

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 September 30, 1997

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.)

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

(Address of principal executive offices)
(Zip Code)

212/269-2266

(Registrant's telephone number, including area code)

NOT APPLICABLE

(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
SEPTEMBER 30, 1997 and DECEMBER 31, 1996
(Unaudited)

<TABLE>
<CAPTION>

December 31,

ASSETS

1996

September 30,

1997

-----		-----	---
<S>		<C>	
<C>			
Cash		\$ 537,233	\$
144,898			
Temporary cash investments		1,750,000	
1,650,000			
Accounts receivable		438,855	
436,142			
Accrued interest receivable		352,144	
203,107			
Prepaid expenses		4,574	
45,740			
Notes receivable for land sales		9,299,987	
5,067,778			
Real estate acquired through foreclosure:			
(27,585.95 acres at September 30, 1997 and 27,830.19 acres at			
December 31, 1996)		4,466,895	
6,034,969			
Water wells, leasehold improvements, furniture and			
equipment - at cost less accumulated depreciation		152,588	
127,600			
Property, no value assigned (note 2):			
Land (surface rights) situated in twenty-one counties in			
Texas - 1,066,287.00 acres in 1997 and 1,075,685.03 acres in 1996		--	
--			
Town lots in Iatan, Loraine and Morita - 628 lots in 1997 and 1996		--	
--			
1/16 nonparticipating perpetual royalty interest in 386,987.70 acres in 1997 and 1996		--	
--			
1/128 nonparticipating perpetual royalty interest in 85,413.60 acres in 1997 and 1996		--	
--			
-----		-----	---
		\$17,002,276	
\$13,710,234		=====	
=====			
LIABILITIES AND CAPITAL			
Federal income taxes payable		\$ 151,307	\$
99,824			
Other taxes payable		281,523	
26,338			
Other liabilities		91,348	
15,034			
Escrow deposits on land sales		5,000	
55,000			
Deferred taxes		4,286,774	
3,388,382			
-----		-----	---
Total liabilities		4,815,952	
3,584,578			
Capital (note 3)			
Certificates of Proprietary Interest, par value \$100			
each; outstanding one certificate in 1997 and 1996		--	
--			
Sub-share Certificates in Certificates of Proprietary Interest, par value			
\$.16 2/3 each; outstanding 2,774,805 sub-shares in 1997 and			
2,848,105 sub-shares in 1996		--	
--			
Net proceeds from all sources		12,186,324	
10,125,656			
-----		-----	---
Total capital		12,186,324	
10,125,656			
-----		-----	---
		\$17,002,276	
\$13,710,234		=====	

=====
</TABLE>

See accompanying notes to financial statements.

(1)

TEXAS PACIFIC LAND TRUST
STATEMENTS OF INCOME

(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended September 30		Nine Months Ended September 30	
	1997	1996	1997	
1996				
<S>	<C>	<C>	<C>	<C>
Income:				
Rentals, royalties and sundry income	\$1,419,762	\$1,276,800	\$3,851,289	
\$3,586,225				
Land sales	2,439,678	373,391	6,972,000	
1,987,111				
Interest	209,410	129,888	559,126	
359,625				
-----	-----	-----	-----	-----
5,932,961	4,068,850	1,780,079	11,382,415	
-----	-----	-----	-----	-----
Expenses:				
Taxes, other than Federal taxes				
on income	133,822	152,589	424,157	
453,004				
General and administrative expenses	251,311	236,567	899,748	
796,129				
Basis in real estate sold	--	7,321	1,568,074	
809,367				
-----	-----	-----	-----	-----
2,058,500	385,133	396,477	2,891,979	
-----	-----	-----	-----	-----
Income before provision for				
Federal income taxes	3,683,717	1,383,602	8,490,436	
3,874,461				
Provision for Federal income taxes				
(note 4)	1,201,241	414,113	2,717,818	
1,165,508				
-----	-----	-----	-----	-----
Net income	\$2,482,476	\$ 969,489	\$5,772,618	
\$2,708,953	=====	=====	=====	
===== Average number of sub-share certificates and equivalent sub-share certificates outstanding	2,792,472	2,900,638	2,818,650	
2,929,160	=====	=====	=====	
===== Earnings per sub-share certificate	\$.89	\$.33	\$2.05	\$
.92	=====	=====	=====	
===== Cash dividend per sub-share certificate	--	--	\$.40	\$

</TABLE>

See accompanying notes to financial statements.

(2)

TEXAS PACIFIC LAND TRUST
STATEMENTS OF CASH FLOWS

(Unaudited)

<TABLE>
<CAPTION>

	Nine Months Ended September 30	
	1997	1996
<S> Cash flows from operating activities:	<C>	<C>
Net income	\$ 5,772,618	\$ 2,708,953
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	30,150	8,460
Deferred taxes	898,392	(139,407)
(Increase) decrease in assets:		
Notes and accounts receivable	(4,234,922)	(858,338)
Accrued interest receivable	(149,037)	(56,534)
Federal income taxes receivable	--	(20,483)
Prepaid expenses	41,166	43,528
Real estate acquired through foreclosure	1,568,074	809,367
Increase (decrease) in liabilities:		
Federal income taxes	51,483	(240,412)
Other taxes	255,185	295,308
Escrow deposits on land sales	(50,000)	50,000
Other liabilities	76,314	7,737
Total adjustments	(1,513,195)	(100,774)
Net cash provided by operating activities	4,259,423	2,608,179
Cash flows from investing activities - additions to water wells, leasehold improvements, furniture and equipment	(55,138)	(16,368)
Cash flows from financing activities:		
Sub-shares purchased for retirement	(2,577,068)	(2,469,708)
Dividends paid	(1,134,882)	(1,178,802)
Net cash used by financing activities	(3,711,950)	(3,648,510)
Net (decrease) increase in cash and cash equivalents	492,335	(1,056,699)
Cash and cash equivalents at beginning of year	1,794,898	3,022,985
Cash and cash equivalents at end of period	\$ 2,287,233	\$ 1,966,286

</TABLE>

See accompanying notes to financial statements.

(3)
TEXAS PACIFIC LAND TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997

- (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 September 30, 1997 and December 31, 1996 and the results of its operations and its cash flows for the three and nine months ended September 30, 1997 and September 30, 1996, respectively. These financial statements and footnotes included herein should be read in conjunction with the Trust's annual financial statements as of December 31, 1996 and 1995 and for each of the years in the three year period ended December 31, 1996 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 therefor, 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 nine months ended September 30, 1997 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 nine months ended September 30, 1997 and 1996 is summarized as follows:

<TABLE>
<CAPTION>

	1997	1996
	----	----
<S>	<C>	<C>
Federal income taxes paid	\$1,767,943	\$1,565,810
	=====	=====

</TABLE>

There were no non-cash investing and financing activities during the nine months ended September 30, 1997 and 1996.

(4)
Management's Discussion and
Analysis of Financial Condition and
Results of Operations for the
Nine Months Ended
September 30, 1997 and 1996

Earnings per sub-share certificate for the third quarter of 1997 were \$.89

compared with \$.33 in the third quarter of 1996. Earnings per sub-share certificate for nine months ended September 30, 1997 were \$2.05 compared with \$.92 for 1996.

In the third quarter of 1997, land sales totalled \$2,439,678 which was 2,940.93 acres at an average price of \$830 per acre. In the comparable period of 1996, 1,827.73 acres were sold for \$373,391, a price of \$204 per acre. The first nine months of 1997 had total land sales of 9,662 acres for \$6,972,000, an average of \$722 per acre, compared to 2,593.27 acres for \$1,987,111, an average of \$766 per acre in 1996.

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 \$3,851,289 for the first nine months of 1997, which is an increase of 7.4% over the first nine months of 1996.

Oil and gas royalty was \$764,948 for the third quarter of 1997 compared to \$844,266 for the third quarter of 1996, down 9.4%. Crude oil production subject to the Trust's royalty interest was down 3.2% for the third quarter of 1997, and the average price per barrel decreased 7.5%. Oil royalty revenue was \$552,146 for the third quarter of 1997 compared to \$617,038 for 1996 down 10.5%. Gas royalty revenue for the third quarter of 1997 was \$212,802 compared to \$227,228 for 1996 down 6.3% on a volume decrease of 3.9%. Oil and gas royalty revenue for the first nine months of 1997 was \$2,633,054, up 10.6%. Oil royalty revenue for the first nine months of 1997 was \$1,866,055, up 9.2% over 1996. Crude oil production was up 2.7% for 1997 and the average price for crude oil increased 6.4% over the first nine months of 1996. Gas royalty revenue for the first nine months was \$766,999 compared to \$673,261 in 1996, an increase of 13.9%. Gas volume decreased 4.2% and the average price was increased by 18.7% when comparing the first nine months of 1997 to 1996.

Interest revenue increased 61.2% in the third quarter, and 55.5% for the first nine months of 1997. Interest on notes receivable was \$182,444 for the third quarter of 1997 compared to \$104,638 in 1996. Interest on notes receivable for the first nine months of 1996 was \$477,081 compared to \$274,527 in the 1996 period. At the end of September 1997 notes receivable were \$9,299,987 compared to \$4,368,674 at September 30, 1996. Prepaid principal on notes amounted to \$86,534 at September 30, 1997 compared to \$106,392 at September 30, 1996.

Taxes, other than Federal taxes on income, were down 12.3% for the third quarter of 1997, and down 6.4% for the first nine months of 1997 compared to 1996.

(5)

Management's Discussion (cont'd)

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)
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.

Exhibit 27 - Financial Data Schedule.

- (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 November 10, 1997

By /s/ ROY THOMAS

Roy Thomas, General Agent
Authorized Signatory and Principal
Financial Officer

(7)
INDEX TO EXHIBITS

EXHIBIT
NUMBER

EXHIBIT

(8)

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