retirement	(537,407)	(578,716)
	Dividends paid	(956,995)	
(1,003,522)		-----	-----
-		-----	-----
	Net cash used by financing activities	(1,494,402)	(1,582,238)
-		-----	-----
	Net increase (decrease) in cash and cash equivalents	306,751	(368,173)
-		-----	-----
	Cash and cash equivalents at beginning of period	2,585,065	1,613,834
-		-----	-----
	Cash and cash equivalents at end of period	\$ 2,891,816	\$ 1,245,661
		=====	=====

</Table>

See accompanying notes to financial statements.

(3)

TEXAS PACIFIC LAND TRUST
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

- (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, 2002 and the results of its operations for the three months ended March 31, 2002 and 2001 and its cash flows for the three months ended March 31, 2002 and 2001, respectively. These financial statements and footnotes included herein should be read in conjunction with the Trust's annual financial statements as of December 31, 2001 and 2000 and for each of the years in the three year period ended December 31, 2001 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, 2002 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, 2002 and 2001 is summarized as follows:

	2002	2001
	-----	-----
Federal income taxes paid	\$ --	\$67,163
	=====	=====

(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.
- (8) Effective January 1, 2002, the Trust adopted SFAS No. 144, "Accounting for the Impairment of Disposal of Long Lived Assets." SFAS No. 144 supersedes and amends SFAS No. 121 and the relevant portions of APB Opinion No. 30. The adoption of SFAS No. 144 had no material impact on the financial position, results of operations or cash flows.

(5)

Management's Discussion and
Analysis of Financial Condition and
Results of Operations for the
Three Months Ended
March 31, 2002 and 2001

Results of Operations for Quarter Ended March 31, 2002 Compared to Quarter Ended March 31, 2001

Earnings per sub-share were \$.30 for the first quarter of 2002 compared to \$.31 for the first quarter of 2001. Total revenues were \$1,522,644 compared to \$1,647,729, a decrease of 7.6%.

The Trust sold 2,980.86 acres of land for \$193,756, (\$65 per acre) in the first quarter of 2002. This compares to 2.06 acres at \$9,000 per acre for a total of \$18,540 in the first quarter of 2001.

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 \$1,079,512 in the first quarter of 2002 compared to \$1,415,568 in the first quarter of 2001, a decrease of 23.7%. This decrease was mainly from a decrease in oil and gas royalty revenue.

Oil and gas royalty revenue was \$698,357, down 41.3% compared to the first quarter of 2001. Oil royalty revenue was \$473,933, down 28.0% compared to 2001. Crude oil production subject to the Trust's royalty interest was up 16.6% for the first quarter and the average price per royalty barrel was down 38.3% compared to 2001. Gas royalty revenue was \$224,424 in the first quarter, down 57.7% on a volume increase of 14.3% and price decrease of 63.0%.

Easement and sundry income was \$292,433, up 110.4% from the first quarter of 2001. This is not a predictable source of income and amounts vary greatly in any one reporting period.

Interest revenue increased 16.7% in the first quarter of 2002 compared to 2001. Interest from notes receivable was \$233,750, up 21.7% from the first quarter of 2001. Notes receivable were \$10,740,020 as of March 31, 2002 up 26.9% from March 31, 2001. Sundry interest was \$15,626, down 27.4% from the first quarter of 2001.

Taxes, other than Federal income taxes were down 30.1%. This is due to decrease in oil and gas production taxes and decrease of ad valorem taxes due to land sold in 2001.

General and administrative expenses increased 2.4% compared to the first quarter of 2001.

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.

(6)

Management's Discussion (cont'd)

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, 2001.

(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 May 9, 2002

By /S/ ROY THOMAS

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

(8)

