

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

Amendment No. 3
to
FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

TEXAS PACIFIC LAND CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

1700 Pacific Avenue, Suite 2900
Dallas, Texas

(Address of principal executive offices)

75-0279735

(I.R.S. employer
identification number)

75201

(Zip code)

(214) 969-5530

(Registrant's telephone number, including area code)

With copies to:

George J. Vlahakos
Sidley Austin LLP
1000 Louisiana Street, Suite 5900
Houston, Texas 77002
(713) 495-4522

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

Title of Each Class to be so Registered	Name of Each Exchange on which Each Class is to be Registered
Common Stock	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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. (Check one):

Large accelerated filer
Non-accelerated filer

Accelerated filer
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 transaction period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

TEXAS PACIFIC LAND CORPORATION
INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION
STATEMENT AND ITEMS OF FORM 10

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. *Business.*

The information required by this item is contained under the sections of the information statement entitled “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements,” “The Corporate Reorganization and Distribution,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Certain Relationships and Related Person Transactions” and “Where You Can Find More Information.” Those sections are incorporated herein by reference.

Item 1A. *Risk Factors.*

The information required by this item is contained under the section of the information statement entitled “Risk Factors.” That section is incorporated herein by reference.

Item 2. *Financial Information.*

The information required by this item is contained under the sections of the information statement entitled “Selected Historical Consolidated Financial Data of TPL Trust,” “Summary Selected Unaudited Pro Forma Condensed Consolidated Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Index to Financial Statements” and the financial statements referenced therein. Those sections and the financial statements referenced therein are incorporated herein by reference.

Item 3. *Properties.*

The information required by this item is contained under the sections of the information statement entitled “Business” and “Index to the Financial Statements” and the financial statements referenced therein. Those sections are incorporated herein by reference.

Item 4. *Security Ownership of Certain Beneficial Owners and Management*

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

Item 5. *Directors and Executive Officers.*

The information required by this item is contained under the sections of the information statement entitled “Management” and “Directors.” Those sections are incorporated herein by reference.

Item 6. *Executive Compensation.*

The information required by this item is contained under the sections of the information statement entitled “Directors—TPL Corporation Compensation Committee Interlocks and Insider Participation” and “Executive and Director Compensation.” Those sections are incorporated herein by reference.

Item 7. *Certain Relationships and Related Transactions.*

The information required by this item is contained under the sections of the information statement entitled “The Corporate Reorganization and Distribution—Background,” “Management,” “Directors” and “Certain Relationships and Related Person Transactions.” Those sections are incorporated herein by reference.

Item 8. Legal Proceedings.

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

Item 9. Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters

The information required by this item is contained under the sections of the information statement entitled “The Corporate Reorganization and Distribution,” “Dividend Policy,” “Security Ownership of Certain Beneficial Owners and Management” and “Description of TPL Corporation Capital Stock.” Those sections are incorporated herein by reference.

Item 10. Recent Sales of Unregistered Securities.

The information required by this item is contained under the section of the information statement entitled “Description of TPL Corporation Capital Stock—Sale of Unregistered Securities.” That section is incorporated herein by reference.

Item 11. Description of Registrant’s Securities to be Registered.

The information required by this item is contained under the sections of the information statement entitled “Dividend Policy,” “The Corporate Reorganization and Distribution” and “Description of TPL Corporation Capital Stock.” Those sections are incorporated herein by reference.

Item 12. Indemnification of Directors and Officers.

The information required by this item is contained under the sections of the information statement entitled “Executive and Director Compensation—Employment Agreements,” “Description of TPL Corporation Capital Stock—Limitation of Liability and Indemnification Matters” and “Certain Relationships and Related Person Transactions.” Those sections are incorporated herein by reference.

Item 13. Financial Statements and Supplementary Data.

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements” and the financial statements referenced therein. That section and the financial statements referenced therein are incorporated herein by reference.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 15. Financial Statements and Exhibits.

(a) Financial Statements and Schedule

The information required by this item is contained under the sections of the information statement entitled “Selected Historical Consolidated Financial Data of TPL Trust,” “Summary Selected Unaudited Pro Forma Consolidated Financial Information” and “Index to Financial Statements” and the financial statements referenced therein. Those sections and the financial statements references therein are incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
3.1	Form of Amended and Restated Certificate of Incorporation of Texas Pacific Land Corporation.
3.2	Form of Amended and Restated Bylaws of Texas Pacific Land Corporation.
8.1^	Form of Opinion of Sidley Austin LLP relating to certain tax matters.
10.1	Form of Contribution Agreement by and between Texas Pacific Land Trust and Texas Pacific Land Corporation.
10.2	Form of Indemnification Agreement by and between Texas Pacific Land Corporation and individual directors or officers.
10.3	Form of Indemnification Agreement by and between Texas Pacific Land Trust and individual trustees (incorporated by reference to Exhibit 10.1 to Texas Pacific Land Trust's Current Report on Form 8-K filed on June 30, 2020 (File No. 001-00737)).
10.4*	Form of Amended and Restated Employment Agreement by and between Texas Pacific Land Corporation and Tyler Glover.
10.5*	Form of Amended and Restated Employment Agreement by and between Texas Pacific Land Corporation and Robert J. Packer.
10.6	Settlement Agreement dated July 30, 2019 (incorporated by reference to Exhibit 99.1 to Texas Pacific Land Trust's Current Report on Form 8-K filed on July 31, 2019 (File No. 001-00737)).
10.7	First Amendment to Settlement Agreement dated February 20, 2020 (incorporated by reference to Exhibit 10.1 to Texas Pacific Land Trust's Current Report on Form 8-K filed on February 20, 2020 (File No. 001-00737)).
10.8	Second Amendment to Settlement Agreement dated March 6, 2020 (incorporated by reference to Exhibit 10.1 to Texas Pacific Land Trust's Current Report on Form 8-K filed on March 6, 2020 (File No. 001-00737)).
10.9	Stockholders' Agreement dated June 11, 2020 (incorporated by reference to Exhibit 99.1 to Texas Pacific Land Trust's Current Report on Form 8-K filed on June 15, 2020 (File No. 001-00737)).
21.1	List of Subsidiaries.
99.1	Information Statement of Texas Pacific Land Corporation, preliminary and subject to completion, dated December 7, 2020.

* To be filed by amendment.

^ Previously filed.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

TEXAS PACIFIC LAND CORPORATION

By: /s/ [●]

Name: Tyler Glover

Title: President and Chief Executive Officer

Date: [●], 2020

[FORM OF]
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 (the "Original Certificate of Incorporation") 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 Original Certificate of Incorporation, 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 and duly executed and acknowledged by an authorized officer of the Corporation in accordance with Sections 103, 228, 242 and 245 of the DGCL. 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 Original 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 divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is reasonably possible, with the initial term of office of the first class to expire at the first annual meeting of stockholders following the effective date of this Amended and Restated Certificate of Incorporation, the initial term of office of the second class to expire at the second annual meeting of stockholders following the effective date of this Amended and Restated Certificate of Incorporation, and the initial term of office of the third class to expire at the third annual meeting of stockholders following the effective date of this Amended and Restated Certificate of Incorporation, with each director to 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, and the Board shall be authorized to assign members of the Board, other than those directors who may be elected by the holders of any series of Preferred Stock, to such classes. At each annual meeting of stockholders, directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to 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, 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. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall hold office for the remaining term of his or her predecessor unless otherwise determined by the Board. 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 may be removed only for cause, upon 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 generally for the election of directors, voting together as a single class and acting at a meeting of the stockholders in accordance with the DGCL, this Amended and Restated Certificate of Incorporation and the Bylaws. 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) as provided in the Bylaws. 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.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation as of [●].

[TEXAS PACIFIC LAND CORPORATION]

By: _____

Name: [●]

Title: [●]

Signature Page to Amended and Restated Certificate of Incorporation

[FORM OF]
AMENDED AND RESTATED BYLAWS
OF
TEXAS PACIFIC LAND CORPORATION

ARTICLE I
OFFICES AND RECORDS

SECTION 1.1 Registered Office. The registered office of Texas Pacific Land Corporation (the "Corporation") in the State of Delaware shall be as set forth in the Amended and Restated Certificate of Incorporation of the Corporation, as it may be amended, restated, supplemented and otherwise modified from time to time (the "Certificate of Incorporation"), and the name of the Corporation's registered agent at such address is as set forth in the Certificate of Incorporation. The registered office and registered agent of the Corporation may be changed from time to time by the board of directors of the Corporation (the "Board") in the manner provided by applicable law.

SECTION 1.2 Other Offices. The Corporation may have such other offices, either within or without the State of Delaware, as the Board may designate or as the business of the Corporation may from time to time require.

SECTION 1.3 Books and Records. The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board.

ARTICLE II
STOCKHOLDERS

SECTION 2.1 Annual Meetings. If required by applicable law, an annual meeting of the stockholders for the election of directors of the Corporation shall be held at such date, time and place, if any, either within or outside of the State of Delaware, as may be fixed by resolution of the Board. The Board may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board. Any other proper business may be transacted at the annual meeting.

SECTION 2.2 Record Date.

(A) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, exchange or redemption of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than sixty (60) days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

(C) Unless otherwise restricted by the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to take action by consent in writing, pursuant to a resolution of and at the direction of the Board, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board.

SECTION 2.3 Stockholder List. The officer who has charge of the stock ledger shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at any meeting of stockholders (*provided, however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in the name of such stockholder. Nothing contained in this section shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (i) on a reasonably accessible electronic network (*provided* that the information required to gain access to the list is provided with the notice of the meeting) or (ii) during ordinary business hours at the principal place of business of the Corporation. If the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise required by applicable law, the stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of the stockholders.

SECTION 2.4 Place of Meeting. The Board may designate the place of meeting for any annual meeting or for any special meeting of the stockholders. If no designation is so made, the place of meeting shall be the principal executive offices of the Corporation. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the General Corporation Law of the State of Delaware (the “DGCL”) and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication.

SECTION 2.5 Notice of Meeting.

(A) Unless otherwise required by law, the Certificate of Incorporation or these bylaws of the Corporation (these “Bylaws”), written notice, stating the place, if any, date and time of the meeting, shall be given, not less than ten (10) days nor more than sixty (60) days before the date of the meeting, to each stockholder of record entitled to vote at such meeting. The notice shall specify (A) the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting), (B) the place, if any, date and time of such meeting, (C) the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and (D) in the case of a special meeting, the purpose or purposes for which such meeting is called. No business other than that specified in the notice thereof shall be transacted at any special meeting. If the stockholder list referred to in [Section 2.3](#) of these Bylaws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting.

(B) Any notice to stockholders given by the Corporation under the DGCL, the Certificate of Incorporation or these Bylaws may be given in writing directed to the stockholder’s mailing address (or by electronic transmission directed to the stockholder’s electronic mail address, as applicable) as it appears on the records of the Corporation. A notice to a stockholder shall be deemed given as follows: (i) if mailed, when the notice is deposited in the United States mail with postage thereon prepaid, (ii) if delivered by courier service, the earlier of when the notice is received or left at such stockholder’s address, (iii) if given by electronic mail, when directed to such stockholder’s electronic mail address unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by Section 232(e) of the DGCL, and (iv) if given by a form of electronic transmission consented to by the stockholder to whom the notice is given and otherwise meeting the requirements set forth above, (A) if by facsimile transmission, when directed to a number at which the stockholder has consented to receive notice, (B) if by a posting on an electronic network together with separate notice to the stockholder of such specified posting, upon the later of (1) such posting and (2) the giving of such separate notice and (C) if by any other form of electronic transmission, when directed to the stockholder. A stockholder may revoke such stockholder’s consent to receiving notice by means of electronic transmission by giving written notice or electronic transmission of such revocation to the Corporation. A notice may not be given by an electronic transmission from and after the time that (1) the Corporation is unable to deliver by such electronic transmission two consecutive notices given by the Corporation and (2) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; *provided, however*, the inadvertent failure to discover such inability shall not invalidate any meeting or other action. “Electronic transmission” means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process. “Electronic mail” means an electronic transmission directed to a unique electronic mail address (which electronic mail shall be deemed to include any files attached thereto and any information hyperlinked to a website if such electronic mail includes the contact information of an officer or agent of the Corporation who is available to assist with accessing such files and information). “Electronic mail address” means a destination, commonly expressed as a string of characters, consisting of a unique user name or mailbox (commonly referred to as the “local part” of the address) and a reference to an internet domain (commonly referred to as the “domain part” of the address), whether or not displayed, to which electronic mail can be sent or delivered.

SECTION 2.6 Quorum and Adjournment of Meetings

(A) Except as otherwise required by applicable law or by the Certificate of Incorporation, or these Bylaws, the holders of a majority of the voting power of all of the issued and outstanding shares of stock of the Corporation entitled to vote at the meeting, represented in person or by proxy, shall constitute a quorum for the transaction of business at a meeting of stockholders, except that, when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the voting power of all of the issued and outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The chair of the meeting may adjourn the meeting from time to time for any reason, whether or not there is such a quorum. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

(B) Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the date, time and place, if any, thereof and means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken; *provided, however*, that, if the adjournment is for more than thirty (30) days, or, if after an adjournment, a new record date is fixed for determining the stockholders entitled to vote at the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

SECTION 2.7 Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such other manner prescribed by the DGCL) by the stockholder or by his or her duly authorized attorney-in-fact. Any copy, facsimile transmission or other reliable reproduction of the writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, *provided* that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission. No proxy may be voted or acted upon after the expiration of three (3) years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary of the Corporation.

SECTION 2.8 Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders at an annual meeting of stockholders may be made only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board or any committee thereof, or (c) by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in these Bylaws and at the time of the annual meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures and other requirements set forth in these Bylaws and applicable law. Section 2.8(A)(1)(c) of these Bylaws shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the Corporation's notice of meeting and annual meeting proxy statement) before an annual meeting of the stockholders.

(2) For any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.8(A)(1)(c) of these Bylaws, (a) the stockholder must have given timely notice thereof in writing and in proper form to the Secretary of the Corporation at the principal offices of the Corporation, (b) such other business must otherwise be a proper matter for stockholder action under the DGCL and (c) the record stockholder and the beneficial owner, if any, on whose behalf any such proposal or nomination is made, must have acted in accordance with the representations set forth in the Solicitation Statement required by these Bylaws. To be timely, a stockholder's notice must be received by the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day before the date of the one (1) year anniversary of the immediately preceding year's annual meeting (which anniversary, in the case of the first (1st) annual meeting of stockholders, shall be deemed [●]) and not later than the close of business on the ninetieth (90th) day before the date of such anniversary; *provided, however*, that, subject to the following sentence, in the event that the date of the annual meeting is scheduled for a date that is more than thirty (30) days before or more than sixty (60) days after such anniversary date or in the event that no annual meeting was held in the prior year, notice by the stockholder to be timely must be so delivered, or mailed and received, not earlier than the close of business on the one hundred twentieth (120th) day before such annual meeting and not later than the close of business on the later of the ninetieth (90th) day before such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

To be in proper form, a stockholder's notice (whether given pursuant to this Section 2.8(A)(2) or Section 2.8(B)) to the Secretary of the Corporation must:

(a) set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name, age, business address and residence address of such stockholder, including as they appear on the Corporation's books, and of such stockholder's Stockholder Associated Person (as defined in Section 2.8(C)(2)), if any, (ii) (A) the class or series and number of shares of the Corporation or any affiliate thereof that are, directly or indirectly, owned beneficially and of record by such stockholder and such Stockholder Associated Person, (B) any option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of stock of the Corporation or otherwise (a "Derivative Instrument"), directly or indirectly owned beneficially by such stockholder or by any Stockholder Associated Person and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation held by such stockholder or by any Stockholder Associated Person, (C) if the proposal relates to the nomination of a candidate for director, a complete and accurate description of any agreement, arrangement or understanding between or among such stockholder and such stockholder's Stockholder Associated Person and any other person or persons in connection with such stockholder's director nomination and the name and address of any other person(s) or entity or entities known to the stockholder to support such nomination, (D) a description of any proxy, contract, arrangement, understanding or relationship pursuant to which such stockholder or any Stockholder Associated Person has a right to vote, directly or indirectly, any shares of any security of the Corporation, including the number of shares that are the subject of such proxy, contract, arrangement, understanding or relationship, (E) any short interest in any security of the Corporation held by such stockholder or any Stockholder Associated Person (for purposes of these Bylaws, a person shall be deemed to have a "short interest" in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (F) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder or by any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (G) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, (H) any performance-related fees (other than an asset-based fee) that such stockholder or any Stockholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including, without limitation, any such interests held by members of such stockholder's or any Stockholder Associated Person's immediate family sharing the same household, and (I) a summary of any material discussions regarding the nomination or proposal to be brought before the meeting (x) between or among any of the stockholders making the proposal or (y) between or among any stockholder making the proposal and any other record or beneficial holder of the shares of any class or series of the Corporation (including their names), (iii) any other information relating to such stockholder and any Stockholder Associated Person, if any, that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies for, as applicable, the proposal or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (iv) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring such nomination or other business before the meeting, and (v) a representation as to whether or not such stockholder or any Stockholder Associated Person will deliver a proxy statement or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding stock required to approve or adopt the proposal or, in the case of a nomination or nominations, at least the percentage of the voting power of the Corporation's outstanding stock reasonably believed by the stockholder or Stockholder Associated Person, as the case may be, to be sufficient to elect such nominee or nominees (such representation, a "Solicitation Statement");

(b) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such stockholder and Stockholder Associated Person, if any, in such business, (ii) the text of the proposal or business (including the text of any reasons for the proposed business that will be discussed in any proxy statement or supplement thereto to be filed with U.S. Securities and Exchange Commission (the “SEC”)) and (iii) a complete and accurate description of all agreements, arrangements and understandings between or among such stockholder and such stockholder’s Stockholder Associated Person, if any, and the name and address of any other person(s) or entity or entities in connection with the proposal of such business by such stockholder;

(c) set forth as to each nominee such stockholder proposes to nominate at the meeting: (i) the name, age, business address and residence address of such nominee, (ii) the principal occupation or employment of such nominee, (iii) the class and number of shares of each class of capital stock of the Corporation which are owned of record and beneficially by such nominee, (iv) the date or dates on which such shares were acquired and the investment intent of such acquisition, (v) such other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved), or that is otherwise required to be disclosed pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (vi) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such stockholder and Stockholder Associated Person, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant, and (vii) a representation that such person intends to serve a full term, if elected as director; and

(d) with respect to each nominee for election or reelection to the Board, include (i) a completed and signed questionnaire and representation and agreement (in each case in a form provided by the Corporation, which form the stockholder shall request from the Secretary of the Corporation in writing no less than ten (10) days prior to providing notice of a nomination, and which the Secretary shall provide to such stockholder within ten (10) days of receiving such request) and (ii) a written representation and agreement (in the form provided by the Secretary of the Corporation upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility and suitability of such proposed nominee to serve as an independent director of the Corporation or that could be deemed material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(3) A stockholder providing notice of a nomination or proposal of other business to be brought before a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice shall be true and correct (a) as of the record date for the meeting and (b) as of the date that is ten (10) days prior to the meeting or any adjournment, recess, cancellation, rescheduling or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than seven (7) business days prior to the date for the meeting or any postponement or adjournment thereof, if practicable (or, if not practicable, on the first practicable date prior to any adjournment, recess or postponement thereof (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment, recess or postponement thereof)).

(4) If any information submitted pursuant to this Section 2.8 by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders is inaccurate in any respect, such information shall be deemed not to have been provided in accordance with this Section 2.8. Any such stockholder shall notify the Corporation of any inaccuracy or change in any such information within two (2) business days of becoming aware of such inaccuracy or change. Upon written request by the Secretary of the Corporation or the Board, any such stockholder shall provide, within five (5) business days of delivery of such request (or such other period as may be specified in such request), (A) written verification, reasonably satisfactory to the Board or any authorized officer, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 2.8, and (B) a written update of any information (including, if requested by the Corporation, written confirmation by such stockholder that such stockholder continues to intend to bring such nomination or other business proposal before the meeting) submitted by the stockholder pursuant to this Section 2.8 as of an earlier date. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested shall be deemed not to have been provided in accordance with this Section 2.8.

(B) Special Meetings of Stockholders.

Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to a notice of meeting (1) by or at the direction of the Board or any committee thereof or (2) if the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (a) is a stockholder of record (and with respect to any beneficial owner, if different, on whose behalf such nomination or nominations are made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time of giving of notice provided for in these Bylaws and on the record date for determination of stockholders entitled to vote at the special meeting, (b) is entitled to vote at the meeting and upon such election, and (c) complies with the notice procedures set forth in these Bylaws and applicable law. In the event a special meeting of stockholders is called for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder delivers notice with the information required by (c) (with the updates required by Section 2.8(A)(3)) of these Bylaws with respect to any nomination (including the completed and signed questionnaire and representation and agreement required by Section 2.8(A)(2)(d) of these Bylaws). Such notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall any adjournment or postponement or the announcement thereof of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Only such persons who are nominated in accordance with the procedures set forth in Paragraph (B) of this Section 2.8 (including persons nominated by or at the direction of the Board) shall be eligible to be elected at a special meeting of stockholders of the Corporation to serve as directors.

(C) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in these Bylaws and applicable law shall be eligible to serve as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws and applicable law. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, the chair of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and applicable law and, if any proposed nomination or business is not in compliance with these Bylaws and applicable law, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of these Bylaws, “public announcement” shall mean disclosure in a press release reported by Dow Jones News Service, the Associated Press, or any other national news service or in a document publicly filed by the Corporation with the SEC pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder, and “Stockholder Associated Person” shall mean, for any stockholder, (a) any person or entity controlling, directly or indirectly, or acting in concert with, such stockholder, (b) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder or (c) any person or entity controlling, controlled by or under common control with any person or entity referred to in the preceding clauses (a) or (b).

(3) Notwithstanding the foregoing provisions of these Bylaws, a stockholder making a nomination or proposal under this Section 2.8 shall also comply with all applicable requirements of state law and the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these Bylaws; *provided, however*, that any references in these Bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 2.8(A) or Section 2.8(B) of these Bylaws. Nothing in these Bylaws shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of preferred stock of the Corporation (“Preferred Stock”), if and to the extent provided for under applicable law, the Certificate of Incorporation or these Bylaws.

(4) Unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 2.8 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 2.8, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a document executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such document or electronic transmission, or a reliable reproduction of the document or electronic transmission, at the meeting of stockholders.

SECTION 2.9 Conduct of Business. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chair of the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate in its sole discretion. The Chair of the Board, if one shall have been elected, or, in the Chair of the Board's absence or if one has not been elected, another director or officer designated by the Board, shall preside at all meetings of the stockholders as "chair of the meeting." Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chair of the meeting shall have the right and authority to convene and for any reason to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of the chair of the meeting, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chair of the meeting, may include, without limitation, the following: (A) the establishment of an agenda or order of business for the meeting; (B) rules and procedures for maintaining order at the meeting and the safety of those present; (C) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the chair of the meeting shall determine; (D) restrictions on entry to the meeting after the time fixed for the commencement thereof; (E) limitations on the time allotted to questions or comments by participants; and (F) restrictions of the use of audio and video recording devices. The chair of the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting, and, if such chair of the meeting should so determine, such chair of the meeting shall so declare to the meeting, and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 2.10 Required Vote.

(A) Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, at any meeting at which directors are to be elected, each director shall be elected by the vote of the majority of the votes cast with respect to the director at any meeting for the election of directors at which a quorum is present, *provided* that if, as of a date that is fourteen (14) days in advance of the date the Corporation files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the SEC, the number of nominees (including those proposed nominees identified in any notices delivered pursuant to Section 2.8 and not withdrawn by such date, determined ineligible or determined by the Board (or a committee thereof) to not create a bona fide election contest) exceeds the number of directors to be elected at such meeting (a "Contested Election"), the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. If a nominee for director in an election that is not a Contested Election fails to receive a majority of the votes cast and such nominee is an incumbent director, that director shall promptly tender his or her resignation to the Board, subject to acceptance by the Board. The Nominating and Corporate Governance Committee of the Board (or such other duly constituted committee of the Board authorized to make a recommendation) shall make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board shall act on the tendered resignation, taking into account the Nominating and Corporate Governance Committee's recommendation, and publicly disclose its decision regarding the tendered resignation within ninety (90) days from the date of the certification of the election results. The director who tenders his or her resignation shall not participate in the recommendation of the Nominating and Corporate Governance Committee or the decision of the Board with respect to his or her resignation.

(B) Except as otherwise provided by applicable law, the Certificate of Incorporation, these Bylaws, or the rules and regulations applicable to the Corporation or its securities, all other matters shall be determined by the vote of the majority of the votes cast on the matter affirmatively or negatively. In non-binding advisory matters with more than two (2) possible vote choices, the affirmative vote of a plurality of the voting power of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the recommendation of the stockholders.

SECTION 2.11 Treasury Stock. The Corporation shall not vote, directly or indirectly, shares of its own stock belonging to it or any other corporation, if a majority of shares entitled to vote in the election of directors of such corporation is held, directly or indirectly, by the Corporation, and such shares will not be counted for quorum purposes; *provided, however*, that the foregoing shall not limit the right of the Corporation or such other corporation to vote stock of the Corporation held in a fiduciary capacity.

SECTION 2.12 Inspectors of Elections: Opening and Closing the Polls. The Corporation may, and, when required by applicable law, shall, in advance of any meeting of stockholders, appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meeting or any adjournment thereof of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders and the appointment of an inspector is required by applicable law, the chair of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors shall have the duties prescribed by applicable law.

**ARTICLE III
BOARD OF DIRECTORS**

SECTION 3.1 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 which shall constitute the Board shall be not less than seven (7) nor more than eleven (11), and the exact 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 Whole Board. For purposes of these Bylaws, the term "**Whole Board**" shall mean the total number of authorized directors, whether or not there exist any vacancies in previously authorized directorships.

SECTION 3.2 Powers. Subject to any limitations set forth in the Certificate of Incorporation and to any provision of the DGCL relating to powers or rights conferred upon or reserved to the stockholders or the holders of any class or series of the Corporation's issued and outstanding stock, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

SECTION 3.3 Annual Meetings. The Board shall meet each year, at such place as shall be fixed by the Board, for the purpose of election of officers and consideration of such other business as the Board considers relevant to the management of the Corporation.

SECTION 3.4 Regular Meetings. Regular meetings of the Board shall be held on such dates, and at such times and places, within or without the State of Delaware, as are determined from time to time by resolution of the Board, such determination to constitute the only notice of such regular meetings to which any director shall be entitled. In the absence of any such determination, such meetings shall be held upon notice to each director in accordance with Section 3.6.

SECTION 3.5 Special Meetings. Special meetings of the Board may be called by the Chair of the Board, by the Chief Executive Officer or, upon the written request of at least a majority of the directors then in office, by the Secretary of the Corporation. The person or persons authorized to call special meetings of the Board may fix the place, if any, date and time of the meetings.

SECTION 3.6 Notice. Notice of any regular (if required) or special meeting of directors shall be given to each director at his or her business or residence in writing by hand delivery, first-class or overnight mail, courier service or facsimile or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered if deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by overnight mail or courier service, such notice shall be deemed adequately delivered if the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered if the notice is transmitted at least twenty-four (24) hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least twenty-four (24) hours prior to the time set for the meeting and shall be confirmed by facsimile or electronic transmission that is sent promptly thereafter. In the case of a special meeting called by the Chair of the Board where exigent circumstances are deemed by the Chair of the Board to exist, notice of such meeting may be given by any of the means described above less than twenty-four (24) hours before such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, except for amendments to these Bylaws, as provided under Section 8.1.

SECTION 3.7 Action by Consent of Board. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or any committee, as the case may be, consent thereto in writing, including by electronic transmission. After the action is taken, the consent or consents relating thereto shall be filed with the minutes of the proceedings of the Board, or any committee thereof, in the same paper or electronic form as the minutes are maintained. Such consent or consents shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of the State of Delaware.

SECTION 3.8 Conference Telephone Meetings. Members of the Board or any committee thereof may participate in a meeting of the Board or any committee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.9 Quorum. Except as otherwise required or permitted by these Bylaws, the Certificate of Incorporation or applicable law, a whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board there shall be less than a quorum present, a majority of the directors present may, to the fullest extent permitted by law, adjourn the meeting from time to time without further notice unless (A) the date, time and place, if any, of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 3.6 of these Bylaws shall be given to each director, or (B) the meeting is adjourned for more than twenty-four (24) hours, in which case the notice referred to in clause (A) shall be given to those directors not present at the announcement of the date, time and place of the adjourned meeting. Except as otherwise expressly required by law, the Certificate of Incorporation or these Bylaws, all matters shall be determined by the affirmative vote of a majority of the directors present at a meeting at which a quorum is present. To the fullest extent permitted by law, the directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 3.10 Records. The Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

SECTION 3.11 Compensation. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

SECTION 3.12 Regulations. To the extent consistent with applicable law, the Certificate of Incorporation and these Bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board may deem appropriate.

ARTICLE IV COMMITTEES

SECTION 4.1 Designation; Powers. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Any such committee, to the extent permitted by applicable law and to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

SECTION 4.2 Procedure; Meetings; Quorum. Any committee designated pursuant to Section 4.1 shall choose its own chair in the event the chair has not been selected by the Board by a majority vote of the members then in attendance at a meeting of the committee so long as a quorum is present, shall keep regular minutes of its proceedings, and shall meet at such times and at such place or places as may be provided by the charter of such committee or by resolution of such committee or resolution of the Board. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present at a meeting where a quorum is present shall be necessary for the adoption by it of any resolution. The Board shall adopt a charter for each committee for which a charter is required by applicable laws, regulations or stock exchange rules, may adopt a charter for any other committee, and may adopt other rules and regulations for the governance of any committee not inconsistent with the provisions of these Bylaws or any such charter, and each committee may adopt its own rules and regulations of governance, to the extent not inconsistent with these Bylaws or any charter or other rules and regulations adopted by the Board.

SECTION 4.3 Substitution of Members. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of the absent or disqualified member.

ARTICLE V OFFICERS

SECTION 5.1 Officers. The Board shall appoint the officers of the Corporation, which shall include a Chair of the Board, a Chief Executive Officer, a Secretary and such other officers as the Board from time to time may deem proper. The Chair of the Board shall be chosen from among the directors. All officers appointed by the Board shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article V. Such officers shall also have such powers and duties as from time to time may be conferred by the Board. The Board may delegate authority to the Chief Executive Officer to appoint such other officers as may be necessary or desirable for the conduct of the business of the Corporation. Any number of offices may be held by the same person.

SECTION 5.2 Appointment and Term of Office. Each officer shall hold office until his or her successor shall have been duly appointed and shall have qualified or until his or her earlier death or resignation, but any officer may be removed from office at any time by the affirmative vote of a majority of the Board. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. No appointed officer shall have any contractual rights against the Corporation for compensation by virtue of such appointment beyond the date of the appointment of his or her successor, his or her death, his or her resignation or his or her removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee compensation plan.

SECTION 5.3 Chair of the Board. Unless otherwise determined by the Board, the Chair of the Board shall preside at all meetings of the Board. The Chair of the Board shall perform all duties incidental to his or her office that may be required by law and all such other duties as are properly required of him or her by the Board. He or she shall make reports to the Board and shall see that all orders and resolutions of the Board or any committee thereof are carried into effect. The Chair of the Board may also serve as Chief Executive Officer, if so elected by the Board. The Chair of the Board may also have the title of Executive Chair if the Chair of the Board is also an officer of the Corporation. The Board may appoint two (2) persons to serve as co-chairs of the Board (each, a "*Co-Chair*"). Any reference to the Chair of the Board in these Bylaws shall be deemed to mean, if there are Co-Chairs, either Co-Chair, each of whom may exercise the full powers and authorities of the office.

SECTION 5.4 Chief Executive Officer. The Chief Executive Officer shall be responsible for the general management of the affairs of the Corporation and shall act in a general executive capacity subject to the oversight of the Board in the administration and operation of the Corporation's business and general supervision of its policies and affairs. The Chief Executive Officer shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation.

SECTION 5.5 Secretary. The Secretary, if any, shall keep or cause to be kept, in one or more books provided for that purpose, the minutes of all meetings of the Board, the committees of the Board and the stockholders; he or she shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by applicable law; he or she shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; he or she shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and, in general, he or she shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board.

SECTION 5.6 Treasurer. The Treasurer, if any, shall exercise general supervision over the receipt, custody and disbursement of corporate funds. He or she shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him or her from time to time by the Board.

SECTION 5.7 Vacancies. A newly created appointed office and a vacancy in any appointed office because of death, resignation or removal may be filled by the Board for the unexpired portion of the term at any meeting of the Board.

SECTION 5.8 Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board, the Chief Executive Officer, or any officer authorized by the Chair of the Board or the Chief Executive Officer, shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation or entity in which the Corporation may hold securities and otherwise to exercise any and all rights and powers that the Corporation may possess by reason of its ownership of securities in such other corporation.

SECTION 5.9 Delegation. The Board may from time to time delegate the powers and duties of any officer to any other officer or agent, notwithstanding any provision hereof.

**ARTICLE VI
STOCK CERTIFICATES AND TRANSFERS**

SECTION 6.1 Stock Certificates and Transfers. The interest of each stockholder of the Corporation evidenced by certificates for shares of stock shall be in such form as the appropriate officers of the Corporation may from time to time prescribe, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated shares. The shares of the stock of the Corporation shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of shares. Subject to the provisions of the Certificate of Incorporation, the shares of the stock of the Corporation shall be transferred on the books of the Corporation, which may be maintained by a third-party registrar or transfer agent, by the holder thereof in person or by his or her attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require or upon receipt of proper transfer instructions from the registered holder of uncertificated shares and upon compliance with appropriate procedures for transferring shares in uncertificated form, at which time the Corporation shall issue a new certificate to the person entitled thereto (if the stock is then represented by certificates), cancel the old certificate and record the transaction upon its books.

Each certificated share of stock shall be signed, countersigned and registered in the manner required by law. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

SECTION 6.2 Lost, Stolen or Destroyed Certificates. No certificate for shares or uncertificated shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board or any financial officer may in its or his or her discretion require.

SECTION 6.3 Ownership of Shares. The Corporation shall be entitled to treat the holder of record of any share or shares of stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by the laws of the State of Delaware.

SECTION 6.4 Regulations Regarding Certificates. The Board shall have the power and authority to make all such rules and regulations concerning the issue, transfer and registration or the replacement of certificates for shares of stock of the Corporation. The Corporation may enter into additional agreements with stockholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL. The Board may appoint and remove transfer agents and registrars of transfers, and may require all stock certificates to bear the signature of any such transfer agent and/or any such registrar of transfers.

ARTICLE VII MISCELLANEOUS PROVISIONS

SECTION 7.1 Fiscal Year. The fiscal year of the Corporation shall be fixed by a resolution of the Board.

SECTION 7.2 Dividends. Except as otherwise provided by law or the Certificate of Incorporation, the Board may from time to time declare, and the Corporation may pay, dividends on its outstanding shares of stock, which dividends may be paid in either cash, property or shares of stock of the Corporation. A member of the Board, or a member of any committee designated by the Board, shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

SECTION 7.3 Seal. If the Board determines that the Corporation shall have a corporate seal, the corporate seal shall have such form as the Board determines. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

SECTION 7.4 Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, including by electronic transmission, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board or any committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 7.5 Facsimile and Electronic Signatures. In addition to the provisions for use of facsimile or electronic signatures elsewhere specifically authorized in these Bylaws, facsimile or electronic signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or any committee thereof, the Chair of the Board or the Chief Executive Officer.

SECTION 7.6 Time Periods. In applying any provision of these Bylaws that require that an act be done or not done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

SECTION 7.7 Reliance upon Books, Reports and Records. Each director, each member of any committee designated by the Board and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

SECTION 7.8 Resignations. Any director, committee member or officer, whether elected or appointed, may resign at any time by giving written notice, including by electronic transmission, of such resignation to the Chair of the Board, the Chief Executive Officer or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chair of the Board, the Chief Executive Officer or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board or the stockholders to make any such resignation effective.

SECTION 7.9 Indemnification and Advancement of Expenses.

(A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made a party to or is threatened to be made a party to or is otherwise involved (as a witness or otherwise) in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director, trustee or officer of the Corporation or any predecessor in interest to the assets of the Corporation immediately prior to the adoption of these Amended and Restated Bylaws (a "predecessor") or, while a director, trustee or officer of the Corporation or any predecessor, is or was serving at the request of the Corporation or any predecessor as a director, trustee, officer, employee or agent of another corporation or of a trust, partnership, joint venture, other enterprise or nonprofit entity, including service with respect to an employee benefit plan (a "Covered Person"), whether the basis of such proceeding is alleged action in an official capacity as a director, trustee, officer, employee or agent, or in any other capacity while serving as a director, trustee, officer, employee or agent, against all expenses (including attorneys' fees), judgments, fines (including, without limitation, ERISA excise taxes and penalties) and amounts paid in settlement actually and reasonably incurred or suffered by such Covered Person in connection with such proceeding if he or she acted in good faith and in a manner he or she reasonable believed to be in or not opposed to the best interests of the Corporation or a predecessor and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(B) The Corporation shall, to the fullest extent not prohibited by applicable law as it presently exists or may hereafter be amended, pay the expenses (including, without limitation, attorneys' fees) incurred by a Covered Person in defending or otherwise participating in or appearing at any proceeding in advance of its final disposition (including in connection with a proceeding brought to establish or enforce a right to indemnification under this Section 7.9); *provided, however*, that, to the extent required by applicable law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it shall be ultimately determined by final judicial decision from which there is no further right to appeal (hereinafter, a "final adjudication") that the Covered Person is not entitled to be indemnified under this Section 7.9 or otherwise.

(C) To the extent that a current or former director, trustee or officer of the Corporation or any predecessor has been successful on the merits or otherwise in defense of any threatened, pending or completed proceeding referred to in Section 145(a) or (b) of the DGCL, or in defense of any claim, issue or matter thereof, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

(D) The termination of any proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person seeking indemnification did not act in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation or a predecessor, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(E) The rights to indemnification and advancement of expenses conferred upon any current or former director, trustee or officer of the Corporation or any predecessor under this Section 7.9 (whether by reason of the fact that such person is or was a director, trustee or officer of the Corporation or a predecessor, or, while serving as a director, trustee or officer of the Corporation or a predecessor, is or was serving at the request of the Corporation or a predecessor as a director, trustee, officer, trustee, employee or agent of another corporation or of a trust, partnership, joint venture, other enterprise or nonprofit entity, including service with respect to an employee benefit plan) shall be contract rights, shall vest when such person becomes a director, trustee or officer of the Corporation and such rights shall continue as to a Covered Person who has ceased to be a director, trustee, officer, employee or agent, and shall inure to the benefit of his or her heirs, executors and administrators. Notwithstanding the foregoing provisions of this Section 7.9, except for proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify and advance expenses to a Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(F) If a claim for indemnification under this Section 7.9 (following the final disposition of such proceeding) is not paid in full by the Corporation within sixty (60) days after the Corporation has received a written claim therefor by the Covered Person, or if a claim for any advancement of expenses under this Section 7.9 is not paid in full by the Corporation within thirty (30) days after the Corporation has received a statement or statements requesting such amounts to be advanced, the Covered Person shall thereupon (but not before) be entitled to file suit to recover the unpaid amount of such claim. If successful in whole or in part, the Covered Person shall be entitled to be paid the expense of prosecuting such claim, or a claim brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, to the fullest extent permitted by applicable law. In any such action, the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law. In any suit brought by a Covered Person to enforce a right to indemnification hereunder (but not in a suit brought by a Covered Person to enforce a right to an advancement of expenses), it shall be a defense that, and the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Covered Person has not met any applicable standard for indemnification set forth in the DGCL. With respect to any suit brought by a Covered Person seeking to enforce a right to indemnification or right to advancement of expenses hereunder or any suit brought by the Corporation to recover an advancement of expenses (whether pursuant to the terms of an undertaking or otherwise), neither (i) the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Covered Person is proper in the circumstances because the Covered Person has met the applicable standard of conduct set forth in the DGCL, nor (ii) an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the Covered Person has not met such applicable standard of conduct, shall create a presumption that the Covered Person has not met the applicable standard of conduct or, in the case of such a suit brought by the Covered Person, be a defense to such suit. In any suit brought by the Covered Person to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Covered Person is not entitled to be indemnified, or to such advancement of expenses, under this Section 7.9 or otherwise shall be on the Corporation.

(G) The rights conferred on any Covered Person by this Section 7.9 shall not be exclusive of any other rights that such Covered Person may have or hereafter acquire under applicable law, the Certificate of Incorporation, these Bylaws, an agreement or vote of stockholders or disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be such director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

(H) This Section 7.9 shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons. Without limiting the foregoing, the Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation or any predecessor and to any other person who is or was serving at the request of the Corporation or a predecessor as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, to the fullest extent of the provisions of this Section 7.9 with respect to the indemnification and advancement of expenses of Covered Persons under this Section 7.9.

(I) The Corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a director, trustee, officer, employee or agent of the Corporation or any predecessor or is or was serving at the request of the Corporation or any predecessor as a director, trustee, officer, employee or agent of another corporation, trust, partnership, joint venture or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL, these Bylaws or otherwise.

(J) Any repeal, modification or amendment of this Section 7.9 by the Board or the stockholders of the Corporation or by changes in applicable law, or the adoption of any other provision of these Bylaws inconsistent with this Section 7.9, will, to the extent permitted by applicable law, be prospective only (except to the extent such amendment or change in applicable law permits the Corporation to provide broader indemnification rights to Covered Persons on a retroactive basis than permitted prior thereto), and will not in any way diminish or adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision. Any amendment, repeal, modification or adoption that would adversely affect such person's rights to indemnification or advancement of expenses hereunder shall be ineffective as to such Covered Person, except with respect to any threatened, pending or completed proceeding that relates to or arises from (and only to the extent such proceeding relates to or arises from) any act or omission of such Covered Person occurring after the effective time of such amendment, repeal, modification or adoption.

(K) If any provision or provisions of this Section 7.9 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, (a) the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of this Section 7.9 (including, without limitation, all portions of any paragraph of this Section 7.9 containing any such provision held to be invalid, illegal or unenforceable, that are not by themselves invalid, illegal or unenforceable) and the application of such provision to other persons or entities or circumstances shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Section 7.9 (including, without limitation, all portions of any paragraph of this Section 7.9 containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent of the parties that the Corporation provide protection to the indemnitee to the fullest extent set forth in this Section 7.9.

SECTION 7.10 Emergency Bylaws.

(A) Notwithstanding anything to the contrary in the Certificate of Incorporation or these Bylaws, this Section 7.10 (the “Emergency Bylaws”) shall be operative during any emergency resulting from an attack on the United States or on a locality in which the Corporation conducts its business or customarily holds meetings of its Board or its stockholders or during any nuclear or atomic disaster or the existence of any catastrophe, a declaration of a national emergency by the United States government, or other similar emergency condition, which, in any such case, renders a significant number of the members of the Board who were serving on the Board pursuant to these Bylaws (excluding pursuant to this Section 7.10) immediately prior to the Emergency (the “Regular Directors”) incapacitated or inaccessible for an extended period of time and as a result of which a quorum of the Board or a standing committee thereof cannot be convened for action (an “Emergency”). To the extent not inconsistent with these Emergency Bylaws, the regular bylaws of the Corporation (i.e., these Bylaws) and the Certificate of Incorporation shall remain in effect during an Emergency, and these Emergency Bylaws shall not be operative after the Emergency ends. Notwithstanding the immediately preceding clause, any Emergency which causes these Emergency Bylaws to become operative shall be deemed to have ended whenever the following conditions are met: (a) The directors serving pursuant to the Emergency Bylaws determine at a meeting that the Emergency has ended; or (b) the Regular Directors, taking action pursuant to and in accordance with Article III (including the quorum requirements of Section 3.9), determine that the Emergency has ended or that the Emergency Bylaws are no longer operative.

(B) During any Emergency, any director or officer of the Corporation may call a meeting of the Board or any standing committee thereof and notice of the place and time of such meeting of the Board or any standing committee thereof may be given only to such directors as may be feasible to reach at the time and by such means as may be feasible at the time. Such notice shall be given at least twenty-four (24) hours before such meeting if feasible and otherwise on any shorter time as the person giving notice may deem necessary. Such notice shall be similarly given, to the extent feasible, to the Designated Officers serving as directors pursuant to this Section 7.10. Neither the business to be transacted nor the purpose of any such meeting need be specified in the notice thereof.

(C) At any meeting of the Board, or any standing committee thereof, called in accordance with this Section 7.10, the presence of three (3) directors shall constitute a quorum for the transaction of business of the Board, and the presence of two (2) standing committee members shall constitute a quorum for the transaction of business of any standing committee. In the event that less than three (3) Regular Directors are able to attend such meeting of the Board, then the Regular Directors (or the single Regular Director) in attendance shall select additional directors to serve on the Board, in such number as is necessary to have three (3) directors at the meeting, from among the Designated Officers. In the event that no Regular Directors are able to attend such meeting of the Board, then no more than three (3) Designated Officers in attendance shall serve as directors for such meeting and with full powers to act as directors of the Corporation. During the duration of the Emergency, (1) vacancies on the Board or any committee thereof may be filled by a majority vote of the directors in attendance at such meeting, and (2) the Board may appoint any individual as a director to replace a director who is incapacitated and to serve until the latter ceases to be incapacitated. Directors appointed to the Board pursuant to this Section 7.10(C) shall serve on the Board until the Emergency has ended. Directors taking any action at any such meeting shall have an obligation to inform, if feasible, all Regular Directors and Designated Officers who were not in attendance at such meeting of all actions so taken. For purposes of this Section 7.10, “Designated Officers” means officers of the Corporation who may become directors of the Corporation during an Emergency, which list has been approved by the Whole Board prior to the Emergency. If the Whole Board has not approved a list of Designated Officers prior to the Emergency, then the officers of the Corporation in attendance shall serve as directors for the meeting, without any additional quorum requirement, and will have full powers to act as directors of the Corporation for such meeting.

(D) No director, officer or employee acting in accordance with this Section 7.10 or otherwise pursuant to Section 110 of the DGCL (or any successor section) shall be liable except for willful misconduct.

(E) The Board, either before or during any Emergency, may, effective in the Emergency, change the head office or designate several alternative head offices or regional offices, or authorize the officers so to do. Without limiting any powers or emergency actions that the Board may take during an Emergency, during an Emergency, the Board may take any action that it determines to be practical and necessary to address the circumstances of the Emergency, including, without limitation, taking the actions with respect to stockholder meetings and dividends as provided in Section 110(i) of the DGCL.

(F) At any meeting called in accordance with Section 7.10(A), the Board may modify, amend or add to the provisions of this Section 7.10 in order to enact any provision that may be practical or necessary given the circumstances of the Emergency.

(G) The provisions of this Section 7.10 shall be subject to repeal or change by further action of the Board or by action of the stockholders, but no such repeal or change shall modify the provisions of Section 7.10(C) hereof with regard to action taken prior to the time of such repeal or change.

(H) Nothing contained in this Section 7.10 shall be deemed exclusive of any other provisions for emergency powers consistent with other sections of the DGCL that have been or may be adopted by corporations created under the DGCL.

ARTICLE VIII AMENDMENTS

SECTION 8.1 Amendments. 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 these Bylaws. Any adoption, amendment or repeal of these Bylaws by the Board shall require the approval of a majority of the Board. Stockholders shall also have the power to adopt, amend or repeal these 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, the Certificate of Incorporation or these Bylaws, these 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 of the 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.

[FORM OF]
CONTRIBUTION AGREEMENT
between
TEXAS PACIFIC LAND TRUST,
and
TEXAS PACIFIC LAND CORPORATION
Dated [●], 2020

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "Agreement") is entered into and effective as of [●] a.m. (Central Time) on [●], 2020 (the "Effective Date"), between Texas Pacific Land Trust (the "Trust") and Texas Pacific Land Corporation, a Delaware corporation and a wholly-owned subsidiary of the Trust ("TPL Corp") (each, a "Party", and collectively, the "Parties").

WITNESS:

WHEREAS, the Trust is the sole holder of 100% of the outstanding limited liability company membership interests (the "Membership Interests") in Texas Pacific Resources LLC, a Texas limited liability company ("TPL Holdco");

WHEREAS, prior to the date hereof, the Trust formed TPL Corp under the terms of the General Corporation Law of the State of Delaware and contributed \$1,000 to TPL Corp in exchange for all 1,000 issued and outstanding shares (the "Initial Shares") of common stock of TPL Corp, par value \$0.01 per share (the "Common Stock");

WHEREAS, the Trust intends to take steps to reorganize into a corporation, domiciled in the State of Delaware (the "Corporate Reorganization");

WHEREAS, in order to effect the Corporate Reorganization, the Trust is undertaking and causing to be undertaken a series of transactions pursuant to which, among other things, (a) the Trust entered into that certain Contribution Agreement, dated [●], between (i) the Trust, (ii) the Trustees of the Trust, David E. Barry and John R. Norris III, on behalf of themselves and for their predecessors in title (the "Trustees"), and (iii) each agent, general and state agent, assistant general and state agent or successor agent or general and state agent for the Trustees (the "Trustees' Agents"), and collectively with the Trustees and the Trust, the "Contributing Parties"), on the one hand, and TPL Holdco, on the other hand, pursuant to which the Trust and each of the other Contributing Parties contributed, granted, conveyed, assigned, transferred and delivered to TPL Holdco all of the Contributing Parties' respective right, title and interest, in, to and under all of the properties and assets of the Trust and all other rights, obligations and liabilities of the Trust, and (b) the Trust shall, pursuant to this Agreement, contribute, grant, convey, assign, transfer and deliver to TPL Corp all of its right, title and interest to, and all responsibilities and liabilities related to and arising from, (i) the Membership Interests and (ii) all of the bank accounts, brokerage accounts, cash and cash equivalents held by the Trust (together with the Membership Interests, the "Contributed Interests").

WHEREAS, the Common Stock has been registered with the U.S. Securities and Exchange Commission and has been approved for listing and trading on the New York Stock Exchange;

WHEREAS, the Trust is willing and desires to contribute to TPL Corp, and TPL Corp is willing and desires to accept from the Trust, the Contributed Interests on the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the promises and mutual representations, warranties and covenants in this Agreement, the Parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1 Capitalized terms used in this Agreement have the meanings and are subject to the rules of construction set forth in Appendix A.

**ARTICLE II
CONTRIBUTION**

Section 2.1 Contribution. Subject to the terms and conditions provided for in this Agreement, the Trust hereby contributes, grants, conveys, assigns, transfers and delivers to TPL Corp, its successors and assigns, for its and their own use forever, all of the Trust's right, title and interest to, and all responsibilities and liabilities related to and arising from, the Contributed Interests (such contribution of the Contributed Interests, the "Contribution").

**ARTICLE III
CONSIDERATION**

Section 3.1 Assumption of Rights, Obligations and Liabilities. TPL Corp hereby accepts the Contribution and assumes, and agrees to be subject to, all rights, obligations and liabilities of, and arising under, the Contributed Interests to the full extent that the Trust has or has been subject heretofore.

Section 3.2 TPL Corp Bylaws. In consideration of the Contribution, TPL Corp shall adopt, immediately following the effectiveness of this Agreement, the amended and restated bylaws attached hereto as Appendix B.

Section 3.3 Share Issuance. In consideration of the Contribution and subject to the terms and conditions provided for in this Agreement, TPL Corp hereby issues to the Trust [●] shares of the Common Stock (the "TPL Corp Issued Shares") and the Trust hereby accepts the TPL Corp Issued Shares in exchange for the Contributed Interests and agrees to be subject to all rights and obligations with respect to the TPL Corp Issued Shares.

**ARTICLE IV
INDEMNIFICATION**

Section 4.1 Indemnification by TPL Corp.

(a) Without limiting any other rights that a Person may have pursuant to law or any agreement or Organizational Document in effect on the Effective Date or otherwise, from the Effective Date, TPL Corp shall indemnify, defend and hold harmless (i) the Trust, (ii) each of the Trustees, (iii) the heirs, legatees, devisees, successors, assigns, executors, administrators, trustees and Representatives of each of the Trustees and (iv) each Person who is now, or has been at any time prior to the Effective Date or who was, is or becomes prior to the Effective Date, a trustee, officer, legal agent or fiduciary of the Trust, the Trustees or any of its and their Representatives (including, for the avoidance of doubt, the Trustees' Agents), in each case, when acting in such capacity (each of the Persons in clauses (i), (ii), (iii) and (iv), an "Indemnified Person" and collectively, the "Indemnified Persons") against all losses, claims, damages, costs, fines, penalties, expenses (including attorneys' and other professionals' fees and expenses), liabilities or judgments or reasonable amounts that are paid in settlement, of or directly or indirectly incurred in connection with any Proceeding to which such Indemnified Person is a party or is otherwise involved (including as a witness) based, in whole or in part, on or arising, in whole or in part, out of the fact that such Person is or was a trustee, director, officer, employee or fiduciary of the Trust or any of its Affiliates, or any of its and their Representatives (including, for the avoidance of doubt, the Trustees' Agents), or is or was serving at the request of the Trust or any of its Affiliates as a trustee, director, officer, employee or fiduciary of another corporation, partnership, limited liability company, joint venture, employee benefit plan, trust or other enterprise, as applicable, or by reason of anything done or not done by such Person in any such capacity, this Agreement or the transactions contemplated herein and hereby, whether pertaining to any act or omission occurring or existing prior to, at or after the Effective Date and whether asserted or claimed prior to, at or after the Effective Date ("Indemnified Liabilities"), in each case to the fullest extent permitted under applicable law (and TPL Corp shall pay expenses incurred in connection therewith in advance of the final disposition of any such Proceeding to each Indemnified Person to the fullest extent permitted under applicable law). TPL Corp shall not settle any Proceeding in any manner that would impose any penalty or limitation on an Indemnified Person without written consent from such Indemnified Person. The Indemnified Persons shall have authority to enter reasonable settlements of any Proceeding, and neither TPL Corp nor the Indemnified Persons will unreasonably withhold their consent to any proposed settlement. Without limiting the foregoing, in the event any such Proceeding is brought or threatened to be brought against any Indemnified Persons (whether arising before or after the Effective Date), (A) the Indemnified Persons may retain legal counsel at their election, and TPL Corp shall pay all reasonable fees and expenses of such counsel for the Indemnified Persons as promptly as statements therefor are received, and (B) TPL Corp shall use its best efforts to assist in the defense of any such matter. Any Indemnified Person wishing to claim indemnification or advancement of expenses under this Section 4.1(a), upon learning of any such Proceeding, shall notify TPL Corp thereof (but the failure to so notify shall not relieve a Party from any obligations that it may have under this Section 4.1(a) except to the extent such failure materially prejudices such Party's position with respect to such claims). With respect to any determination of whether any Indemnified Person is entitled to indemnification by TPL Corp under this Section 4.1(a), such Indemnified Person shall have the right to require that such determination be made by special, independent legal counsel selected by the Indemnified Person and approved by TPL Corp (which approval shall not be unreasonably withheld or delayed), and who has not otherwise performed material services for TPL Corp, TPL Holdco or the Indemnified Person within the last three (3) years.

(b) TPL Corp shall indemnify any Indemnified Person against all reasonable costs and expenses (including reasonable attorneys' and professionals' fees and expenses or reasonable amounts paid in settlement), such amounts to be payable in advance upon request as provided in Section 4.1(a), relating to the enforcement of such Indemnified Person's rights under this Section 4.1 or under any law, Organizational Document or contract regardless of whether such Indemnified Person is ultimately determined to be entitled to indemnification hereunder or thereunder.

(c) In the event that TPL Corp or any of its successors or assignees (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, in each such case, proper provisions shall be made so that the successors and assigns of TPL Corp shall assume the obligations set forth in this Section 4.1. TPL Corp shall not sell, transfer, distribute or otherwise dispose of any of its assets in a manner that would reasonably be expected to render TPL Corp unable to satisfy its obligations under this Section 4.1. The provisions of this Section 4.1 are intended to be for the benefit of, and shall be enforceable by, the Parties and each Person entitled to indemnification or insurance coverage or expense advancement pursuant to this Section 4.1, and their respective heirs, successors, assigns and Representatives. The rights of the Indemnified Persons under this Section 4.1 are in addition to any rights such Indemnified Persons may have under the Organizational Documents of the Trust or TPL Corp or any of its or their Affiliates, or under any contracts or law. TPL Corp shall pay all expenses, including attorneys' fees, that may be incurred by any Indemnified Person in enforcing the indemnity and other obligations provided in this Section 4.1.

ARTICLE V COVENANTS

Section 5.1 Further Assurances. In case at any time after the Effective Date any further action is necessary to carry out the purposes of this Agreement, each of the Parties will take such further action as the other Parties reasonably may request.

Section 5.2 Tax Covenants.

(a) The Parties agree that for U.S. federal and, to the extent permitted, for state and local Tax purposes, (i) the transactions undertaken to effect the Corporate Reorganization, including the transactions contemplated under this Agreement, will not result in a termination of the Trust's taxable year, (ii) the Trust's Tax attributes enumerated in Section 381(c) of the Internal Revenue Code of 1986, as amended (the "Code"), or any similar provision of state or local law, will be taken into account by TPL Corp as if there had been no Corporate Reorganization, and (iii) the part of the Trust's last taxable year that began before the Corporate Reorganization will be included in TPL Corp's first taxable year that ends after the Corporate Reorganization.

(b) All sales, use, controlling interest, transfer, filing, recordation, registration and similar Taxes arising from or associated with the transactions contemplated by this Agreement other than Taxes based on income or net worth ("Transaction Taxes"), shall be borne in their entirety by TPL Corp. The Party responsible for filing Tax Returns in respect of Transaction Taxes under applicable law shall prepare and file all such Tax Returns. The Parties shall provide such certificates and other information and otherwise cooperate.

Section 5.3 Tax Treatment of the Transaction. For U.S. federal income tax purposes, and to the extent permitted for state and local income Tax purposes, the transactions to effect the Corporate Reorganization, including the transactions contemplated under this Agreement, shall be treated as part of a plan of reorganization to effect a mere change in the identity, form and place of organization of the Trust under Section 368(a)(1)(F) of the Code and the Treasury Regulations promulgated thereunder. The Parties shall not take any position inconsistent with such treatment in notices to or filings with Governmental Authorities, in audit or other Proceedings with respect to Taxes, or in other documents or notices relating to the transactions contemplated by this Agreement.

**ARTICLE VI
MISCELLANEOUS**

Section 6.1 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the respective Parties and their respective successors and assigns, and for the Trustees, their respective heirs, legatees, devisees, successors, assigns, executors, administrators, trustees and Representatives.

Section 6.2 Amendment. This Agreement may not be amended or modified orally and no amendment or modification shall be valid unless in writing and signed by the Parties.

Section 6.3 Rights of Third Parties. This Agreement shall not be construed to create any security interest, lien, deed of trust, mortgage, pledge, charge, claim, restriction, easement, encumbrance or other similar interest or right on the Contributed Interests or the TPL Corp Issued Shares or to create any express or implied rights, benefits or remedies in, of or for any persons other than the Parties, except as expressly provided with respect to the Indemnified Persons in Article IV. Any Indemnified Person under Article IV shall be an express third party beneficiary of this Agreement for the purposes of enforcing its rights pursuant to Article IV.

Section 6.4 Notices. All notices to TPL Corp shall be in writing and shall be delivered or sent by first-class mail, postage prepaid, overnight courier or by means of electronic transmission. Any such notice sent shall be addressed as follows:

1700 Pacific Avenue
Suite 2900
Dallas, TX 75201
Attention: Robert J. Packer
Email: robert@tpltrust.com

With a copy, which shall not constitute notice, to:

George J. Vlahakos, Esq.
1000 Louisiana Street
Suite 5900
Houston, TX 77002
Email: gvlahakos@sidley.com

Any notice to TPL Corp required hereunder shall be effective when sent if given in the manner set forth above *provided, however*, that, with respect to the Trust, notice shall only be deemed to have been given upon receipt of such notice by each Trustee.

Section 6.5 Choice of Law; Submission to Jurisdiction; Waiver of Jury Trial

(a) THIS AGREEMENT, AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS AGREEMENT, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF.

(b) THE PARTIES IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY DISTRICT COURT OF DALLAS COUNTY IN THE STATE OF TEXAS (OR IF SUCH COURT DOES NOT HAVE JURISDICTION, THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS IN DALLAS, TEXAS) IN CONNECTION WITH ANY DISPUTE THAT ARISES IN RESPECT OF THE INTERPRETATION AND ENFORCEMENT OF THE PROVISIONS OF THIS AGREEMENT OR IN RESPECT OF THE TRANSACTIONS CONTEMPLATED HEREBY, AND HEREBY WAIVE, AND AGREE NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING FOR INTERPRETATION OR ENFORCEMENT HEREOF OR ANY SUCH DOCUMENT THAT IT IS NOT SUBJECT THERETO OR THAT SUCH ACTION, SUIT OR PROCEEDING MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN SAID COURTS OR THAT VENUE THEREOF MAY NOT BE APPROPRIATE OR THAT THIS AGREEMENT OR ANY SUCH DOCUMENT MAY NOT BE ENFORCED IN OR BY SUCH COURTS, AND THE PARTIES IRREVOCABLY AGREE THAT ALL CLAIMS WITH RESPECT TO SUCH ACTION, SUIT OR PROCEEDING SHALL BE HEARD AND DETERMINED EXCLUSIVELY BY SUCH A TEXAS STATE OR FEDERAL COURT. THE PARTIES HEREBY CONSENT TO AND GRANT ANY SUCH COURT JURISDICTION OVER THE PERSON OF SUCH PARTIES AND OVER THE SUBJECT MATTER OF SUCH DISPUTE AND AGREE THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH SUCH ACTION, SUIT OR PROCEEDING IN THE MANNER AS MAY BE PERMITTED BY LAW SHALL BE VALID AND SUFFICIENT SERVICE THEREOF.

(c) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT OR THE PERFORMANCE THEREOF.

Section 6.6 Disclaimer of Warranties. The Trust makes no representations or warranties whatsoever and disclaims all liability and responsibility for any other representation, warranty, statement or information made or communicated (orally or in writing), including, without limitation, any opinion, information or advice that may have been provided by any officer, shareholder, employee, agent or consultant of the Trust, any of the Trustees, or any Affiliates or Representatives of the Trust or the Trustees.

Section 6.7 Counterpart Execution. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one agreement.

[Signature page follows.]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed the day and year first above written.

TEXAS PACIFIC LAND TRUST

By: _____
Name: John R. Norris III
Title: Trustee

By: _____
Name: David E. Barry
Title: Trustee

[Signature Page to Contribution Agreement]

TEXAS PACIFIC LAND CORPORATION

By: _____
Name: [●]
Title: [●]

[Signature Page to Contribution Agreement]

APPENDIX A

DEFINITION OF TERMS

Introductory Note Regarding Construction Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine and neuter and terms defined in the singular have the corresponding meanings in the plural, and vice versa. Except as this Agreement otherwise specifies, all references herein to any law, are references to that law (and any rules and regulations promulgated thereunder), as the same may have been amended. The word “includes” or “including” means “including, but not limited to,” unless the context otherwise requires. The words “shall” and “will” are used interchangeably and have the same meaning. The words “this Agreement,” “hereof,” “hereby,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not any particular Section or Article in which such words appear. If a word or phrase is defined, its other grammatical forms have a corresponding meaning. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless business days are specified. Time periods within or following which any payment is to be made or an act is to be done shall be calculated by excluding the day on which the time period commences and including the day on which the time period ends. Unless specifically provided for in this Agreement, the term “or” shall not be deemed to be exclusive. References to a Person are also to its successors and/or permitted assigns, if any. All references to currency in this Agreement shall be to, and all payments required under this Agreement shall be paid in, lawful currency of the United States.

Definitions.

“Affiliate” means, as to any specified entity, any other entity that, directly or indirectly through one or more intermediaries or otherwise, controls, is controlled by or is under common control with the specified entity. For purposes of this definition, “control” of an entity means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such entity, whether by contract or otherwise.

“Agreement” has the meaning set forth in the preamble.

“Code” has the meaning set forth in Section 5.2(a).

“Common Stock” has the meaning set forth in the recitals.

“Contributed Interests” has the meaning set forth in the recitals.

“Contributing Parties” has the meaning set forth in the recitals.

“Contribution” has the meaning set forth in Section 2.1.

“Corporate Reorganization” has the meaning set forth in the recitals.

“Declaration of Trust” means the Declaration of Trust, dated February 1, 1881, of the Trust.

“Effective Date” has the meaning set forth in the preamble.

“Governmental Authority” means any federal, state, local, foreign, multi-national, supra-national, national, regional or other governmental agency, authority, administrative agency, regulatory body, commission, board, bureau, agency, officer, official, instrumentality, court or arbitral tribunal having governmental or quasi-governmental powers or any other instrumentality or political subdivision thereof.

“Indemnified Liabilities” has the meaning set forth in Section 4.1(a).

“Indemnified Persons” and “Indemnified Person” has the meaning set forth in Section 4.1(a).

“Initial Shares” has the meaning set forth in the recitals.

“Membership Interests” has the meaning set forth in the recitals.

“Organizational Document” means, with respect to any entity or trust, the legal organizational and governing documents of such entity or trust, including the declaration of trust, (including the Declaration of Trust), certificate of incorporation, certificate of formation, certificate of limited partnership, bylaws, declaration of trust, limited liability company agreement, or operating agreement.

“Parties” and “Party” have the meaning set forth in the preamble.

“Person” means any natural person, business trust, corporation, general partnership, limited partnership, limited liability company, unlimited liability corporation, proprietorship, other business organization, union, association or Governmental Authority.

“Proceeding” means any actual or threatened claim (including a claim of a violation of applicable law), action, audit, demand, litigation, suit, proceeding, investigation, grievance, citation, summons, subpoena, inquiry, hearing, originating application to a tribunal, arbitration or other proceeding at law or in equity or order or ruling, in each case whether civil, criminal, administrative, investigative or otherwise, whether in contract, in tort or otherwise, and whether or not such claim, action, audit, demand, litigation, suit, proceeding, investigation grievance, citation, summons, subpoena, inquiry, hearing, originating application to a tribunal, arbitration or other proceeding or order or ruling results in a formal civil or criminal litigation or regulatory action.

“Representative” means as to any Person, its officers, agents, directors, employees, counsel, accountants, financial advisers and consultants.

“Tax” means (i) any and all federal, state, provincial, county, local or foreign taxes or levies of any kind and any and all other like assessments, customs, duties, imposts, charges or fees, including income, gross receipts, ad valorem, value added, excise, real property, personal property, escheat, asset, sales, use, franchise, license, payroll, transaction, capital, capital gains, net worth, withholding, estimated, social security, utility, workers’ compensation, severance, disability, wage, employment, production, unemployment compensation, occupation, premium, windfall profits, transfer, gains, alternative or add-on minimum, stamp, documentary, recapture, business license, business organization, environmental, profits, lease, or other taxes or other charges imposed by or on behalf or payable to any Governmental Authority including tax liabilities arising under Treasury Regulation Section 1.1502-6 and any similar provisions from federal, state, local or foreign applicable law, together with any interest, fines, penalties, assessments, or additions resulting from, attributable to, or incurred in connection with any of the foregoing (whether or not disputed) and (ii) any transferee or other secondary or non-primary liability or other obligations with respect to any item in clause (i) above, whether such liability or obligation arises by assumption, operation of law, contract, indemnity, guarantee, as a successor or otherwise.

“Tax Return” means any return, declaration, report, claim for refund, or information return or statement with respect to any Tax required to be filed or actually filed with a Governmental Authority, including any schedule or attachment thereto, and including any amendment thereof.

“TPL Corp” has the meaning set forth in the preamble.

“TPL Corp Issued Shares” has the meaning set forth in Section 3.3.

“TPL Holdco” has the meaning set forth in the recitals.

“Transaction Taxes” has the meaning set forth in Section 5.2(b).

“Trust” has the meaning set forth in the preamble.

“Trustees” has the meaning set forth in the recitals.

“Trustees’ Agents” has the meaning set forth in the recitals.

APPENDIX B
AMENDED AND RESTATED BYLAWS OF TPL CORP

Appendix
B-1

[FORM OF]

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this “**Agreement**”) is entered into as of the [●] day of [●], 20[●], by and between Texas Pacific Land Corporation, a Delaware corporation (the “**Company**”), and [●] (“**Indemnitee**”).

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve or continue serving as directors or officers of companies and other entities unless they are protected by comprehensive liability insurance and adequate indemnification due to the increased exposure to litigation costs and risks resulting from service to such companies that often bear no relationship to the compensation of such directors or officers.

B. The statutes and judicial decisions regarding the duties of directors and officers are often insufficient to provide directors and officers with adequate, reliable knowledge of the legal risks to which they are exposed or the manner in which they are expected to execute their fiduciary duties and responsibilities.

C. The Company and Indemnitee recognize that plaintiffs often seek damages in such large amounts, and the costs of litigation may be so great (whether or not the claims are meritorious), that the defense and/or settlement of such litigation can create an extraordinary burden on the personal resources of directors and officers.

D. The board of directors of the Company has concluded that, to attract and retain competent and experienced persons to serve as directors and officers of the Company, it is not only reasonable and prudent but necessary to promote the best interests of the Company and its stockholders for the Company to contractually indemnify its directors and certain of its officers in the manner set forth herein, and to assume for itself liability for expenses and damages in connection with claims against such directors and officers in connection with their service to the Company as provided herein.

E. The law of the State of Delaware permits the Company to indemnify and advance defense costs to its officers and directors and to indemnify and advance expenses to persons who serve at the request of the Company as directors, officers, employees, or agents of other corporations or enterprises.

F. The Company desires and has requested Indemnitee to serve or continue to serve as a director and/or officer of the Company, and Indemnitee is willing to serve, or to continue to serve, as a director and/or officer of the Company if Indemnitee is furnished the indemnity provided for herein by the Company.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements set forth below, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the corresponding meanings set forth below.

“Change in Control” means the occurrence of any of the following events:

- (a) any Person becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the total voting power represented by the Company’s then outstanding voting securities;
- (b) the sale or disposition by the Company of all or substantially all of the Company’s assets;
- (c) the directors comprising the Incumbent Board and any successor director (or directors) whose appointment as a director (or directors) is endorsed by the Incumbent Board or any such duly endorsed successor director (or directors) cease to constitute a majority of the board of directors of the Company; or
- (d) a merger or consolidation of the Company with any other company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation;

The Reviewing Party shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

“Claim” means a claim or action asserted by a Person in a Proceeding or any other written demand for relief in connection with or arising from an Indemnification Event.

“Covered Entity” means (i) the Company, (ii) any Person that was a predecessor in interest to the assets of the Company, (iii) any subsidiary of the Company or the Trust or (iv) any other Person for which Indemnitee is or was or may be deemed to be serving at the request of the Company or any subsidiary of the Company, as a director, officer, trustee, employee, controlling person, agent or fiduciary.

“Disinterested Director” means, with respect to any determination contemplated by this Agreement, any Person who, as of the time of such determination, is a member of the Company’s board of directors but is not a party to any Proceeding then pending with respect to any Indemnification Event.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expenses” means any and all direct and indirect fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating, printing and binding costs, telephone charges, postage and delivery service fees and all other disbursements or expenses of any type or nature whatsoever reasonably incurred by Indemnitee (including, subject to the limitations set forth in **Section 3(c)**, reasonable attorneys’ fees and other professionals’ fees and expenses) in connection with or arising from an Indemnification Event, including, without limitation: (i) the investigation or defense of a Claim; (ii) being, or preparing to be, a witness or otherwise participating, or preparing to participate, in any Proceeding; (iii) furnishing, or preparing to furnish, documents in response to a subpoena or otherwise in connection with any Proceeding; (iv) any appeal of any judgment, outcome or determination in any Proceeding (including, without limitation, any premium, security for and other costs relating to any cost bond, supersedeas bond or any other appeal bond or its equivalent); (v) establishing or enforcing any right to indemnification under this Agreement (including, without limitation, pursuant to **Section 2(c)**), applicable law or otherwise, regardless of whether Indemnitee is ultimately successful in such action, unless as a part of such action, a court of competent jurisdiction over such action determines that each of the material assertions made by Indemnitee as a basis for such action was not made in good faith or was frivolous; (vi) Indemnitee’s defense of any Proceeding instituted by or in the name of the Company under this Agreement to enforce or interpret any of the terms of this Agreement (including, without limitation, costs and expenses incurred with respect to Indemnitee’s counterclaims and cross-claims made in such action); and (vii) any Federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including all interest, assessments and other charges paid or payable with respect to such payments. For purposes of clarification, Expenses shall not include Losses.

“Incumbent Board” means the directors comprising the board of directors of the Company as of the effective date of this Agreement.

An **“Indemnification Event”** shall be deemed to have occurred if Indemnitee was or is or becomes, or is threatened to be made, a party to or witness or other participant in, or was or is or becomes obligated to furnish or furnishes documents in response to a subpoena or otherwise in connection with, any Proceeding by reason of the fact that Indemnitee is, was, may be deemed, or may be deemed to have been a director, officer, trustee, employee, controlling person, agent or fiduciary of any Covered Entity, or by reason of any action or inaction on the part of Indemnitee, related to his service in any such capacity, whether or not so serving at the time any Loss or Expense is incurred.

“Independent Legal Counsel” means an attorney or firm of attorneys that is experienced in matters of applicable law and neither presently is, nor in the thirty-six (36) months prior to such designation has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Legal Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

“Losses” means any and all losses, claims, damages, liabilities, judgments, fines, penalties, settlement payments, awards and amounts of any type whatsoever incurred by Indemnitee in connection with or arising from an Indemnification Event. For purposes of clarification, Losses shall not include Expenses.

“Organizational Documents” means any and all organizational documents, charters or similar agreements or governing documents, including, without limitation, (i) with respect to a corporation, its certificate of incorporation and bylaws, (ii) with respect to the Trust, its Declaration of Trust, dated February 1, 1888, (iii) with respect to a limited liability company, its certificate of formation and operating agreement, and (iv) with respect to a limited partnership, its partnership agreement.

“Permitted Courts” means (a) the United States District Court for the Northern District of Texas in Dallas, Texas or, if such court does not have subject matter jurisdiction, any district court of Dallas County in the State of Texas, and any appellate court from any such Federal or state court, or (b) the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction, the Superior Court of the State of Delaware or, if jurisdiction is vested exclusively in the Federal courts of the United States, the Federal courts of the United States sitting in the State of Delaware, and any appellate court from any such Federal or state court.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or other entity or government or agency or political subdivision thereof and includes the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act.

“Proceeding” means any threatened, pending or completed claim, action, suit, proceeding, arbitration or alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or appeal or any other actual, threatened or completed proceeding, whether brought in the right of a Covered Entity or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative, internal or investigative nature and whether made pursuant to federal, state or other law.

“**Reviewing Party**” means, with respect to determinations contemplated by this Agreement, any one of the following: (i) a majority of the Disinterested Directors, even if such Persons would not constitute a quorum of the Company’s board of directors; (ii) a committee consisting solely of Disinterested Directors, even if such Persons would not constitute a quorum of the Company’s board of directors, so long as such committee was designated by a majority of the Disinterested Directors; or (iii) subject to **Section 4(d)**, Independent Legal Counsel designated by the Disinterested Directors (or, if there are no Disinterested Directors, the Company’s board of directors) (in which case, any determination shall be evidenced by the rendering of a written opinion); provided, that, in the event that a Change in Control has occurred, the Reviewing Party shall be Independent Legal Counsel (selected by Indemnitee) in a written opinion to the board of directors of the Company, a copy of which shall be delivered to Indemnitee.

“**SEC**” means the Securities and Exchange Commission.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Trust**” means Texas Pacific Land Trust (whether existing or non-existing under the laws of any jurisdiction of any state of the United States).

“**Trustees**” means John R. Norris III and David E. Barry.

2. Indemnification.

(a) Indemnification of Losses and Expenses. If an Indemnification Event has occurred, then, subject to **Section 9**, the Company shall indemnify, defend and hold harmless Indemnitee, to the fullest extent permitted by applicable law, as such law may be amended or changed from time to time (but in the case of any such amendment or change, only to the extent that such amendment or change permits the Company to provide broader indemnification rights than were permitted prior thereto), against any and all Losses and Expenses; provided that the Company’s commitment set forth in this **Section 2(a)** to indemnify Indemnitee shall be subject to the limitations and procedural requirements set forth in this Agreement.

(b) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Losses or Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(c) Advancement of Expenses. The Company shall advance Expenses to or on behalf of Indemnitee to the fullest extent permitted by applicable law, as such law may be amended or changed from time to time (but in the case of any such amendment or change, only to the extent that such amendment or change permits the Company to provide broader indemnification rights than were permitted prior thereto), as soon as practicable, but in any event not later than 30 days after written request therefor by Indemnitee, which request shall be accompanied by vouchers, invoices or similar evidence documenting in reasonable detail the Expenses incurred or to be incurred by Indemnitee; provided, however, that Indemnitee need not submit to the Company any information that counsel for Indemnitee reasonably deems is privileged and exempt from compulsory disclosure in any Proceeding. Execution and delivery of this Agreement by Indemnitee constitutes an undertaking to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company as authorized by this Agreement. No other form of undertaking shall be required other than the execution of this Agreement.

(d) Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for Losses or Expenses, in connection with any Proceeding relating to an Indemnification Event under this Agreement, in such proportion as is deemed fair and reasonable by the Reviewing Party in light of all of the circumstances of such Proceeding in order to reflect (1) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving rise to such Proceeding; and (2) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

3. Indemnification Procedures

(a) Notice of Indemnification Event. Indemnitee shall give the Company notice as soon as practicable of any Indemnification Event of which Indemnitee becomes aware and of any request for indemnification hereunder, provided that any failure to so notify the Company shall not relieve the Company of any of its obligations under this Agreement, except if, and then only to the extent that, such failure increases the liability of the Company under this Agreement.

(b) Notice to Insurers. The Company shall give prompt written notice of any Indemnification Event which may be covered by the Company's liability insurance to the insurers in accordance with the procedures set forth in each of the applicable policies of insurance. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Indemnification Event in accordance with the terms of such policies; provided that nothing in this **Section 3(b)** shall affect the Company's obligations under this Agreement or the Company's obligations to comply with the provisions of this Agreement in a timely manner as provided.

(c) Selection of Counsel. If the Company shall be obligated hereunder to pay or advance Expenses or indemnify Indemnitee with respect to any Losses, the Company shall be entitled to assume the defense of any related Claims, with counsel selected by the Company. After the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the defense of such Claims; provided that: (i) Indemnitee shall have the right to employ counsel in connection with any such Claim at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) counsel for Indemnitee shall have provided the Company with written advice that there is a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company shall not continue to retain such counsel to defend such Claim, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

4. Determination of Right to Indemnification.

(a) Successful Proceeding. To the extent Indemnitee has been successful, on the merits or otherwise, in defense of any Proceeding referred to in **Section 2(a)**, the Company shall indemnify Indemnitee against Losses and Expenses incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding, but is successful, on the merits or otherwise, as to one or more but less than all Claims in such Proceeding, the Company shall indemnify Indemnitee against all Losses and Expenses actually or reasonably incurred by Indemnitee in connection with each successfully resolved Claim.

(b) Other Proceedings. In the event that **Section 4(a)** is inapplicable, the Company shall nevertheless indemnify Indemnitee as provided in **Section 2(a)** or **2(b)**, as applicable, or provide a contribution payment to Indemnitee as provided in **Section 2(d)**, to the extent determined by the Reviewing Party.

(c) Determination by Reviewing Party. A Reviewing Party shall determine whether Indemnitee is entitled to indemnification, subject to the following:

(i) a Reviewing Party shall act in the utmost good faith to assure Indemnitee a complete opportunity to present to such Reviewing Party Indemnitee's case that Indemnitee has met the applicable standard of conduct;

(ii) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of a Covered Entity, including, without limitation, its financial statements, or on information supplied to Indemnitee by the officers or employees of a Covered Entity in the course of their duties, or on the advice of legal counsel for a Covered Entity or on information or records given, or reports made, to a Covered Entity by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by a Covered Entity. In addition, the knowledge and/or actions, or failure to act, of any director, trustee, officer, agent or employee of a Covered Entity shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this **Section 4(c)(ii)** are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Any Person seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by clear and convincing evidence; and

(iii) if a Reviewing Party shall not have made a determination whether Indemnitee is entitled to indemnification within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (A) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (B) a prohibition of such indemnification under applicable law; provided, however, that such 30 day period may be extended by the Reviewing Party for a reasonable time, not to exceed an additional fifteen (15) days, if the Reviewing Party in good faith requires such additional time for obtaining or evaluating documentation and/or information relating thereto.

(d) Selection of Independent Legal Counsel. If Independent Legal Counsel is to serve as the Reviewing Party, the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Legal Counsel so selected. Indemnitee may, within fifteen (15) days after receiving written notice of selection from the Company, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Legal Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Legal Counsel" in **Section 1**, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the Person or Persons so selected shall act as Independent Legal Counsel. If such written objection is properly and timely made and substantiated, then: (i) the Independent Legal Counsel so selected may not serve as Independent Legal Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit; and (ii) Indemnitee may, at its option, recommend to the Company alternative Independent Legal Counsel and give written notice to the Company advising the Company of the identity of any alternative Independent Legal Counsel so recommended, in which case the Company may select such Person or Persons to act as the Independent Legal Counsel and the procedures required by this **Section 4(d)** shall apply as to such subsequent selection and notice. If no Independent Legal Counsel that is permitted under the foregoing provisions of this **Section 4(d)** shall have been selected within forty-five (45) days after the Company gives its initial notice pursuant to the first sentence of this **Section 4(d)**, either the Company or Indemnitee may petition a Permitted Court to resolve any objection which shall have been made by the Company or Indemnitee to the other's selection or recommendation of Independent Legal Counsel and/or to appoint as Independent Legal Counsel a person to be selected by the court or such other person as the court shall designate, and the Person or Persons with respect to whom all objections are so resolved or the Person or Persons so appointed will act as Independent Legal Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Legal Counsel incurred in connection with the Independent Legal Counsel's determination as the Reviewing Party.

(e) Appeal to Court. Notwithstanding a determination by a Reviewing Party that Indemnitee is not entitled to indemnification with respect to a specific Claim or Proceeding (an "**Adverse Determination**"), Indemnitee shall have the right to apply to the court in which that Claim or Proceeding is or was pending or any other court of competent jurisdiction for the purpose of enforcing Indemnitee's right to indemnification pursuant to this Agreement, provided that Indemnitee shall commence any such Proceeding seeking to enforce Indemnitee's right to indemnification within one (1) year following the date upon which Indemnitee is notified in writing by the Company of the Adverse Determination. In the event of any dispute between the parties concerning their respective rights and obligations hereunder, the Company shall have the burden of proving that the Company is not obligated to make the payment or advance claimed by Indemnitee.

(f) Presumption of Success. The Company acknowledges that a settlement or other disposition short of final judgment shall be deemed a successful resolution for purposes of **Section 4(a)** if it permits a party to avoid expense, delay, distraction, disruption or uncertainty. In the event that any Proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such Proceeding with or without payment of money or other consideration), it shall be presumed that Indemnitee has been successful on the merits or otherwise in such Proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by clear and convincing evidence.

(g) Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent. The Company shall indemnify Indemnitee under this Agreement or otherwise for any amounts paid in the reasonable settlement of any Indemnification Event. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Further, the Company shall not agree to a settlement of any Proceeding without Indemnitee's written consent unless a full release is provided to Indemnitee as a condition of settlement. Neither the Company nor Indemnitee will unreasonably withhold their consent to any proposed settlement. The Company shall not be liable to indemnify Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; the Company's liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement.

5. Additional Indemnification Rights: Non-exclusivity

(a) Scope. The Company hereby agrees to indemnify Indemnitee to the fullest extent permitted by law, even if such indemnification is not specifically authorized by the other provisions of this Agreement or any other agreement, the Organizational Documents of any Covered Entity or by applicable law. In the event of any change after the date of this Agreement in any applicable law (including common law), statute or rule that expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, trustee, employee, controlling person, agent or fiduciary, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change. In the event of any change in any applicable law (including common law), statute or rule that narrows the right of a Delaware corporation to indemnify a member of its board of directors or an officer, employee, controlling person, agent or fiduciary, such change, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties rights and obligations hereunder except as set forth in **Section 9(a)** hereof.

(b) Non-exclusivity. The rights to indemnification, contribution and advancement of Expenses provided in this Agreement shall not be deemed exclusive of, but shall be in addition to, any other rights to which Indemnitee may at any time be entitled under the Organizational Documents of any Covered Entity, any other agreement, any vote of stockholders or Disinterested Directors, applicable law or otherwise. Furthermore, no right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder or otherwise shall not prevent the concurrent assertion of any other right or remedy. The rights to indemnification, contribution and advancement of Expenses provided in this Agreement shall continue as to Indemnitee for any action Indemnitee took or did not take while serving in an indemnified capacity even though Indemnitee may have ceased to serve in such capacity at the time of any Claim or Proceeding.

6. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment of any amount otherwise indemnifiable hereunder, or for which advancement is provided hereunder, if and to the extent Indemnitee has otherwise actually received such payment, whether pursuant to any insurance policy, the Organizational Documents of any Covered Entity or otherwise.

7. Mutual Acknowledgment. Both the Company and Indemnitee acknowledge that, in certain instances, Federal law or public policy may override applicable state law and prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. For example, the Company and Indemnitee acknowledge that the SEC has taken the position that indemnification is not permissible for liabilities arising under certain Federal securities laws, and Federal legislation prohibits indemnification for certain violations of the Employee Retirement Income Security Act of 1979, as amended. Indemnitee understands and acknowledges that the Company has undertaken, or may be required in the future to undertake, with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee, and any right to indemnification hereunder shall be subject to, and conditioned upon, any such required court determination.

8. Liability Insurance. The Company shall maintain liability insurance applicable to directors and officers of the Company and former trustees, officers, employees and agents of the Trust and shall cause Indemnitee to be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's officers and directors (other than in the case of an independent director liability insurance policy if Indemnitee is not an independent or outside director). For the duration of Indemnitee's service as a director or officer of the Company, and thereafter for so long as Indemnitee shall be subject to any pending Claim relating to an Indemnification Event, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to continue to maintain in effect policies of directors' and officers' liability insurance providing coverage that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. The Company shall advise Indemnitee as to the general terms of, and the amounts of coverage provide by, any liability insurance policy described in this **Section 8** and shall promptly notify Indemnitee if, at any time, any such insurance policy is terminated or expired without renewal or if the amount of coverage under any such insurance policy will be decreased.

9. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee:

(a) against any Losses or Expenses, or advance Expenses to Indemnitee, with respect to Claims initiated or brought voluntarily by Indemnitee, and not by way of defense (including, without limitation, affirmative defenses and counter-claims), except (i) Claims to establish or enforce a right to indemnification, contribution or advancement with respect to an Indemnification Event, whether under this Agreement, any other agreement or insurance policy, the Company's Organizational Documents or those of any Covered Entity, applicable law or otherwise, or (ii) if the Company's board of directors has approved specifically the initiation or bringing of such Claim;

(b) against any Losses or Expenses, or advance Expenses to Indemnitee, with respect to Claims arising (i) with respect to an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or any similar successor statute or (ii) pursuant to Sections 304 or 306 of the Sarbanes-Oxley Act of 2002, as amended, or any rule or regulation promulgated pursuant thereto; or

(c) if, and to the extent, that a court of competent jurisdiction renders a final, unappealable decision that such indemnification is not lawful.

10. Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) when delivered by hand, with written confirmation of receipt; (b) upon sending if sent by electronic mail to the electronic mail addresses below, with confirmation of receipt from the receiving party by electronic mail; (c) one (1) business day after being sent by a nationally recognized overnight carrier to the addresses set forth below; or (d) when actually delivered if sent by any other method that results in delivery, with written confirmation of receipt:

If to TPL Corporation:
Texas Pacific Land Trust
1700 Pacific Avenue, Suite 2770
Dallas, TX 75201
Attn: Robert Packer
Email: robert@tpltrust.com

If to Indemnitee:

[•]
[•]
[•]
Email: [•]

11. Miscellaneous.

(a) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

(b) Binding Effect; Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns (including with respect to the Company, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company) and with respect to Indemnitee, his or her spouse, heirs, legatees, devisees, successors, assigns, executors, administrators, trustees and personal and legal representatives. The Company shall require and cause any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place. This Agreement shall continue in effect with respect to Claims relating to Indemnification Events regardless of whether Indemnitee continues to serve as a director, officer, employee, controlling person, agent or fiduciary of any Covered Entity.

(c) Enforceability. This Agreement is a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

(d) Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction and venue of the Permitted Courts for all purposes in connection with any Proceeding which arises out of or relates to this Agreement, and agree that any Proceeding instituted under this Agreement shall be commenced, prosecuted and continued only in the Permitted Courts.

(e) Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the extent manifested by the provision held invalid, illegal or unenforceable.

(f) Choice of Law. This Agreement shall be governed by and its provisions shall be construed and enforced in accordance with, the laws of the State of Delaware, without regard to the conflict of laws principles thereof.

(g) Subrogation. In the event of payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(h) Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in a writing signed by the parties to be bound thereby. Notice of same shall be provided to all parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

(i) No Construction as Employment Agreement. This Agreement is not an employment agreement between the Company and Indemnitee and nothing contained in this Agreement shall be construed as giving Indemnitee any right to be retained or continue in the employ or service of any Covered Entity.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

In Witness Whereof, the parties hereto have executed this Agreement on and as of the day and year first above written.

COMPANY

By: _____
Name: _____
Title: _____

INDEMNITEE

TEXAS PACIFIC LAND CORPORATION

List of Subsidiaries

<u>Entity</u>	<u>Jurisdiction</u>
Texas Pacific Resources LLC	Texas
Texas Pacific Water Resources LLC	Delaware
TPL Holdings LLC	Texas
Texas Eagle Ranches, LLC	Texas
Texas Pacific Royalty Acquisitions, LLC	Texas
Riverton Holdings, LLC	Texas

[TPL Corporation Logo]

Dear Texas Pacific Land Trust Sub-Share Certificate Holder and Future Texas Pacific Land Corporation Stockholder:

On March 23, 2020, we announced that we, the Trustees of Texas Pacific Land Trust (the “Trust”), approved a plan for reorganizing the Trust from its current structure to a corporation formed under the laws of the State of Delaware. We made the determination that the Trust should undertake this corporate reorganization following our consideration of a recommendation of the Conversion Exploration Committee of the Trust that we approve such a plan of reorganization. This Committee was formed in 2019 for the purpose of assisting us in our evaluation of the proposed reorganization, and its membership included us and certain shareholder representatives. The new corporation will be named Texas Pacific Land Corporation (“TPL Corporation”).

The Trust’s present structure has suited the Trust’s needs and those of its sub-share certificate holders for more than a century. But, with the growth of the Trust and the expansion of its business that has occurred in recent years, we also recognize that the Trust’s governance and organizational structure can evolve to ensure that our business is well positioned for the future. We believe that a modern corporate structure and new governance under the Delaware corporation format will position the business for success and value creation in the future.

Pursuant to the plan of corporate reorganization described in the attached information statement, the trading of sub-share certificates in certificates of proprietary interest of the Trust (the “sub-share certificates”) will be halted at _____, New York City time, on _____, 2020. Subsequently, on _____, 2020, the Trust will distribute all of the outstanding shares of TPL Corporation common stock to holders of sub-share certificates, as of _____, 2020, on a pro rata basis in accordance with their interests in the Trust. The new common stock of TPL Corporation will be traded on the New York Stock Exchange (“NYSE”) and continue to trade under the symbol “TPL.” At or about such time, your sub-share certificates will be cancelled. No vote of sub-share certificate holders is required for the corporate reorganization or the distribution of TPL Corporation common stock. You will not need to take any action or pay any consideration to us to receive the new shares in TPL Corporation.

We encourage you to read the attached information statement. The information statement describes the corporate reorganization and the distribution to TPL Corporation common stock in detail and contains important business and financial information about TPL Corporation.

We look forward to your future support of Texas Pacific Land Corporation.

Very truly yours,

John R. Norris III

David E. Barry

Preliminary and Subject to Completion, Dated December 7, 2020

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been confidentially submitted to the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.

INFORMATION STATEMENT

TEXAS PACIFIC LAND CORPORATION

On March 20, 2020, the Trustees of Texas Pacific Land Trust (“TPL Trust” or the “Trust”) unanimously approved a plan to reorganize TPL Trust into Texas Pacific Land Corporation, a corporation formed and existing under the laws of the State of Delaware (“TPL Corporation”). To implement this corporate reorganization, TPL Trust will: (a) transfer all of its assets to Texas Pacific Resources LLC, a wholly owned subsidiary of TPL Trust (“TPL HoldCo”), excluding the equity in TPL HoldCo and TPL Corporation, which at such time will be a wholly owned subsidiary of TPL Trust; (b) contribute all of the equity in TPL HoldCo to TPL Corporation; and (c) distribute all of the shares of common stock, par value \$0.01, of TPL Corporation (“TPL Corporation common stock”) to holders (“sub-share certificate holders”) of sub-share certificates in certificates of proprietary interest, par value of \$0.03-1/3, of TPL Trust (“sub-share certificates”), on a pro rata basis in accordance with their interests in TPL Trust. Following the distribution of TPL Corporation common stock to sub-share certificate holders, the sub-share certificates will cease to be traded on the New York Stock Exchange (the “NYSE”) and will be cancelled.

The trading of sub-share certificates will be halted at _____, New York City time, on _____, 2020. Subsequently, on _____, 2020, the Trust will distribute all of the outstanding shares of TPL Corporation common stock to sub-share certificate holders, as of _____, 2020, on a pro rata basis in accordance with their interests in the Trust. The distribution of TPL Corporation common stock will be made in book-entry form only. TPL Trust will not distribute any fractional shares of TPL Corporation common stock. We refer to the effective time of the distribution as the “distribution date.” Immediately after the distribution becomes effective, TPL Corporation will be an independent, publicly traded company.

No vote of sub-share certificate holders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send TPL Trust a proxy, in connection with the distribution. You do not need to pay any consideration to us, exchange or surrender your existing sub-share certificates or take any other action to receive your shares of TPL Corporation common stock.

There is no current trading market for TPL Corporation common stock. TPL Corporation intends to list its common stock on the NYSE under the symbol “TPL.”

In reviewing this information statement, you should carefully consider the matters described under “Risk Factors” beginning on page 11.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is _____, 2020.

This information statement was first made available to sub-share certificate holders on or about _____, 2020.

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Presentation of Information

Unless otherwise indicated or context otherwise requires, references in this information statement to:

- “TPL Corporation,” “we,” “us,” “our,” “our company” and “the company” refer to Texas Pacific Land Corporation, a Delaware corporation, and its subsidiaries;
- “TPL Trust” refers to Texas Pacific Land Trust and its subsidiaries prior to the completion of the corporate reorganization, unless the context otherwise requires or unless otherwise specified;
- “TPL Business” refers to all of TPL Trust’s assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the corporate reorganization;
- the “Trustees” refers to John R. Norris III and David E. Barry, the Trustees of TPL Trust;
- the “corporate reorganization” refers to the transfer of the TPL Business to TPL HoldCo, the contribution of all of the equity in TPL HoldCo to TPL Corporation and all related transactions;
- the “distribution” refers to the distribution of all of TPL Corporation’s issued and outstanding shares of common stock to sub-share certificate holders as of _____, New York City time, _____, 2020, on a pro rata basis in accordance with their interests in TPL Trust; and
- TPL Corporation’s per share data assumes a distribution ratio of one share of TPL Corporation common stock for every sub-share certificate.

QUESTIONS AND ANSWERS ABOUT THE CORPORATE REORGANIZATION AND DISTRIBUTION

Why am I receiving this document?

TPL Trust is making this document available to you because you are a holder of sub-share certificates. If you are a sub-share certificate holder as of _____, New York City time, on _____, 2020, you will be entitled to receive one share of TPL Corporation common stock for every sub-share certificate that you hold at such time. This document will help you understand how the corporate reorganization and the distribution will affect your post-corporate reorganization ownership in TPL Trust and TPL Corporation.

What is TPL Corporation and why is TPL Trust undertaking the corporate reorganization?

TPL Corporation currently is a wholly owned subsidiary of TPL Trust that was formed to hold the TPL Business. The corporate reorganization is intended to provide you with an equity investment in TPL Corporation to replace your investment in TPL Trust.

How will the corporate reorganization and distribution work?

The corporate reorganization and distribution will be accomplished through a series of transactions in which TPL Trust will: (a) transfer the TPL Business to TPL HoldCo; (b) contribute all of the equity in TPL HoldCo to TPL Corporation; and (c) distribute all of the outstanding shares of TPL Corporation common stock to sub-share certificate holders on a pro rata basis in accordance with their interests in TPL Trust.

Why is the corporate reorganization structured in this way?

TPL Trust is using this structure to implement the corporate reorganization because, among other reasons, it intends for the corporate reorganization and distribution to qualify as a tax-free reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the "Code"). See "The Corporate Reorganization and Distribution—Reasons for the Corporate Reorganization and Distribution" and "Material U.S. Federal Income Tax Consequences" for more detail.

Who is entitled to receive the distribution?

Each holder of sub-share certificates as of _____, New York City time, on _____, 2020 will be entitled to receive one share of TPL Corporation common stock in the distribution for every sub-share certificate that each such holder holds at such time.

When will the distribution occur?

We expect that all of the outstanding shares of TPL Corporation common stock will be distributed by TPL Trust at _____, New York City time, on _____, 2020, subject to certain conditions described under "The Corporate Reorganization and Distribution—Conditions to the Distribution."

What do sub-share certificate holders need to do to participate in the distribution?

Sub-share certificate holders as of _____, New York City time, on _____, 2020 will not be required to take any action, pay any consideration to us, or exchange or surrender their existing sub-share certificates in order to receive TPL Corporation common stock in the distribution, but you are urged to read this entire information statement carefully. No sub-share certificate holder approval of the distribution is required. Please do not send in your sub-share certificates.

How many shares of TPL Corporation common stock will I receive in the distribution?

TPL Trust will distribute one share of TPL Corporation common stock for every sub-share certificate outstanding. Based on 7,756,156 sub-share certificates outstanding as of _____, 2020, a total of 7,756,156 shares of TPL Corporation common stock will be distributed to sub-share certificate holders.

If you own sub-share certificates as of _____, New York City time, on _____, 2020, TPL Trust, with the assistance of American Stock Transfer & Trust Company, LLC, the distribution agent (the "distribution agent"), will electronically distribute shares of TPL Corporation common stock to you (or to your brokerage firm on your behalf) in book-entry form. The distribution agent will mail you a book-entry account statement that reflects your shares of TPL Corporation common stock or your bank or brokerage firm will credit your account for the shares.

You will receive shares of TPL Corporation common stock through the same channels that you currently use to hold or trade sub-share certificates, whether through a brokerage account, 401(k) plan or other channel. Receipt of shares of TPL Corporation common stock will be documented for you in the same manner that you typically receive sub-share certificate holder updates, such as monthly broker statements and 401(k) statements.

For additional information on the distribution, see “The Corporate Reorganization and Distribution.”

Will TPL Corporation issue fractional shares of its common stock in the distribution? No. TPL Corporation will not issue fractional shares of its common stock in the distribution.

Are there conditions to the distribution?

TPL Corporation expects the distribution to occur on the distribution date. The distribution is subject to the satisfaction or waiver of the following conditions:

- the U.S. Securities and Exchange Commission (the “SEC”) having declared effective the registration statement, of which this information statement forms a part, and no stop order relating to the registration statement being in effect;
- this information statement having been made available to sub-share certificate holders;
- the NYSE having approved the listing of TPL Corporation common stock on the NYSE, subject to official notice of issuance;
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the corporate reorganization or any of the related transactions being in effect, pending, threatened or issued;
- all governmental approvals and consents, and any other third-party approvals or consents, necessary to consummate the corporate reorganization having been received; and
- no events or developments have occurred or exist that, in the judgment of the Trustees, make it inadvisable to effect the corporate reorganization and the distribution.

There can be no assurances that any or all of these events will occur, or that the distribution will be consummated even if all of the conditions are met. TPL Trust, as our sole stockholder prior to the distribution, has the right to modify or abandon the corporate reorganization and the distribution at any time prior to the distribution date. See “The Corporate Reorganization and Distribution—Conditions to the Distribution” for more details.

What if I want to sell my sub-share certificates or my TPL Corporation common stock? You should consult with your financial advisors, such as your broker, bank or tax advisor.

Where will I be able to trade shares of TPL Corporation common stock? TPL Corporation intends to list its common stock on the NYSE under the symbol “TPL.”

What will happen to TPL Trust? As a result of the corporate reorganization and distribution, TPL Trust will be liquidated.

What will happen to the listing of sub-share certificates?

Trading of sub-share certificates on the NYSE will be halted at _____, New York City time, on _____, 2020. Sub-share certificates will no longer continue to trade on the NYSE thereafter and will be cancelled at the time of the distribution.

What are the material U.S. federal income tax consequences of the corporate reorganization and the distribution?

It is intended that the corporate reorganization and distribution qualify as a tax-free reorganization within the meaning of Section 368(a)(1)(F) of the Code. Accordingly, no gain or loss will be recognized by U.S. Holders (as defined in “Material U.S. Federal Income Tax Consequences”) of sub-share certificates upon the receipt of TPL Corporation common stock pursuant to the distribution for U.S. federal income tax purposes. You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as foreign tax laws. For more information regarding the material U.S. federal income tax consequences of the distribution, see “Material U.S. Federal Income Tax Consequences.”

Who will manage TPL Corporation after the corporate reorganization?

TPL Corporation will benefit from having a management team with extensive backgrounds in the business of land and resource management and water services and operations. Led by Tyler Glover, who will be TPL Corporation’s President and Chief Executive Officer, Robert J. Packer, who will be TPL Corporation’s Chief Financial Officer, and Micheal W. Dobbs, who will be TPL Corporation’s Senior Vice President, Secretary and General Counsel, TPL Corporation’s management team possesses deep knowledge of, and extensive experience in, its industry. For more information regarding TPL Corporation’s management and directors, see “Management” and “Directors.”

Are there risks associated with owning TPL Corporation common stock?

Yes. Ownership of TPL Corporation common stock is subject to both general and specific risks relating to TPL Corporation’s business, the industry in which it operates and its status as an independent, publicly traded company. Ownership of TPL Corporation common stock is also subject to risks relating to the corporate reorganization. Certain of these risks are described in the “Risk Factors” section of this information statement. We encourage you to read that section carefully.

Does TPL Corporation plan to pay dividends?

Following the corporate reorganization, we expect that we will pay cash dividends to our stockholders. However, the timing, declaration, amount of, and payment of dividends, if any, will be within the discretion of TPL Corporation’s Board of Directors (the “TPL Corporation board”) and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with any debt service obligations or other contractual obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets and other factors deemed relevant by the TPL Corporation board. Moreover, should the TPL Corporation board determine to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends. See “Dividend Policy” for more details.

Does TPL Corporation plan to repurchase outstanding equity of stockholders?

Following the corporate reorganization, we expect that we will from time to time offer to repurchase a portion of outstanding TPL Corporation common stock. However, any repurchase will be within the discretion of the TPL Corporation board and will depend upon many factors, including market and business conditions, the trading price of our common stock, available cash and cash flow, capital requirements and the nature of other investment opportunities. See “Risk Factors” for more details.

Who will be the distribution agent for the distribution and transfer agent and registrar for TPL Corporation common stock?

The distribution agent, transfer agent and registrar for TPL Corporation common stock will be American Stock Transfer & Trust Company, LLC. For questions relating to the transfer or mechanics of the stock distribution, you should contact American Stock Transfer & Trust Company, LLC toll free at (800) 937-5449 or non-toll free at (718) 921-8386.

Where can I find more information about TPL Trust and TPL Corporation?

If you have any questions relating to TPL Trust or TPL Corporation, you should contact:

Texas Pacific Land Corporation
1700 Pacific Avenue, Suite 2900
Dallas, Texas 75201
Attention: Investor Relations
Phone: (214) 969-5530

SUMMARY

The following is a summary of selected information discussed in this information statement. This summary may not contain all of the details concerning the corporate reorganization or other information that may be important to you. To better understand the corporate reorganization and our business and financial position, you should carefully review this entire information statement. Unless the context otherwise requires, the information included in this information statement about TPL Corporation assumes the completion of all of the transactions referred to in this information statement in connection with the corporate reorganization and the distribution. Unless the context otherwise requires, or when otherwise specified, references in this information statement to "TPL Corporation," "we," "us," "our," "our company" and "the company" refer to Texas Pacific Land Corporation, a Delaware corporation, and its subsidiaries. Unless the context otherwise requires, references in this information statement to "TPL Trust" refer to Texas Pacific Land Trust and its consolidated subsidiaries, including the TPL Business prior to completion of the corporate reorganization.

Unless the context otherwise requires, or when otherwise specified, references in this information statement to our historical assets, liabilities, businesses or activities of our businesses are generally intended to refer to the historical assets, liabilities, businesses or activities of the TPL Business as part of TPL Trust prior to completion of the corporate reorganization.

Our Company

TPL Corporation is one of the largest landowners in the State of Texas with approximately 880,000 acres of land, comprised of a number of separate tracts, located in 19 counties in West Texas. Additionally, we own a 1/128th nonparticipating perpetual oil and gas royalty interest ("NPRI") under approximately 85,000 acres of land and a 1/16th NPRI under approximately 371,000 acres of land in the western part of Texas, as well as approximately 4,000 additional net royalty acres (normalized to 1/8th).

Our surface and royalty ownership allow steady revenue generation through the entire value chain of oil and gas development. While we are not an oil and gas producer, we benefit from various revenue sources throughout the life cycle of a well. During the initial development phase, where infrastructure for oil and gas development is constructed, we receive fixed fee payments for use of our land and revenue for sales of materials (caliche) used in the construction of the infrastructure. During the drilling and completion phase, we generate revenue by providing sourced water and/or treated produced water in addition to fixed fee payments for use of our land. During the production phase, we receive revenue from our oil and gas royalty interests and also revenues related to saltwater disposal on our land. In addition, we generate revenue from pipeline, power line and utility easements, commercial leases, material sales and seismic and temporary permits principally related to a variety of land uses including midstream infrastructure projects and processing facilities as hydrocarbons are processed and transported to market.

For the year ended December 31, 2019, we generated revenues of \$490.5 million and net income of \$318.7 million. For the nine months ended September 30, 2020, we generated revenues of \$228.3 million and net income of \$131.3 million.

Our Segments

Our company is organized into two segments: Land and Resource Management and Water Services and Operations, which for the year ended December 31, 2019 contributed 74% and 26%, respectively, of our revenues and for the nine months ended September 30, 2020 contributed 62% and 38%, respectively, of our revenues.

Land and Resource Management

Through our Land and Resource Management segment, we manage the approximately 880,000 acres of land and related resources in West Texas that we own. We generate revenues from royalties from oil and gas, easements and commercial leases and land and material sales.

We are not an oil and gas producer. Rather, our oil and gas revenue is derived from our oil and gas royalty interests. Thus, in addition to being subject to fluctuations in response to the market prices for oil and gas, our oil and gas royalty revenues are also subject to decisions made by the owners and operators of the oil and gas wells to which our royalty interests relate as to investments in and production from those wells.

Our revenue from easements is generated from easement contracts covering activities such as oil and gas pipelines and subsurface wellbore easements. The majority of our easements have a thirty-plus year term but subsequently renew every ten years with an additional payment. We also enter into agreements with operators and midstream companies to lease land from us, primarily for facilities and roads.

The demand for, and sale price of, particular tracts of land is influenced by many factors beyond our control, including general economic conditions, the rate of development in nearby areas and the suitability of the particular tract for commercial uses prevalent in West Texas.

In 2019, our Land and Resource Management segment had total revenues of \$363.3 million. For the nine months ended September 30, 2020, our Land and Resource Management segment had total revenues of \$142.1 million. For the year ended December 31, 2019, we sold approximately 21,986 acres of land for total consideration of \$113.0 million, or approximately \$5,141 per acre. Additionally, we conveyed approximately 5,620 acres of land in exchange for approximately 5,545 acres of land, all in Culberson County. As we had no cost basis in the land conveyed, we recognized land sales revenue of \$22.0 million for the year ended December 31, 2019.

Water Services and Operations

Through our Water Services and Operations segment, we provide full-service water offerings through Texas Pacific Water Resources LLC, a wholly owned subsidiary of TPL Trust (“TPWR”), to operators in the Permian Basin, including water sourcing, produced-water gathering/treatment, infrastructure development, disposal solutions, water tracking, analytics and well testing services. We are committed to sustainable water development with a significant focus on the large-scale implementation of recycled water operations. Our significant surface ownership in West Texas provides TPWR with a unique opportunity to provide multiple full-service water offerings to operators.

We generate revenue from sales of sourced and treated water, as well as from produced water royalties. Prior to the formation of TPWR in 2017, we entered into agreements with oil and gas producers and oilfield service businesses to allow such companies to explore for water, drill water wells, construct water-related infrastructure and purchase water sourced from land that we own. Oil and gas producers use water for their oil and gas projects while service businesses (i.e., water management service companies) operate water facilities to produce and sell water to oil and gas producers. While we continue to collect water royalties under these legacy agreements, their overall contribution to revenue has declined in the recent years and is expected to continue to decline in the future.

In 2019, our Water Services and Operations segment had total revenues of \$127.2 million. For the nine months ended September 30, 2020, our Water Services and Operations segment had total revenues of \$86.1 million.

Summary of Risk Factors

An investment in our company is subject to a number of risks, including risks relating to our business, the corporate reorganization and our common stock. Set forth below is a high-level summary of some, but not all, of these risks. For a more thorough description of these risks, please read the information in “Risk Factors” included elsewhere in this information statement.

Risks Related to Our Business

- Our oil and gas royalty revenue is dependent upon the market prices of oil and gas, which fluctuate.
- We are not an oil and gas producer. Our revenues from oil and gas royalties are subject to the actions of others.
- Our revenues from the sale of land are subject to substantial fluctuation. Land sales are subject to many factors that are beyond our control.
- We face the risks of doing business in a new and rapidly evolving market and may not be able to successfully address such risks and achieve acceptable levels of success or profits.
- The impact of government regulations on TPWR could adversely affect our business.
- The loss of key members of our management team, or difficulty attracting and retaining experienced technical personnel, could reduce our competitiveness and prospects for future success.

Risks Related to the Corporate Reorganization

- We may not achieve some or all of the expected benefits of the corporate reorganization.
- Completion of the corporate reorganization will implicate transfer restrictions, and may implicate conditions and covenants, contained in certain agreements to which TPL Trust is a party and thereby may cause us to lose certain benefits that TPL Trust currently receives. If TPL Trust is unable to obtain consents to, or approval or waiver of, any such transfer restrictions, conditions or covenants, or is unable to obtain an acknowledgement that any such benefits shall continue for the benefit of TPL Corporation, we may not be entitled to all benefits and other rights under such agreements, which may have an adverse impact on the TPL Business and results of operations.

Risks Related to TPL Corporation Common Stock

- We cannot be certain that an active trading market for our common stock will develop or be sustained after the distribution and, following the distribution, our stock price may fluctuate significantly.
- If stockholders were to approve an amendment to our amended and restated certificate of incorporation allowing the issuance of additional equity, holders of TPL Corporation common stock could experience dilution in the future.
- In addition, our amended and restated certificate of incorporation will authorize us to issue, without the approval of our stockholders, one or more series of preferred stock having such designations, powers, preferences, privileges and relative, participating, optional and special rights, and qualifications, limitations and restrictions as the TPL Corporation board may generally determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of TPL Corporation common stock.
- While we expect that we will pay cash dividends to our stockholders in the future following the corporate reorganization, we cannot guarantee the timing, amount or payment of any dividends. Moreover, should the TPL Corporation board determine to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends.
- TPL Corporation may not continue TPL Trust's historical practice of repurchasing outstanding equity from equity holders.
- State law and anti-takeover provisions could enable the TPL Corporation board to resist a takeover attempt by a third party and limit the power of our stockholders.
- Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware or the U.S. District Court for the Northern District of Texas as the sole and exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against TPL Corporation and our directors and officers.

The Corporate Reorganization and Distribution

On June 23, 2019, the Trustees formed the Conversion Exploration Committee to assist the Trustees in their evaluation of whether TPL Trust should take steps to effect the corporate reorganization and become a corporation with shares publicly traded on a national stock exchange or remain a business trust (with potential amendments to TPL Trust's Declaration of Trust, dated February 1, 1888 (the "Declaration of Trust")).

On January 21, 2020, the Conversion Exploration Committee recommended that the Trustees approve a plan of corporate reorganization and certain governance terms for TPL Corporation that were proposed to be given effect through an amended and restated certificate of incorporation and amended and restated bylaws of TPL Corporation.

On March 20, 2020, the Trustees approved the plan of corporate reorganization.

On November 17, 2020, TPL Trust affirmed its prior approval for the corporate reorganization and the distribution of all of TPL Corporation's issued and outstanding shares of common stock on the basis of one share of TPL Corporation common stock for every sub-share certificate held as of _____, New York City time, on _____, 2020.

Transfer of the TPL Business

To implement the corporate reorganization, it is expected that TPL Corporation, TPL Trust and TPL HoldCo will enter into agreements and undertake, or cause to be undertaken, a series of transactions to effect the transfer of the TPL Business to TPL Corporation, including, among others, a contribution agreement between TPL Trust and TPL Corporation (the "Contribution Agreement") that will transfer all of the membership interests in TPL HoldCo from TPL Trust to TPL Corporation.

Reasons for the Corporate Reorganization and Distribution

The Trustees believe that the corporate reorganization is in the best interests of sub-share certificate holders for a number of reasons, including:

- *Greater Stockholders' Rights.* The ability of TPL Corporation stockholders to annually vote for directors to staggered three-year terms on a classified board is expected to increase the accountability of management while giving stockholders a voice in periodic board refreshment. Under TPL Trust's current structure, trustees of TPL Trust are elected to serve for life terms, providing sub-share certificate holders with fewer opportunities to directly influence management of the business through the election of directors.
- *Diverse Leadership.* A board of directors composed of nine members is anticipated to reflect a diversity of expertise, perspectives and backgrounds. Eight of the nine members are expected to be independent directors.
- *Delaware Corporate Legal Regime.* The corporate reorganization will allow TPL Corporation and its stockholders to benefit from the predictability and responsiveness of the Delaware legal regime for corporations.
- *Greater Trading Liquidity.* TPL Corporation common stock will be eligible for inclusion in certain indices, which we believe will make the stock more attractive for institutional investors, thereby promoting demand and increasing trading liquidity.

The Trustees also considered reasons for not undertaking the corporate reorganization and allowing TPL Trust to continue to exist and operate in its trust form. Among other things, the Trustees considered the following:

- *Successful Track Record of the Trust Structure.* TPL Trust's current structure has served sub-share certificate holders well and has been an effective structure for accomplishing the goals of TPL Trust.
- *Avoidance of a Significant Expansion of the Stockholder Base.* The new corporate form of TPL Corporation is expected to attract new investors who did not invest in TPL Trust. New investors or leadership at TPL Corporation could advocate for business or corporate initiatives that would not be beneficial for all stockholders, such as an untimely sale of the business.
- *Avoidance of Transaction Related Litigation Risks.* The corporate reorganization may be subject to stockholder litigation that can be avoided if TPL Trust does not pursue the corporate reorganization.
- *Avoidance of Higher Costs.* Maintaining the trust structure would allow TPL Trust to avoid transaction costs associated with the corporate reorganization and the higher operating and administrative costs of a publicly traded Delaware corporation.

The Trustees also considered a number of potentially negative factors in evaluating the corporate reorganization, including the following:

- *Disruption as a Result of the Corporate Reorganization.* The actions required to effect the corporate reorganization could disrupt our operations. For example, the energy and focus required to complete the corporate reorganization could require substantial time and attention from management and the Trustees, thereby distracting their attention from managing our operations.
- *Potential Litigation Could Hinder or Delay the Corporate Reorganization.* In the past, class action or derivative litigation has often followed certain significant business transactions similar to the corporate reorganization. The corporate reorganization could be delayed, hindered or prevented by such litigation.

- *The Corporate Reorganization Could Alter Equity Repurchase and Dividend Policies.* Following the corporate reorganization, any declaration and payment of dividends, or any decision to repurchase TPL Corporation common stock, will be at the sole discretion of the TPL Corporation board and our dividend policy may be changed at any time.
- *Inability to Realize Anticipated Benefits of the Corporate Reorganization.* Although we believe that the corporate reorganization will, among other things, broaden our investor base, increase the liquidity of our equity and better align director and management interests with stockholder interests, we may fail to realize all or some of the anticipated benefits of the corporate reorganization, or those benefits may take longer to realize than we expected, which could contribute to a decline in the trading price of TPL Corporation common stock.
- *Uncertainty Regarding Stock Prices.* We cannot know with certainty the effect of the corporate reorganization on the trading price of TPL Corporation common stock or know with certainty whether the market value of TPL Corporation common stock will be less than, equal to or greater than the market value of the sub-share certificates prior to the corporate reorganization.

In determining to pursue the corporate reorganization, the Trustees concluded that the potential benefits of the corporate reorganization outweighed the potentially negative factors. See “The Corporate Reorganization and Distribution—Reasons for the Corporate Reorganization” and “Risk Factors” included elsewhere in this information statement.

Corporate Information

TPL Corporation was incorporated in Delaware on April 28, 2020 for the purpose of holding the TPL Business in connection with the corporate reorganization and distribution described herein. Prior to the transfer of the TPL Business to us by TPL Trust, which will occur immediately prior to the distribution, TPL Corporation will have no operations other than those incidental to its formation and the corporate reorganization. Our principal executive offices are located at 1700 Pacific Avenue, Suite 2900, Dallas, Texas 75201, and our telephone number is (214) 969-5530. We maintain an Internet website at [www.tpltrust.com](#). **Our website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

Reasons for Furnishing this Information Statement

This information statement is being furnished solely to provide information to sub-share certificate holders who will receive shares of TPL Corporation common stock in the distribution. Sub-share certificate holders are not required to vote on the distribution. Therefore, you are not being asked for a proxy and you are not required to send a proxy to TPL Trust. You do not need to pay any consideration to us, exchange or surrender your existing sub-share certificates or take any other action to receive your shares of TPL Corporation common stock. This information statement is not, and is not to be construed as, an inducement or encouragement to buy or sell any of TPL Corporation’s securities or TPL Trust’s sub-share certificates. The information contained in this information statement is believed by TPL Corporation to be accurate as of the date set forth on its cover. Changes may occur after that date, and neither TPL Trust nor TPL Corporation will update the information except as may be required in the ordinary course of their respective disclosure obligations and practices.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF TPL TRUST

The following table sets forth TPL Trust's selected historical consolidated financial data derived from TPL Trust's audited consolidated financial statements as of and for the nine months ended September 30, 2020 and 2019 (unaudited) and the years ended December 31, 2019, 2018, 2017, 2016 and 2015. You should read the following financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes thereto included within this information statement. You should not assume the results of operations for any past period indicate results for any future period. The following data is presented in thousands, except shares and per share amounts.

	Nine Months Ended September 30 (unaudited)		Years Ended December 31,				
	2020	2019	2019	2018	2017	2016	2015
Revenues ⁽¹⁾	\$ 228,250	\$ 377,164	\$ 490,496	\$ 300,220	\$ 154,634	\$ 66,109	\$ 78,090
Income before income taxes	\$ 164,325	\$ 313,184	\$ 402,255	\$ 261,750	\$ 145,061	\$ 62,896	\$ 75,283
Net income	\$ 131,258	\$ 249,606	\$ 318,728	\$ 209,736	\$ 97,231	\$ 42,275	\$ 50,039
Net income per sub-share certificate	\$ 16.92	\$ 32.18	\$ 41.09	\$ 26.93	\$ 12.38	\$ 5.29	\$ 6.10
Dividends per sub-share certificate ⁽²⁾	\$ 16.00	\$ 6.00	\$ 6.00	\$ 4.05	\$ 1.35	\$ 0.31	\$ 0.29
Average number of sub-share certificates outstanding	7,756,156	7,756,643	7,756,437	7,787,407	7,854,705	7,989,030	8,197,632
	As of September 30,		As of December 31,				
	2020	2019	2019	2018	2017	2016	2015
Total assets, exclusive of property with no assigned value	\$ 601,181	\$ 521,994	\$ 598,176	\$ 285,075	\$ 120,035	\$ 59,403	\$ 50,436

(1) Revenues for the nine months ended September 30, 2019 and the year ended December 31, 2019 include the consideration for a \$100 million land sale from 2019.

(2) Dividends per sub-share certificate include special dividends of \$6.00 per sub-share certificate for the nine months ended September 30, 2020 and \$4.25, \$3.00 and \$1.00 per sub-share certificate for the years ended December 31, 2019, 2018 and 2017, respectively.

SUMMARY SELECTED UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following sets forth summary selected unaudited pro forma condensed consolidated financial information for TPL Corporation after giving effect to the corporate reorganization.

Balance Sheet

Had the corporate reorganization occurred as of September 30, 2020, the pro forma balance sheet would have reflected pro forma adjustments as follows:

- Capital would be eliminated and replaced with Shareholders' equity;
- Certificates of Proprietary Interest, par value \$100 each, would be eliminated as none were outstanding as of September 30, 2020;
- 7,756,156 outstanding Sub-share Certificates in Certificates of Proprietary Interest, par value \$0.03-1/3, would be converted to 7,756,156 outstanding shares of Common Stock, \$0.01 par value; and
- Net Proceeds from all sources would be replaced with Retained Earnings.

Statements of Income and Total Comprehensive Income

Had the corporate reorganization occurred on January 1, 2019, the pro forma statements of income and total comprehensive income for the year ended December 31, 2019 and the nine months ended September 30, 2020 would have reflected pro forma adjustments as follows:

- Any costs associated with corporate reorganization are direct costs and non-recurring by nature. As such, there would be no related pro forma adjustment to the Statement of Income and Total Comprehensive Income; and
- Net income per Sub-share Certificate – basic and diluted would be eliminated and replaced with Income per share – basic and diluted. For the year ended December 31, 2019, this amount would have been \$41.09, which is calculated based upon net income of \$318.7 million and assumes 7,756,156 shares of common stock are issued and outstanding in connection with the corporate reorganization. For the nine months ended September 30, 2020, this amount would have been \$16.92, which is calculated based upon net income of \$131.3 million and assumes 7,756,156 shares of common stock are issued and outstanding in connection with the corporate reorganization.

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating TPL Corporation and TPL Corporation common stock. Any of the following risks and uncertainties could materially and adversely affect our business, financial condition or results of operations.

Risks Related to Our Business

Global economic conditions may materially and adversely affect our business.

Our business and results of operations are affected by international, national and regional economic conditions. A recurrence of recessionary conditions in the United States and elsewhere may lead to reduced industrial production that, in turn, may lead to lower demand and lower prices for oil and gas, which may adversely affect our results of operations.

Our oil and gas royalty revenue is dependent upon the market prices of oil and gas, which fluctuate.

The oil and gas royalties that we receive are dependent upon the market prices for oil and gas. When lower market prices for oil and gas occur, they will have an adverse effect on our oil and gas royalty revenues. In 2020, our oil and gas royalties were impacted by lower oil and gas prices and may continue to be affected in future periods. The market prices for oil and gas are subject to national and international economic and political conditions and, in the past, have been subject to significant price fluctuations. Price fluctuations for oil and gas have been particularly volatile in recent years and prices have recently experienced a severe decrease due to increased supply by member nations of the Organization of the Petroleum Exporting Countries (“OPEC”) and general economic downturn. At the same time, COVID-19 has spread to many nations of the world and has resulted in the implementation of numerous actions taken by governments and governmental agencies in an attempt to mitigate the spread of the virus. These measures have resulted in a significant reduction in global economic activity and extreme volatility in the global financial markets. The reduction of economic activity has significantly reduced the global demand for oil and gas. The scale and duration of the impact of these factors remain unknowable but could lead to an increase in our operating costs or a decrease in our revenues and have a material impact on our business segments and earnings, cash flow and financial condition.

We are not an oil and gas producer. Our revenues from oil and gas royalties are subject to the actions of others.

We are not an oil and gas producer. Our oil and gas income is derived primarily from perpetual non-participating oil and gas royalty interests that we have retained. As oil and gas wells age, the costs of production may increase and their capacity may decline absent additional investment. However, the owners and operators of the oil and gas wells make all decisions as to investments in, and production from, those wells and our royalties are dependent upon decisions made by those operators, among other factors. Accordingly, a significant portion of our revenues is reliant on the management of third parties, over whom we have no control. There can be no assurance that such third parties will take actions or make decisions that will be beneficial to us, which could result in adverse effects on our financial results and performance.

Our revenues from the sale of land are subject to substantial fluctuation. Land sales are subject to many factors that are beyond our control.

Land sales 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 future land sales. The demand for, and the sale price of, any particular tract of our land is influenced by many factors, including the national and local economies, rate of oil and gas well development by operators, the rate of residential and commercial development in nearby areas, livestock carrying capacity and the condition of the local agricultural industry, which itself is influenced by range conditions and prices for livestock and agricultural products. Our ability to sell ranch land is, therefore, largely dependent on the actions of adjoining landowners.

Demand for TPWR’s products and services is substantially dependent on the levels of expenditures by our customers. The recent oil and gas industry downturn has (and current market conditions have) resulted in reduced demand for oilfield services and lower expenditures by our customers, which has adversely impacted our earnings, cash flow and financial condition and may continue to do so in the future.

Demand for TPWR’s products and services depends substantially on expenditures by our customers for the exploration, development and production of oil and natural gas reserves. These expenditures are generally dependent on our customers’ views of future oil and natural gas prices and are sensitive to our customers’ views of future economic growth and the resulting impact on demand for oil and natural gas.

Declines, as well as anticipated declines, in oil and gas prices have in the past resulted in, and may in the future result in, lower capital expenditures, project modifications, delays or cancellations, general business disruptions, and delays in payment of, or nonpayment of, amounts that are owed to us, which would adversely affect our earnings, cash flow and financial condition.

In 2020, the results of operations for the Water Services and Operations segment have been impacted by reduced demand and declines in expenditures by our customers and may continue to be impacted in future periods.

We face the risks of doing business in a new and rapidly evolving market and may not be able to successfully address such risks and achieve acceptable levels of success or profits.

We have encountered and may continue to encounter the challenges, uncertainties and difficulties frequently experienced in new and rapidly evolving markets with respect to the business of TPWR, including:

- limited operating experience;
- start-up costs for a new line of business;
- lack of sufficient customers or loss of significant customers for the new line of business; and
- difficulties in managing potentially rapid growth.

The impact of government regulations on TPWR could adversely affect our business.

The business of TPWR is subject to applicable state and federal laws and regulations, including laws and regulations on environmental and safety matters. These laws and regulations may increase the costs and timing of planning, designing, drilling, installing, operating and abandoning water wells and treatment facilities. TPWR's business could be affected by problems, slowdowns or other stoppages to operations of providing water treatment critical to the success of TPWR.

The loss of key members of our management team, or difficulty attracting and retaining experienced technical personnel, could reduce our competitiveness and prospects for future success.

The successful implementation of our strategies and handling of other issues integral to our future success will depend, in part, on our experienced management team, including with respect to the business of TPWR. The loss of key members of our management team could have an adverse effect on our business. If we cannot retain our experienced personnel or attract additional experienced personnel, our ability to compete could be harmed.

Our results of operations for any quarter are not necessarily indicative of our results of operations for a full year.

Revenues from oil and gas royalties may fluctuate from quarter to quarter based upon market prices for oil and gas and production decisions made by the operators. Our other revenue streams, which include, but are not limited to, water sales and royalties, easements and other surface-related income and sales of land, may also fluctuate from quarter to quarter. As a result, the results of our operations for any particular quarter are not necessarily indicative of the results of operations for a full year.

Global health threats, such as COVID-19, may adversely affect our business.

Our business could be adversely affected by the effects of a widespread outbreak of contagious disease, including the recent outbreak of COVID-19. A significant outbreak of contagious diseases in the human population and resulting widespread health crisis could adversely affect the economies and financial markets of many countries, resulting in an economic downturn, reduced demand for oil and gas and interruption to supply chains related to oil and gas. The reduction of economic activity and reduced global demand for oil and gas related to COVID-19 and actions taken by governments to mitigate the spread of the virus could lead to an increase in our operating costs and have a material impact on our business segments and earnings, cash flow and financial condition.

Risks Related to the Corporate Reorganization

We may not achieve some or all of the expected benefits of the corporate reorganization and distribution, and the corporate reorganization and distribution may adversely affect our business.

We may not be able to achieve the full strategic and financial benefits expected to result from the corporate reorganization and distribution, or such benefits may be delayed or not occur at all. The corporate reorganization and distribution is expected to provide the following benefits, among others:

- *Greater Stockholders' Rights.* The ability of TPL Corporation stockholders to annually vote for directors on staggered three-year terms on a classified board is expected to increase the accountability of management while giving stockholders a voice in periodic board refreshment.
- *Diverse Leadership.* A board of directors composed of nine members is anticipated to reflect a diversity of expertise, perspectives and backgrounds. Eight of the nine members are expected to be independent directors.
- *Delaware Corporate Legal Regime.* The corporate reorganization will allow TPL Corporation and its stockholders to benefit from the predictability and responsiveness of the Delaware legal regime for corporations.

- *Greater Trading Liquidity.* TPL Corporation common stock will be eligible for inclusion in certain indices, which we believe will make the stock more attractive for institutional investors, thereby promoting demand and increasing trading liquidity.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (a) the corporate reorganization will require significant amounts of management's time and effort, which may divert management's attention from operating and growing TPL Corporation's business and (b) following the corporate reorganization, TPL Corporation's stock price may be susceptible to market fluctuations and other events. If TPL Corporation fails to achieve some or all of the benefits expected to result from the corporate reorganization, or if such benefits are delayed or investors do not value changes to corporate governance and business resulting from the corporate reorganization, the business, financial condition and results of operations of TPL Corporation could be adversely affected.

Until the distribution occurs, the Trustees have the sole discretion to change the terms of the corporate reorganization and distribution in ways that may be unfavorable to security holders.

Until the distribution occurs, TPL Corporation will be a wholly owned subsidiary of TPL Trust. Accordingly, TPL Trust will effectively have the sole and absolute discretion to determine and change the terms of the corporate reorganization and distribution, including the establishment of the distribution date. These changes could be unfavorable to security holders. In addition, the Trustees may decide at any time not to proceed with the corporate reorganization and distribution.

Completion of the corporate reorganization will implicate transfer restrictions, and may implicate conditions and covenants, contained in certain agreements to which TPL Trust is a party and thereby may cause us to lose certain benefits that TPL Trust currently receives. If TPL Trust is unable to obtain consents to, or approval or waiver of, any such transfer restrictions, conditions or covenants, or is unable to obtain an acknowledgement that any such benefits shall continue for the benefit of TPL Corporation, we may not be entitled to all benefits and other rights under such agreements, which may have an adverse impact on the TPL Business and results of operations.

The completion of the corporate reorganization will implicate transfer restrictions, and may implicate conditions and covenants, contained in certain agreements to which TPL Trust is a party and thereby may cause us to lose certain benefits that TPL Trust currently receives. Certain counterparties may withhold consent to, or approval or waiver of, transfer restrictions, or certain conditions or covenants in order to or obtain more favorable terms from us. If TPL Trust is unable to obtain consents to, or approval or waiver of, any such transfer restrictions, conditions or covenants, or if TPL Trust is unable to obtain acknowledgement from any counterparties that any such benefits shall continue for the benefit of TPL Corporation, then we may decide to enforce our rights and interests by initiating legal action. In the meantime, and pending the outcome of any such legal proceeding to enforce our rights, we may be unable to continue to obtain all benefits and other rights under such agreements that would otherwise be transferred to us as part of the corporate reorganization. This may have an adverse impact on the TPL Business and results of operations.

For example, the obligation to pay ad valorem taxes with respect to certain of our royalty interests was assumed by a third party, and is now the obligation of the successors in interest to such third party (the "obligors"), so long as such royalty interests are held by the Trustees or their successors in office under the Declaration of Trust. Based on a review of public records, we estimate that the payments made for these ad valorem taxes on behalf of TPL Trust for the year 2020 could be in the range of \$4.3 to \$7.2 million. The amount of such taxes depends on the valuations determined by various county taxing authorities with respect to our royalty interests and the tax rates used in assessing such ad valorem taxes. Consequently, the amount of ad valorem taxes that may be assessed against our royalty interests may vary from year to year, and we are unable to reliably predict the amount of any such increases or decreases in future years. If, as a result of the corporate reorganization, the obligors cease paying these taxes on our behalf, then, pending the outcome of any legal proceeding to enforce our rights, TPL Corporation may have to begin paying such ad valorem taxes annually, which would have an adverse impact on the TPL Business and results of operations.

The corporate reorganization and distribution may have adverse tax consequences.

We will obtain an opinion from counsel that the corporate reorganization and distribution will qualify as a tax-free reorganization within the meaning of Section 368(a)(1)(F) of the Code. The opinion of counsel does not address any U.S. state or local or non-U.S. tax consequences of the corporate reorganization and distribution. The opinion assumes that the corporate reorganization and distribution will be completed according to the terms of the Contribution Agreement, the HoldCo contribution agreement, and this information statement, and relies on the facts as stated therein and in other ancillary agreements and documents. In addition, the opinion is based on certain representations as to factual matters from, and certain covenants by, us and TPL Trust. The opinion cannot be relied on if any of the assumptions, representations or covenants are incorrect, incomplete or inaccurate or are violated in any material respect.

The opinion of counsel is not binding on the IRS or the courts, and no assurance can be given that contrary positions will not be taken by the IRS or a court. We have not sought and will not seek a ruling from the IRS regarding the federal income tax consequences of the corporate reorganization and distribution.

If the corporate reorganization and distribution were to fail to qualify as a reorganization or for tax-free treatment either under Section 368(a)(1)(F) or any other provision of the Code, then U.S. Holders of sub-share certificates would recognize gain or loss, as applicable, equal to the difference between (a) the sum of the fair market value of the shares of TPL Corporation common stock received by such holder and (b) its adjusted tax basis in the sub-share certificates surrendered in exchange therefor. Further, TPL Trust would recognize taxable gain as if it sold all of its assets, subject to its liabilities, at fair market value. The consequences of the corporate reorganization and distribution to any holder will depend on that holder's particular situation. We urge you to consult your own tax advisor to determine the particular tax consequences of the corporate reorganization and distribution to you.

Risks Related to Our Common Stock

We cannot be certain that an active trading market for our common stock will develop or be sustained after the distribution and, following the distribution, our stock price may fluctuate significantly.

A public market for our common stock does not currently exist. However, we cannot guarantee that an active trading market will develop or be sustained for our common stock after the distribution, nor can we predict the prices at which shares of our common stock may trade after the distribution. Similarly, we cannot predict the effect of the distribution on the trading prices of our common stock or whether the market value of one share of our common stock will be less than, equal to or greater than the market value of one sub-share certificate prior to the distribution.

Until the market has fully evaluated our business as a corporation, the prices at which shares of our common stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. The increased volatility of our stock price following the distribution may have a material adverse effect on our business, financial condition and results of operations. The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our results of operations due to factors related to our business;
- our quarterly or annual earnings, or those of other companies in our industry;
- changes to the regulatory and legal environment under which we operate;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the failure of securities analysts to cover, or positively cover, our common stock after the corporate reorganization;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- investor perception of our company and our industry;
- actual or anticipated fluctuations in commodities prices; and
- domestic and worldwide economic conditions.

There may be substantial changes in our stockholder base.

Investors in TPL Trust may have held or hold sub-share certificates because of a decision to invest in an organization with TPL Trust's governance profile or operating track record. Following the distribution, the shares of our common stock held by those investors will represent an investment in a company with a different governance profile, in particular a board of directors at TPL Corporation subject to changes from year to year at annual elections of directors serving staggered three-year terms. More frequent changes in the leadership of the organization, particularly on the TPL Corporation board, could lead to changes in the operating policies of TPL Corporation over time. Such changes may not match some stockholders' investment strategies, which could cause them to sell our common stock. These changes may also attract new investors who previously did not invest in TPL Trust because of its governance profile or operating track record. As a result of such changes, our stock price may decline or experience volatility as our stockholder base changes. Additionally, new investors or leadership at TPL Corporation could advocate for business or corporate initiatives that would not be beneficial for all stockholders, such as an untimely sale of the business.

If stockholders were to approve an amendment to our amended and restated certificate of incorporation allowing the issuance of additional equity, holders of TPL Corporation common stock could experience dilution in the future.

In the future, if stockholders were to approve an amendment to our amended and restated certificate of incorporation allowing the issuance of additional equity, holders of TPL Corporation common stock could be diluted because of equity issuances for proposed acquisitions or capital market transactions or equity awards proposed to be granted to our directors, officers and employees subject to any required vote of holders of TPL Corporation common stock under our amended and restated certificate of incorporation and amended and restated bylaws. We may issue stock-based awards, including annual awards, new hire awards and periodic retention awards, as applicable, to our directors, officers and other employees under any employee benefits plans we may adopt.

In addition, our amended and restated certificate of incorporation will authorize us to issue, without the approval of our stockholders, one or more series of preferred stock having such designations, powers, preferences, privileges and relative, participating, optional and special rights, and qualifications, limitations and restrictions as the TPL Corporation board may generally determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of TPL Corporation common stock. For example, we could grant the holders of preferred stock the right to elect some number of the members of the TPL Corporation board in all events or upon the happening of specified events, or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences that we could assign to holders of preferred stock could affect the residual value of TPL Corporation common stock. See “Description of TPL Corporation Capital Stock.”

We may not continue TPL Trust’s historical practice of declaring cash dividends. We will evaluate whether to pay cash dividends on our common stock in the future and we cannot guarantee the timing, amount or payment of dividends, if any.

Following the corporate reorganization, we expect that we will pay cash dividends to our stockholders. However, the timing, declaration, amount of, and payment of any dividends will be within the discretion of the TPL Corporation board and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with any debt service obligations or other contractual obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets and other factors deemed relevant by the TPL Corporation board. Moreover, should the TPL Corporation board determine to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends. For more information, see “Dividend Policy.”

We may not continue TPL Trust’s historical practice of repurchasing outstanding equity of sub-share certificate holders. We will evaluate whether to repurchase our outstanding common stock in the future and we cannot guarantee the timing, amount or payment of share repurchases, if any.

During the years ended December 31, 2019, 2018 and 2017, TPL Trust approved the purchase and subsequent cancellation of 6,258, 59,185 and 105,715 outstanding sub-share certificates, respectively. Following the corporate reorganization, we expect that we will from time to time offer to repurchase a portion of our outstanding common stock. However, any repurchase will be within the discretion of the TPL Corporation board and will depend upon many factors, including market and business conditions, the trading price of our common stock, available cash and cash flow, capital requirements and the nature of other investment opportunities.

State law and anti-takeover provisions could enable the TPL Corporation board to resist a takeover attempt by a third party and limit the power of our stockholders.

TPL Corporation’s amended and restated certificate of incorporation and amended and restated bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with the TPL Corporation board rather than to attempt a hostile takeover. These provisions are expected to include, among others: (a) the ability of our remaining directors to fill vacancies on the TPL Corporation board (except in an instance where a director is removed by stockholders and the resulting vacancy is filled by stockholders); (b) the inability of stockholders to call a special meeting of stockholders; (c) rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings; and (d) the right of the TPL Corporation board to issue preferred stock without stockholder approval.

In addition, we will be subject to Section 203 of the Delaware General Corporation Law (“DGCL”), which could have the effect of delaying or preventing a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15% of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates becomes the holder of more than 15% of the corporation’s outstanding voting stock.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with the TPL Corporation board and by providing the TPL Corporation board with more time to assess any acquisition proposal. These provisions are not intended to make TPL Corporation immune from takeovers; however, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that the TPL Corporation board determines is not in the best interests of TPL Corporation and its stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. See “Description of TPL Corporation Capital Stock—Anti-Takeover Effects of Delaware Law and Provisions of Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws.”

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware or the U.S. District Court for the Northern District of Texas as the sole and exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against TPL Corporation and our directors and officers.

TPL Corporation's amended and restated certificate of incorporation will provide that unless TPL Corporation otherwise determines, the Court of Chancery of the State of Delaware (or, if such court does not have jurisdiction, the U.S. District Court for the District of Delaware) or the U.S. District Court for the Northern District of Texas (or, if such court does not have jurisdiction, any district court in Dallas County in the State of Texas) will be the sole and exclusive forums for any derivative action brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, employees or stockholders, any action or proceeding asserting a claim against us or any of our directors, officers, 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 amended and restated certificate of incorporation or the amended and restated bylaws or any action asserting a claim against us or any of our directors, officers, employees or agents governed by the internal affairs doctrine, in each such case, subject to the applicable court having personal jurisdiction over the indispensable parties named as defendants. Our amended and restated certificate of incorporation will also provide that unless the TPL Corporation board otherwise determines, the federal district courts of the United States will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the "Securities Act").

To the fullest extent permitted by law, this exclusive forum provision will apply to state and federal law claims, including claims under the federal securities laws, including the Securities Act and the Exchange Act, although TPL Corporation stockholders will not be deemed to have waived TPL Corporation's compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that one or more parts of the exclusive forum provision in our amended and restated certificate of incorporation is inapplicable or unenforceable.

This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with TPL Corporation or our directors or officers, which may discourage such lawsuits against TPL Corporation and our directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition. See "Description of TPL Corporation Capital Stock—Forum Selection."

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This information statement and other materials TPL Trust or TPL Corporation has filed or will file with the SEC contain, or will contain, certain statements regarding business strategies, market potential, future financial performance, future action, results and other matters which are “forward-looking” statements within the meaning of the Exchange Act. The words “believe,” “expect,” “anticipate,” “project,” “estimate,” “budget,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “will,” “would,” “expect,” “objective,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” and similar expressions, among others, generally identify forward-looking statements, which speak only as of the date the statements were made. Additionally, forward-looking statements include, but are not limited to:

- estimates regarding the markets for real estate in the areas in which TPL Corporation owns real estate;
- estimates regarding applicable zoning regulations, the markets for oil and gas and production limits on prorated oil and gas wells authorized by the Railroad Commission of Texas;
- estimates of future operations and prospects;
- estimates of the size of the markets for our products and services;
- the expected benefits and timing of, and uncertainties regarding, the corporate reorganization, including the risk that the conditions to the corporate reorganization will not be satisfied and that the corporate reorganization will not be completed within the expected time frame, or at all;
- the possibility that any consents or approvals required in connection with the corporate reorganization will not be received or obtained within the expected time frame, on the expected terms or at all;
- any changes in general economic and/or industry specific conditions;
- the potential impacts of COVID-19 on the global and U.S. economies as well as on TPL Trust’s financial condition and business operations; and
- statements regarding management’s intent, beliefs or current expectations with respect to TPL Corporation’s future financial performance and other matters.

There can be no assurance that the corporate reorganization, distribution or any other transaction described above will in fact be consummated in the manner described or at all. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the discussions under “Risk Factors” in this information statement. Any forward-looking statement speaks only as of the date on which it is made, and each of TPL Trust and TPL Corporation assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

THE CORPORATE REORGANIZATION AND DISTRIBUTION

Background

On June 23, 2019, the Trustees formed the Conversion Exploration Committee to assist the Trustees in their evaluation of whether TPL Trust should take steps to effect the corporate reorganization and become a corporation with shares publicly traded on a national stock exchange or remain a business trust (with potential amendments to the Declaration of Trust). The Conversion Exploration Committee was initially composed of the Trustees, General Donald G. Cook, USAF (Ret.) and sub-share certificate holder Dana F. McGinnis. On July 30, 2019, the membership of the Conversion Exploration Committee was expanded to include sub-share certificate holders Murray Stahl, Eric L. Oliver and Craig Hodges.

On July 30, 2019, TPL Trust and the Trustees entered into a settlement agreement (the “settlement agreement”) with Horizon Kinetics LLC, Horizon Kinetics Asset Management LLC, Murray Stahl, SoftVest, L.P., SoftVest Advisors, LLC, Eric L. Oliver, ART-FGT Family Partners Limited, Tessler Family Limited Partnership and Allan R. Tessler (the “investor parties”) with respect to the previous proxy contest mounted by the investor parties and the then pending litigation between the parties. The parties thereto agreed, among other things, (a) to dismiss the pending litigation captioned Case 3:19-cv-01224-B *Texas Pacific Land Trust et al v. Oliver in the U.S. District Court for the Northern District of Texas in Dallas* (the “investor litigation”), (b) to add three new members, including Murray Stahl and Eric L. Oliver, to the Conversion Exploration Committee, (c) that the Conversion Exploration Committee would complete its work by December 31, 2019, unless the Conversion Exploration Committee otherwise determined and (d) if the Conversion Exploration Committee recommended a “plan of corporate reorganization,” the investor parties would be required to support such corporate reorganization.

The Conversion Exploration Committee met 12 times between June 27, 2019 and January 21, 2020, including three meetings in June and July 2019 prior to the addition of the new members. As part of its evaluation of the corporate reorganization, the Conversion Exploration Committee evaluated corporate and transactional steps proposed to be undertaken to effect the corporate reorganization (the “steps plan”). Under the steps plan, it was proposed that TPL Trust would, among other things, (a) transfer the TPL Business to TPL HoldCo, excluding the equity in TPL HoldCo and TPL Corporation, both which at such time would be wholly owned subsidiaries of TPL Trust, (b) contribute all of the equity in TPL HoldCo to TPL Corporation and (c) distribute all of the shares of TPL Corporation common stock to the sub-share certificate holders on a pro rata basis in accordance with their interests in TPL Trust. It was additionally proposed that the sub-share certificates would cease to be traded on the NYSE and be cancelled following the distribution. Further, under the steps plan, the corporate reorganization was intended to be tax-free in the United States.

The Conversion Exploration Committee also evaluated governance terms for TPL Corporation that were proposed to be given effect through an amended and restated certificate of incorporation of TPL Corporation and amended and restated bylaws of TPL Corporation (“proposed governance terms”), in each case to be adopted immediately prior to the distribution.

In connection with its evaluation of the corporate reorganization, the Conversion Exploration Committee received presentations from management of TPL Trust and also received presentations from and was advised by Credit Suisse, financial advisor to TPL Trust, Sidley Austin LLP, legal advisor to TPL Trust, and Alvarez & Marsal LLC, director and executive compensation advisor to TPL Trust.

On January 21, 2020, the Conversion Exploration Committee recommended to the Trustees that TPL Trust approve a plan of corporate reorganization, comprising the steps plan and proposed governance terms that had each been reviewed and approved by the committee.

The Trustees and the investor parties amended the settlement agreement on March 6 and March 20, 2020, in each case, for the purpose of, among other things, providing TPL Trust with additional time to review and approve the plan of corporate reorganization recommended by the Conversion Exploration Committee.

On March 20, 2020, the Trustees approved the plan of corporate reorganization.

On June 11, 2020, TPL Trust entered into a stockholders’ agreement, providing for, among other things, the appointment of Dana F. McGinnis, Eric L. Oliver and Murray Stahl as directors of the TPL Corporation board immediately following the distribution. For further information regarding the stockholders’ agreement, see “Certain Relationships and Related Person Transactions—Material Agreements of TPL Corporation—Stockholders’ Agreement.”

On November 17, 2020, TPL Trust affirmed its prior approval of the corporate reorganization and the distribution of all of TPL Corporation’s issued and outstanding shares of common stock on the basis of one share of TPL Corporation common stock for every sub-share certificate held as of _____, New York City time, on _____, 2020.

As a result of the corporate reorganization, the business and affairs of TPL Corporation will be overseen by a board of directors rather than by the Trustees who currently oversee the business and affairs of TPL Trust. At the time of the formation of TPL Corporation on April 28, 2020, the directors of TPL Corporation were David E. Barry and John R. Norris III, who were appointed as members of the TPL Corporation board by TPL Trust in its capacity as TPL Corporation's sole stockholder. Following their appointment to the TPL Corporation board, Messrs. Barry and Norris appointed Tyler Glover and Robert J. Packer as executive officers of TPL Corporation. It is expected that, prior to the distribution, the TPL Corporation board will appoint Micheal W. Dobbs as Senior Vice President, Secretary and General Counsel of TPL Corporation, and that TPL Trust, in its capacity as TPL Corporation's sole stockholder, will re-elect David E. Barry and John R. Norris III to the TPL Corporation board. It is also expected that, immediately following the distribution, the TPL Corporation board will appoint General Donald G. Cook, USAF (Ret.), Barbara J. Duganier, Donna E. Epps, Dana F. McGinnis, Eric L. Oliver, Murray Stahl and Tyler Glover to serve as directors on the TPL Corporation board. Tyler Glover, Robert J. Packer and Micheal W. Dobbs will continue to serve as executive officers of TPL Corporation following the distribution. Further details regarding the background of the directors and the classes of the TPL Corporation board in which they will serve are discussed in "Directors." Further details regarding Messrs. Glover, Packer and Dobbs, and the offices they hold in TPL Corporation, are discussed in "Management."

The distribution is subject to the satisfaction, or the Trustees' waiver, of a number of conditions. For a more detailed description of these conditions, see "The Corporate Reorganization and Distribution—Conditions to the Distribution."

Reasons for the Corporate Reorganization and Distribution

As part of its review of strategic alternatives for the corporate reorganization, the Trustees considered a number of options, including whether to undertake the corporate reorganization or, in the alternative, whether TPL Trust should remain in its current form with potential amendments to the Declaration of Trust. Upon completing this assessment, the Trustees determined that the corporate reorganization is in the best interests of sub-share certificate holders for a number of reasons, including:

- *Greater Stockholders' Rights.* The ability of TPL Corporation stockholders to annually vote for directors to staggered three-year terms on a classified board is expected to increase the accountability of management while giving stockholders a voice in periodic board refreshment. Under TPL Trust's current structure, trustees of TPL Trust are elected to serve for life terms, providing sub-share certificate holders with fewer opportunities to directly influence management of the business through the election of directors.
- *Diverse Leadership.* A board of directors composed of nine members is anticipated to reflect a diversity of expertise, perspectives and backgrounds. Eight of the nine members are expected to be independent directors.
- *Delaware Corporate Legal Regime.* The corporate reorganization will allow TPL Corporation and its stockholders to benefit from the predictability and responsiveness of the Delaware legal regime for corporations.
- *Greater Trading Liquidity.* TPL Corporation common stock will be eligible for inclusion in certain indices, which we believe will make the stock more attractive for institutional investors, thereby promoting demand and increasing trading liquidity.

The Trustees also considered reasons for not undertaking the corporate reorganization and allowing TPL Trust to continue to exist and operate in its trust form. Among other things, the Trustees considered the following:

- *Successful Track Record of the Trust Structure.* TPL Trust's current structure has served sub-share certificate holders well and has been an effective structure for accomplishing the goals of TPL Trust.
- *Avoidance of a Significant Expansion of the Stockholder Base.* The new corporate form of TPL Corporation is expected to attract new investors who did not invest in TPL Trust. New investors or leadership at TPL Corporation could advocate for business or corporate initiatives that would not be beneficial for all stockholders, such as an untimely sale of the business.
- *Avoidance of Transaction Related Litigation Risks.* The corporate reorganization may be subject to stockholder litigation that can be avoided if TPL Trust does not pursue the corporate reorganization.
- *Avoidance of Higher Costs.* Maintaining the trust structure would allow TPL Trust to avoid transaction costs associated with the corporate reorganization and the higher operating and administrative costs of a publicly traded Delaware corporation.

The Trustees also considered a number of potentially negative factors in evaluating the corporate reorganization, including the following:

- *Disruption as a Result of the Corporate Reorganization.* The actions required to effect the corporate reorganization could disrupt our operations. For example, the energy and focus required to complete the corporate reorganization could require substantial time and attention from management and the Trustees, thereby distracting their attention from managing our operations.
- *Potential Litigation Could Hinder or Delay the Corporate Reorganization.* In the past, class action or derivative litigation has often followed certain significant business transactions similar to the corporate reorganization. The corporate reorganization could be delayed, hindered or prevented by such litigation.

- *The Corporate Reorganization Could Alter Equity Repurchase and Dividend Policies.* Following the corporate reorganization, any declaration and payment of dividends, or any decision to repurchase TPL Corporation common stock, will be at the sole discretion of the TPL Corporation board, and our dividend policy may be changed at any time.
- *Inability to Realize Anticipated Benefits of the Corporate Reorganization.* Although we believe that the corporate reorganization will, among other things, broaden our investor base, increase the liquidity of our equity, and better align director and management interests with stockholder interests, we may fail to realize all or some of the anticipated benefits of the corporate reorganization or those benefits may take longer to realize than we expected, which could contribute to a decline in the trading price of TPL Corporation common stock.
- *Uncertainty Regarding Stock Prices.* We cannot know with certainty the effect of the corporate reorganization on the trading price of TPL Corporation common stock or know with certainty whether the market value of TPL Corporation common stock will be less than, equal to or greater than the market value of the sub-share certificates prior to the corporate reorganization.

In determining to pursue the corporate reorganization, the Trustees concluded that the potential benefits of the corporate reorganization outweighed the potentially negative factors. However, there can be no assurance that, following the corporate reorganization, any of the benefits described above or otherwise will be realized to the extent anticipated or at all. For additional information regarding the corporate reorganization, other agreements related to the corporate reorganization and the transactions contemplated thereby, see “Risk Factors—Risks Related to the Corporate Reorganization” and “Certain Relationships and Related Person Transactions.”

Formation of TPL Corporation Prior to the Corporate Reorganization

TPL Corporation was incorporated in Delaware on April 28, 2020 for the purpose of holding the TPL Business in connection with the corporate reorganization and distribution described herein. Prior to the transfer of the TPL Business to us by TPL Trust, which will occur immediately prior to the distribution, TPL Corporation will have no operations other than those incidental to its formation and the corporate reorganization.

The Number of Shares of TPL Corporation Common Stock You Will Receive

TPL Trust will distribute one share of TPL Corporation common stock for every sub-share certificate outstanding. TPL Trust will not distribute any fractional shares of TPL Corporation common stock.

When and How You Will Receive the Distribution

With the assistance of American Stock Transfer & Trust Company, LLC, the distribution agent, the distribution of TPL Corporation common stock is expected to occur on _____, 2020, the distribution date, to all holders of outstanding sub-share certificates as of _____, New York City time, on _____, 2020. Following the corporate reorganization and distribution, American Stock Transfer & Trust Company, LLC, will also serve as the transfer agent and registrar for TPL Corporation common stock.

The shares of TPL Corporation common stock that you are entitled to receive in the distribution will be issued electronically to you (or to your bank or brokerage firm on your behalf) in direct registration or book-entry form. If you are a registered holder, the distribution agent will then mail you a direct registration account statement that reflects your shares of TPL Corporation common stock. If you hold your shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares. “Direct registration form” refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution. Commencing on or shortly after the distribution date, if you hold physical sub-share certificates that represent your interest in TPL Trust and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of TPL Corporation common stock that have been registered in book-entry form in your name.

Most holders of sub-share certificates hold their sub-share certificates through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the sub-share certificates in “street name” and ownership would be recorded on the bank or brokerage firm’s books. If you hold your sub-share certificates through a bank or brokerage firm, your bank or brokerage firm will credit your account for the TPL Corporation common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having sub-share certificates or shares of TPL Corporation common stock held in “street name,” please contact your bank or brokerage firm.

Transferability of Shares of TPL Corporation Common Stock You Receive

Shares of TPL Corporation common stock distributed to sub-share certificate holders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control or are controlled by us or are under common control with us, which may include certain of our executive officers, directors or principal stockholders. Securities held by our affiliates will be subject to resale restrictions under the Securities Act. Our affiliates will be permitted to sell shares of TPL Corporation common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Results of the Distribution

Before the distribution, TPL Corporation and TPL Trust will enter into a contribution agreement in order to effect the fundamental transactions required to give effect to the corporate reorganization. For a more detailed description of this agreement, see “Risk Factors—Risks Related to the Corporate Reorganization” and “Certain Relationships and Related Person Transactions.”

After the distribution, TPL Corporation will be an independent, publicly traded company. Based on 7,756,156 sub-share certificates outstanding as of , 2020, a total of 7,756,156 shares of TPL Corporation common stock will be distributed to sub-share certificate holders. We will not distribute any fractional shares of TPL Corporation common stock.

Market for TPL Corporation Common Stock

There is currently no public trading market for TPL Corporation common stock. TPL Corporation intends to apply to list its common stock on the NYSE under the symbol “TPL.” We have not and will not set the initial price of TPL Corporation common stock. The initial price will be established by the public markets. We cannot guarantee that an active trading market will develop or be sustained for our common stock after the distribution, nor can we predict the prices at which shares of our common stock may trade after the distribution. Similarly, we cannot predict the effect of the distribution on the trading prices of our common stock or whether the market value of one share of our common stock will be less than, equal to or greater than the market value of one sub-share certificate prior to the distribution.

Conditions to the Distribution

TPL Corporation expects the distribution to occur on the distribution date. The distribution is subject to the satisfaction or waiver of the following conditions:

- the SEC having declared effective the registration statement, of which this information statement forms a part, and no stop order relating to the registration statement being in effect;
- this information statement having been made available to sub-share certificate holders;
- the NYSE having approved the listing of TPL Corporation common stock on the NYSE, subject to official notice of issuance;
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the corporate reorganization or any of the related transactions being in effect, pending, threatened or issued;
- all governmental approvals and consents, and any other third-party approvals or consents, necessary to consummate the corporate reorganization having been received; and
- no events or developments have occurred or exist that, in the judgment of the Trustees, make it inadvisable to effect the corporate reorganization and the distribution.

There can be no assurances that any or all of these events will occur, or that the distribution will be consummated even if all of the conditions are met. TPL Trust, as our sole stockholder prior to the distribution, has the right to modify or abandon the corporate reorganization and the distribution at any time prior to the distribution date.

DIVIDEND POLICY

Following the corporate reorganization, we expect that we will pay cash dividends to our stockholders. However, the timing, declaration, amount, and payment of dividends, if any, will be within the discretion of the TPL Corporation board and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with any debt service obligations or other contractual obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets and other factors deemed relevant by the TPL Corporation board. Moreover, should the TPL Corporation board determine to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends.

BUSINESS

This section discusses TPL Corporation's business assuming the completion of all of the transactions described in this information statement, including the corporate reorganization and distribution.

General

TPL Corporation is one of the largest landowners in the State of Texas with approximately 880,000 acres of land, comprised of a number of separate tracts, located in 19 counties in West Texas. TPL Trust was 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, and to issue transferable Certificates of Proprietary Interest pro rata to the holders of certain debt securities of the Texas and Pacific Railway Company. Additionally, we own a 1/128th NPRI under approximately 85,000 acres of land and a 1/16th NPRI under approximately 371,000 acres of land in the western part of Texas, as well as approximately 4,000 additional net royalty acres (normalized to 1/8th).

Our surface and royalty ownership allow steady revenue generation through the entire value chain of oil and gas development. While we are not an oil and gas producer, we benefit from various revenue sources throughout the life cycle of a well. During the initial development phase, where infrastructure for oil and gas development is constructed, we receive fixed fee payments for use of our land and revenue for sales of materials (caliche) used in the construction of the infrastructure. During the drilling and completion phase, we generate revenue by providing sourced water and/or treated produced water in addition to fixed fee payments for use of our land. During the production phase, we receive revenue from our oil and gas royalty interests and also revenues related to saltwater disposal on our land. In addition, we generate revenue from pipeline, power line and utility easements, commercial leases, material sales and seismic and temporary permits principally related to a variety of land uses including midstream infrastructure projects and processing facilities as hydrocarbons are processed and transported to market.

For the year ended December 31, 2019, we generated revenues of \$490.5 million and net income of \$318.7 million. For the nine months ended September 30, 2020, we generated revenues of \$228.3 million and net income of \$131.3 million.

Business Segments

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 Corporation and provide a framework for timely and rational allocation of resources within businesses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Land and Resource Management

Through our Land and Resource Management segment, we manage the approximately 880,000 acres of land and related resources in West Texas that we own. We generate revenues from royalties from oil and gas, easements and commercial leases and land and material sales.

We are not an oil and gas producer. Rather, our oil and gas revenue is derived from our oil and gas royalty interests. Thus, in addition to being subject to fluctuations in response to the market prices for oil and gas, our oil and gas royalty revenues are also subject to decisions made by the owners and operators of the oil and gas wells to which our royalty interests relate as to investments in and production from those wells.

Our revenue from easements is generated from easement contracts covering activities such as oil and gas pipelines and subsurface wellbore easements. The majority of our easements have a thirty-plus year term but subsequently renew every ten years with an additional payment. We also enter into agreements with operators and midstream companies to lease land from us, primarily for facilities and roads.

The demand for, and sale price of, particular tracts of land is influenced by many factors beyond our control, including general economic conditions, the rate of development in nearby areas and the suitability of the particular tract for commercial uses prevalent in West Texas.

Operations

Revenues from the Land and Resource Management segment for the nine months ended September 30, 2020 and the years ended December 31, 2019, 2018 and 2017 were as follows (amounts presented in millions):

	Nine Months Ended September 30, 2020		Years Ended December 31,					
			2019		2018		2017	
	Segment Revenue	% of Total Consolidated Revenue	Segment Revenue	% of Total Consolidated Revenue	Segment Revenue	% of Total Consolidated Revenue	Segment Revenue	% of Total Consolidated Revenue
Oil and gas royalties ⁽¹⁾	\$ 94.6	41%	\$ 154.7	31%	\$ 123.8	41%	\$ 58.4	38%
Easements and other surface-related income	31.4	14%	73.1	15%	63.9	21%	64.2	42%
Sale of oil and gas royalty interests	—	—%	—	—%	18.9	6%	—	—%
Land sales and other operating revenue	16.1	7%	135.5	28%	4.9	2%	0.7	—%
Total Revenue - Land and Resource Management segment	\$ 142.1	62%	\$ 363.3	74%	\$ 211.5	70%	\$ 123.3	80%

(1) On September 14, 2017, we settled the previously disclosed arbitration case with Chevron U.S.A., Inc. involving claims for underpayment of royalties. TPL Corporation received \$7.7 million as part of the settlement, including royalties that will be paid to TPL Corporation on additional wells under several community leases. The settlement is included in oil and gas royalties for the year ended December 31, 2017.

Land Activity

In 2019, our Land and Resource Management segment had total revenues of \$363.3 million. For the nine months ended September 30, 2020, our Land and Resource Management segment had total revenues of \$142.1 million. For the year ended December 31, 2019, we sold approximately 21,986 acres of land for total consideration of \$113.0 million, or approximately \$5,141 per acre. Land sales for 2019 include a \$100 million land sale for approximately 14,000 surface acres in Loving and Reeves Counties. The sale excluded any mineral or royalty interest in the lands conveyed. Additionally, we conveyed approximately 5,620 acres of land in exchange for approximately 5,545 acres of land, all in Culberson County. As we had no cost basis in the land conveyed, we recognized land sales revenue of \$22.0 million for the year ended December 31, 2019.

For the year ended December 31, 2019, we acquired approximately 21,671 acres (Culberson, Glasscock, Loving and Reeves Counties) of land in Texas for an aggregate purchase price of approximately \$74.4 million, an average of approximately \$3,434 per acre (excludes land acquired through the land exchange as previously discussed).

Competition

Our Land and Resource Management segment does not have peers, as such, in that it sells, leases and generally manages land owned by TPL Corporation and, to that extent, any owner of property located in areas comparable to TPL Corporation is a potential competitor.

Water Services and Operations

Our Water Services and Operations segment encompasses the business of providing full-service water offerings to operators in the Permian Basin through our wholly owned subsidiary, TPWR. Our significant surface ownership in West Texas provides TPWR with a unique opportunity to provide multiple full-service water offerings to operators.

These full-service water offerings include, but are not limited to, water sourcing, produced-water gathering/treatment, infrastructure development, disposal solutions, water tracking, analytics and well testing services. We are committed to sustainable water development with a significant focus on the large-scale implementation of recycled water operations.

Currently, the revenue streams of this segment principally consist of revenue generated from sales of sourced and treated water as well as revenue from produced water royalties. Prior to the formation of TPWR in 2017, we entered into agreements with oil and gas producers and oilfield service businesses to allow such companies to explore for water, drill water wells, construct water-related infrastructure and purchase water sourced from land that we own. Oil and gas producers use water for their oil and gas projects while service businesses (i.e., water management service companies) operate water facilities to produce and sell water to oil and gas producers. While we continue to collect water royalties under these legacy agreements, the overall contribution to revenue from these legacy agreements has declined in the recent years and is expected to continue to decline in the future.

Operations

Revenues from our Water Services and Operations segment for the nine months ended September 30, 2020 and the years ended December 31, 2019, 2018 and 2017 were as follows (amounts presented in millions):

	Nine Months Ended September 30,		Years Ended December 31,					
	2020		2019		2018		2017	
	Segment Revenue	% of Total Consolidated Revenue	Segment Revenue	% of Total Consolidated Revenue	Segment Revenue	% of Total Consolidated Revenue	Segment Revenue	% of Total Consolidated Revenue
Water sales and royalties	\$ 47.5	21%	\$ 85.0	17%	\$ 63.9	21%	\$ 25.5	16%
Easements and other surface-related income	38.6	17%	42.2	9%	24.8	9%	5.8	4%
Total Revenue – Water Services and Operations segment	\$ 86.1	38%	\$ 127.2	26%	\$ 88.7	30%	\$ 31.3	20%

Our first sales from internally developed projects were made during the fourth quarter of 2017. The number of barrels of sourced and treated water sold during the year ended December 31, 2019 increased 44.0% over the same period in 2018.

During the year ended December 31, 2019, TPL Corporation invested approximately \$30.2 million in TPWR projects to develop and enhance water sourcing and water treatment assets with \$21.0 million of this occurring during the first six months of 2019.

During the nine months ended September 30, 2020, we invested approximately \$4.2 million in TPWR projects to develop water sourcing and water re-use assets.

Competition

While there is competition in the water service business in West Texas, we believe our position as a significant landowner of approximately 880,000 acres in West Texas gives us a unique advantage over our competitors who must negotiate with existing landowners to source water and then for the right of way to deliver the water to the end user.

Major Customers

During 2019, we received \$112.7 million, or approximately 23% of our total revenues (prior to deferrals) (which included \$100.0 million of land sales and \$11.3 million of oil and gas royalties) from WPX Energy Permian, LLC and \$67.8 million, or approximately 14% of our total revenues (prior to deferrals) (which included \$33.7 million of oil and gas royalties, \$24.5 million of easements and other surface-related income (prior to deferrals) and \$9.6 million of water sales and royalties) from Anadarko E&P Onshore, LLC.

Seasonality

The Land Resource Management and Water Services and Operations, which together comprise the business of TPL Corporation, are not seasonal in nature, as that term is generally understood, although due to the nature of our operations, our revenue may vary widely from year to year and quarter to quarter.

Regulations

We are subject to various federal, state and local laws. Management believes that our operations comply in all material respects with applicable laws and regulations and that the existence and enforcement of such laws and regulations have no more restrictive effect on our method of operations than on other companies similar to TPL Corporation.

We cannot determine the extent to which new legislation, new regulations or changes in existing laws or regulations may affect our future operations.

Environmental Considerations

Compliance with federal, state and local provisions that have been enacted or adopted to regulate the discharge of materials into the environment, or otherwise relating to the protection of the environment, have had no material effect upon our capital expenditures, earnings and competitive position. To date, TPL Corporation has not been called upon to expend any funds for these purposes.

Properties

As of September 30, 2020, we owned the surface estate in approximately 881,335 acres of land, comprised of numerous separate tracts, located in 19 counties in West Texas. There were no material liens or encumbrances on our title to the surface estate in those tracts.

As of September 30, 2020, we also own a 1/128th nonparticipating perpetual oil and gas royalty interest under approximately 84,934 acres of land and a 1/16th nonparticipating perpetual oil and gas royalty interest under approximately 370,737 acres of land in West Texas. Generally speaking, if we sell the surface estate in real property with respect to which we hold an oil and gas royalty interest, that oil and gas royalty interest is excluded from the sale and retained by us. The following table shows our surface ownership and NPRI ownership by county as of September 30, 2020:

County	Number of Acres		
	Surface	1/128th Royalty	1/16th Royalty
Callahan	—	—	80
Coke	—	—	1,183
Concho	3,401	—	—
Crane	3,622	265	5,198
Culberson	283,459	—	111,513
Ector	19,888	33,633	11,793
El Paso	16,613	—	—
Fisher	—	—	320
Glasscock	27,245	3,600	11,111
Howard	4,788	3,099	1,840
Hudspeth	159,729	—	1,008
Jeff Davis	13,117	—	7,555
Loving	63,241	6,107	48,066
Midland	28,372	12,945	13,120
Mitchell	3,842	1,760	586
Nolan	1,600	2,488	3,157
Palo Pinto	—	—	800
Pecos	43,377	320	16,895
Presidio	—	—	3,200
Reagan	—	6,162	1,274
Reeves	188,674	3,013	116,691
Stephens	—	2,817	160
Sterling	5,212	640	2,080
Taylor	690	—	966
Upton	6,661	6,903	9,101
Winkler	7,804	1,182	3,040
Total	881,335	84,934	370,737

As of September 30, 2020, we own additional oil and gas royalty interests in approximately 4,090 net royalty acres in the following counties:

County	Number of Net Royalty Acres
Culberson	810
Glasscock	1,059
Howard	770
Loving	10
Martin	509
Midland	450
Reagan	115
Reeves	176
Upton	191
Total	4,090

(1) Normalized to 1/8th.

We lease office space in Dallas, Texas for our corporate headquarters and office space in Midland, Texas for TPWR's office space.

Legal Proceedings

We are not involved in any material pending legal proceedings.

Employees

As of September 30, 2020, TPL Corporation had 102 full-time employees.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read together with the consolidated financial statements, including the notes thereto, and the other financial information appearing elsewhere in this information statement. This section discusses TPL Corporation's business assuming the completion of all of the transactions described in this information statement, including the corporate reorganization. Period-to-period comparisons of financial data are not necessarily indicative, and therefore should not be relied upon as indicators, of our future performance. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" included elsewhere in this information statement.

Overview

TPL Corporation holds title to extensive tracts of land in numerous counties in West Texas that were previously the property of the Texas and Pacific Railway Company. We continue to manage those lands for the benefit of our stockholders.

Our revenues are derived primarily from oil and gas royalties, sales of water and land, easements and commercial leases. Due to the nature of our operations, our revenue is subject to substantial fluctuations from quarter to quarter and year to year. The demand for, and sale price of, particular tracts of land is influenced by many factors beyond our control, including general economic conditions, the rate of development in nearby areas and the suitability of the particular tract for commercial uses prevalent in West Texas.

We are not an oil and gas producer. Rather, our oil and gas revenue is derived from our oil and gas royalty interests. Thus, in addition to fluctuating in response to the market prices for oil and gas, our oil and gas royalty revenues are also subject to decisions made by the owners and operators of the oil and gas wells to which our royalty interests relate as to investments in and production from those wells. We monitor reports from the operators, the Texas Railroad Commission, and other private data providers to assure that we are being paid the appropriate royalties.

Our revenue from easements is primarily generated from pipelines transporting oil, gas and related hydrocarbons, power line and utility easements, and subsurface wellbore easements. The majority of our easements have a thirty-plus year term but subsequently renew every ten years with an additional payment. Commercial lease revenue is derived primarily from saltwater disposal royalties, processing, storage and compression facilities and roads.

TPWR provides full-service water offerings to operators in the Permian Basin. These services include, but are not limited to, water sourcing, produced-water gathering/treatment, infrastructure development, disposal solutions, water tracking, analytics and well testing services. TPWR's revenue streams principally consist of revenue generated from sales of sourced and treated water as well as revenues from produced water royalties.

COVID-19 Pandemic and Market Conditions

The COVID-19 pandemic and related economic repercussions have created significant volatility, uncertainty, and turmoil in the oil and gas industry. Oil demand has significantly deteriorated as a result of the virus outbreak and corresponding preventative measures taken around the world to mitigate the spread of the virus. In the midst of the ongoing COVID-19 pandemic, the Organization of Petroleum Exporting Countries and other oil producing nations (OPEC+) were unable to reach an agreement on production levels for crude oil, at which point Saudi Arabia and Russia initiated efforts to aggressively increase their production. Although certain OPEC+ nations have reached a tentative agreement on production cuts since such time, there is an excess supply of oil on the market and constraints on storage capacity. The convergence of these events is expected to result in the downward pressure on certain commodity prices continuing for the foreseeable future.

These events have negatively affected, and are expected to continue to negatively affect, our business and results of operations. Should oil and gas wells be shut in, production curtailed or the owners and operators of the oil and gas wells to which our royalty interests relate decrease investment in response to lower commodity prices and conservation of capital, we would expect our royalty income and demand for our water services to decline.

Given the dynamic nature of these events, we cannot reasonably estimate the period of time that the COVID-19 pandemic and related market conditions will persist, or the extent of the impact they will have on our business or results of operations and financial condition.

During these uncertain times, we have continued to meet the operational needs of our customers while maintaining a safe and healthy work environment for our employees. Our existing information technology infrastructure gave us the ability to respond rapidly to the recommended measures of closing our corporate offices and allowing our corporate employees to work remotely. We employed additional safety measures and personal protective equipment for our field employees, including quarantine facilities, if needed, and implementation of a medical hotline for access by all employees should they experience symptoms or seek additional medical information.

In an effort to decrease ongoing operational costs, we have implemented certain cost reduction measures which include, but are not limited to, negotiated price reductions and discounts with certain vendors. We are closely monitoring our customer base and outstanding accounts receivable balances as a means of minimizing any potential collection issues. As a royalty owner, we have no capital expenditure or operating expense burden for development of wells. Furthermore, our water operations currently have limited capital expenditure requirements, the amount and timing of which are entirely within our control.

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted on March 27, 2020. The Trust continues to assess the provisions and potential impacts of this legislation; however, there have been no significant impacts to the Company’s results of operations or financial position resulting from the CARES Act in the three and nine months ended September 30, 2020.

Despite the uncertainty the record low oil prices and the COVID-19 pandemic have had on both the global and U.S. oil and gas industry as a whole, we believe our longevity in the industry and strong financial position provide us with the tools necessary to navigate these unprecedented times. We have no debt, a strong cash position (cash and cash equivalents were \$315.8 million as of September 30, 2020) and we continue to maintain our capital resource allocation discipline.

Results of Operations

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

We analyze financial results for each of our reportable segments. The reportable segments presented are consistent with our reportable segments discussed in the consolidated financial statements in this information statement. 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").

Due to the continued economic impacts related to the severe drop in oil prices during the second and third quarters of 2020 and the COVID-19 pandemic, our results of operations for the three and nine months ended September 30, 2020 have been negatively impacted. Given the uncertainty surrounding the duration of the COVID-19 pandemic, our results of operations may continue to be impacted in future periods.

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

Revenues

Revenues decreased \$24.1 million, or 24.5%, to \$74.4 million for the three months ended September 30, 2020 compared to \$98.5 million for the three months ended September 30, 2019. Net income decreased \$13.7 million, or 22.9%, to \$46.3 million for the three months ended September 30, 2020 compared to \$60.0 million for the three months ended September 30, 2019.

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

	Three Months Ended September 30,			
	2020		2019	
<i>Revenues:</i>				
Land and resource management:				
Oil and gas royalties	\$ 31,758	43%	\$ 38,259	39%
Easements and other surface-related income	6,588	9%	22,111	22%
Land sales and other operating revenue	11,550	15%	4,706	5%
	<u>49,896</u>	<u>67%</u>	<u>65,076</u>	<u>66%</u>
Water services and operations:				
Water sales and royalties	12,139	16%	21,654	22%
Easements and other surface-related income	12,348	17%	11,800	12%
	<u>24,487</u>	<u>33%</u>	<u>33,454</u>	<u>34%</u>
<i>Total consolidated revenues</i>	<u>\$ 74,383</u>	<u>100%</u>	<u>\$ 98,530</u>	<u>100%</u>
<i>Net income:</i>				
Land and resource management	\$ 34,359	74%	\$ 43,911	73%
Water services and operations	11,916	26%	16,111	27%
<i>Total consolidated net income</i>	<u>\$ 46,275</u>	<u>100%</u>	<u>\$ 60,022</u>	<u>100%</u>

Land and Resource Management

Land and Resource Management segment revenues decreased \$15.2 million, or 23.3%, to \$49.9 million for the three months ended September 30, 2020 as compared with \$65.1 million for the comparable period of 2019. The decrease in Land and Resource Management segment revenues is principally due to decreases in oil and gas royalty revenue and easements and other surface-related income, partially offset by an increase in land sales and other operating revenue, which are discussed below.

Oil and gas royalties

Oil and gas royalty revenue was \$31.8 million for the three months ended September 30, 2020 compared to \$38.3 million for the three months ended September 30, 2019. Oil royalty revenue was \$24.1 million for the three months ended September 30, 2020, a decrease of 27.2% compared to the three months ended September 30, 2019 when oil royalty revenue was \$33.1 million. This decrease in oil royalty revenue is principally due to a 31.9% decrease in the average price per royalty barrel of crude oil received, partially offset by a 7.3% increase in crude oil production subject to the Trust's royalty interests during the three months ended September 30, 2020 compared to the same period in 2019. Gas royalty revenue was \$7.7 million for the three months ended September 30, 2020, an increase of 48.2% compared to the three months ended September 30, 2019 when gas royalty revenue was \$5.2 million. This increase in gas royalty revenue is principally due to a 61.0% increase in the average price received for gas production, partially offset by a 2.5% decrease in gas production subject to the Trust's royalty interests during the three months ended September 30, 2020 compared to the same period in 2019.

Easements and other surface-related income

Easements and other surface-related income was \$6.6 million for the three months ended September 30, 2020, a decrease of 70.2% compared to \$22.1 million for the three months ended September 30, 2019. Easements and other surface-related income includes pipeline, power line and utility easements, commercial leases, material sales, and seismic and temporary permits. The decrease in easements and other surface-related income is principally related to a 77.4% decrease in pipeline easement income to \$2.9 million for the three months ended September 30, 2020 from \$12.8 million for the three months ended September 30, 2019. 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. The demand for pipeline easements is determined by capital decisions made by companies that operate in the areas where we own land. As such, easements and other surface-related income is unpredictable and may vary significantly from period to period.

Land sales and other operating revenue

Land sales and other operating revenue includes revenue generated from land sales and grazing leases. Land sales were \$11.5 million and \$4.6 million for the three months ended September 30, 2020 and 2019, respectively. For the three months ended September 30, 2020, we sold approximately 20,820 acres of land for an aggregate sales price of approximately \$10.1 million, or approximately \$483 per acre. Additionally, the Trust recognized land sales revenue of \$1.4 million for the three months ended September 30, 2020 related to land exchanges where the Trust had no cost basis in the land conveyed. For the three months ended September 30, 2019, we sold approximately 77 acres of land for an aggregate sales price of approximately \$4.6 million, or approximately \$59,960 per acre.

Net income

Net income for the Land and Resource Management segment was \$34.4 million for the three months ended September 30, 2020 compared to \$43.9 million for the three months ended September 30, 2019. Expenses, including income tax expense, for the Land and Resource Management segment were \$15.5 million and \$21.2 million for the three months ended September 30, 2020 and 2019, respectively. The decrease in expenses was principally related to decreases in legal and professional fees. Expenses are discussed further below under “Other Financial Data — Consolidated.”

Water Services and Operations

Water Services and Operations segment revenues decreased 26.8% to \$24.5 million for the three months ended September 30, 2020 as compared with \$33.5 million for the comparable period of 2019. The decrease in Water Services and Operations segment revenues is due to a decrease in water sales and royalty revenue, partially offset by an increase in easements and other surface-related income, which are discussed below.

Water sales and royalties

Water sales and royalty revenue was \$12.1 million for the three months ended September 30, 2020, a decrease of \$9.5 million or 43.9%, compared with the three months ended September 30, 2019 when water sales and royalty revenue was \$21.7 million. This decrease was principally due to a 27.6% decrease in the number of barrels of sourced and treated water sold and a \$0.8 million decrease in water royalties for the three months ended September 30, 2020 compared to the same period in 2019.

Easements and other surface-related income

Easements and other surface-related income for the Water Services and Operations segment includes pipeline easement royalties, commercial lease royalties and income from temporary permits. For the three months ended September 30, 2020, the combined income from these revenue streams was \$12.3 million, an increase of 4.6%, as compared to \$11.8 million for the three months ended September 30, 2019. The increase in easements and other surface-related income was principally related to an increase in produced water royalties for the three months ended September 30, 2020 compared to the same period of 2019.

Net income

Net income for the Water Services and Operations segment was \$11.9 million for the three months ended September 30, 2020 compared to \$16.1 million for the three months ended September 30, 2019. As discussed above, revenues for the Water Services and Operations segment decreased 26.8% for the three months ended September 30, 2020 compared to the same period of 2019. Expenses, including income tax expense, for the Water Services and Operations segment were \$12.6 million for the three months ended September 30, 2020 as compared to \$17.4 million for the three months ended September 30, 2019. The decrease in expenses during 2020 is principally related to decreased water service-related expenses, primarily fuel, equipment rental and repairs and maintenance. Expenses are discussed further below under “Other Financial Data — Consolidated.”

Other Financial Data — Consolidated

Salaries and related employee expenses

Salaries and related employee expenses were \$7.7 million for the three months ended September 30, 2020 compared to \$8.5 million for the comparable period of 2019. The decrease in salaries and related employee expenses during 2020 as compared to the same period of 2019 is principally due to decreased usage of contract labor.

Water service-related expenses

Water service-related expenses were \$2.3 million for the three months ended September 30, 2020 compared to \$5.1 million for the comparable period of 2019. The decrease in expenses during 2020 is principally related to decreased fuel, equipment rental and repairs and maintenance related to the 27.6% decrease in the number of barrels of sourced and treated water sold as previously discussed and cost saving measures implemented during 2020.

General and administrative expenses

General and administrative expenses decreased \$1.0 million to \$1.9 million for the three months ended September 30, 2020 from \$2.9 million for the same period of 2019. The decrease in general and administrative expenses is primarily related to a decrease associated with independent contractor service providers and travel expenses during the three months ended September 30, 2020 compared to the same period of 2019.

Legal and professional expenses

Legal and professional fees were \$2.0 million for the three months ended September 30, 2020 compared to \$5.6 million for the comparable period of 2019. Legal and professional fees for the three months ended September 30, 2020 principally related to our anticipated corporate reorganization. Legal and professional fees for the three months ended September 30, 2019 principally related to the proxy contest to elect a new trustee, the entry into and payments made under the settlement agreement dated July 30, 2019 and the Conversion Exploration Committee.

Depreciation, depletion and amortization

Depreciation, depletion and amortization was \$3.8 million for the three months ended September 30, 2020 compared to \$2.6 million for the three months ended September 30, 2019. The increase in depreciation, depletion and amortization is principally related to the Trust's investment in water service-related assets placed in service in 2020 and 2019.

Other income, net

Other income, net was \$1.3 million and \$0.9 million for the three months ended September 30, 2020 and 2019, respectively. Other income, net for the three months ended September 30, 2020, includes a \$1.2 million accrued insurance reimbursement related to legal fees incurred in 2019 associated with the proxy contest.

Nine Months ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

Revenues

Revenues decreased \$148.9 million, or 39.5%, to \$228.3 million for the nine months ended September 30, 2020 compared to \$377.2 million for the nine months ended September 30, 2019. Net income decreased \$118.3 million, or 47.4%, to \$131.3 million for the nine months ended September 30, 2020 compared to \$249.6 million for the nine months ended September 30, 2019. Revenues and net income for the nine months ended September 30, 2019 included a \$100 million land sale. Excluding the impact of the 2019 land sale, revenues and net income (net of income tax) for the nine months ended September 30, 2019 were \$277.2 million and \$170.6 million, respectively.

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

	Nine Months Ended September 30,			
	2020		2019	
<i>Revenues:</i>				
Land and resource management:				
Oil and gas royalties	\$ 94,631	41%	\$ 111,113	29%
Easements and other surface-related income	31,385	14%	59,761	16%
Land sales and other operating revenue	16,124	7%	113,349	30%
	<u>142,140</u>	<u>62%</u>	<u>284,223</u>	<u>75%</u>
Water services and operations:				
Water sales and royalties	47,525	21%	65,067	17%
Easements and other surface-related income	38,585	17%	27,874	8%
	<u>86,110</u>	<u>38%</u>	<u>92,941</u>	<u>25%</u>
<i>Total consolidated revenues</i>	<u>\$ 228,250</u>	<u>100%</u>	<u>\$ 377,164</u>	<u>100%</u>
<i>Net income:</i>				
Land and resource management	\$ 92,197	70%	\$ 204,222	82%
Water services and operations	39,061	30%	45,384	18%
<i>Total consolidated net income</i>	<u>\$ 131,258</u>	<u>100%</u>	<u>\$ 249,606</u>	<u>100%</u>

Land and Resource Management

Land and Resource Management segment revenues decreased \$142.1 million, or 50.0%, to \$142.1 million for the nine months ended September 30, 2020 as compared with \$284.2 million for the comparable period of 2019. Segment revenues for the nine months ended September 30, 2019 include a \$100 million land sale. Excluding the \$100 million land sale, segment revenues for the nine months ended September 30, 2019 were \$184.2 million. The decrease in Land and Resource Management segment revenues is due to decreases in oil and gas royalty revenue, easements and other surface-related income and land sales and other operating revenue, which are discussed below.

Oil and gas royalties

Oil and gas royalty revenue was \$94.6 million for the nine months ended September 30, 2020 compared to \$111.1 million for the nine months ended September 30, 2019. Oil royalty revenue was \$76.8 million for the nine months ended September 30, 2020, a decrease of 17.1% compared to the nine months ended September 30, 2019 when oil royalty revenue was \$92.6 million. This decrease in oil royalty revenue is principally due to a 23.8% decrease in the average price per royalty barrel of crude oil received, partially offset by a 9.3% increase in crude oil production subject to the Trust's royalty interests during the nine months ended September 30, 2020 compared to the same period in 2019. Gas royalty revenue was \$17.8 million for the nine months ended September 30, 2020, a decrease of 3.6% compared to the nine months ended September 30, 2019 when gas royalty revenue was \$18.5 million. The decrease in gas royalty revenue was principally due to a 9.0% decrease in the average price received for gas production, partially offset by a 16.4% increase in gas production subject to the Trust's royalty interests during the nine months ended September 30, 2020 compared to the same period of 2019.

Easements and other surface-related income

Easements and other surface-related income was \$31.4 million for the nine months ended September 30, 2020, a decrease of 47.5% compared to \$59.8 million for the nine months ended September 30, 2019. Easements and other surface-related income includes pipeline, power line and utility easements, commercial leases, material sales, and seismic and temporary permits. The decrease in easements and other surface-related income is principally related to a 61.0% decrease in pipeline easement income to \$15.3 million for the nine months ended September 30, 2020 from \$39.2 million for the nine months ended September 30, 2019. 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. The demand for pipeline easements is determined by capital decisions made by companies that operate in the areas where we own land. As such, easements and other surface-related income is unpredictable and may vary significantly from period to period.

Land sales and other operating revenue

Land sales and other operating revenue includes revenue generated from land sales and grazing leases. Land sales were \$15.9 million and \$113.0 million for the nine months ended September 30, 2020 and 2019, respectively. For the nine months ended September 30, 2020, we sold approximately 21,347 acres of land for an aggregate sales price of approximately \$14.5 million, or approximately \$676 per acre. Additionally, the Trust recognized land sales revenue of \$1.4 million for the nine months ended September 30, 2020 related to land exchanges where the Trust had no cost basis in the land conveyed. For the nine months ended September 30, 2019, we sold approximately 21,986 acres of land for an aggregate sales price of approximately \$113.0 million, or approximately \$5,141 per acre.

Net income

Net income for the Land and Resource Management segment was \$92.2 million for the nine months ended September 30, 2020 compared to \$204.2 million for the nine months ended September 30, 2019. As discussed above, 2019 revenues for the Land and Resource Management segment included a \$100 million land sale. Excluding the impact of the 2019 land sale (net of income tax), net income for the first nine months ended September 30, 2019 was \$125.2 million. Expenses, including income tax expense, for the Land and Resource Management segment were \$49.9 million and \$80.0 million, respectively. The decrease in expenses during 2020 is principally related to the approximately \$21.0 million in income tax expense associated with the \$100 million land sale that occurred during the nine months ended September 30, 2019 and no comparable sale of assets having occurred during the same period of 2020. Expenses are discussed further below under “Other Financial Data — Consolidated.”

Water Services and Operations

Water Services and Operations segment revenues decreased 7.3% to \$86.1 million for the nine months ended September 30, 2020 as compared with \$92.9 million for the comparable period of 2019. The decrease in Water Services and Operations segment revenues is due to a decrease in water sales and royalty revenue, partially offset by an increase in easements and other surface-related income, which are discussed below.

Water sales and royalties

Water sales and royalty revenue was \$47.5 million for the nine months ended September 30, 2020, a decrease of \$17.5 million or 27.0%, compared with the nine months ended September 30, 2019 when water sales and royalty revenue was \$65.1 million. This decrease was principally due to a 10.5% decrease in the number of barrels of sourced and treated water sold and a \$5.8 million decrease in water royalties for the nine months ended September 30, 2020 compared to the same period in 2019.

Easements and other surface-related income

Easements and other surface-related income for the Water Services and Operations segment includes pipeline easement royalties, commercial lease royalties and income from temporary permits. For the nine months ended September 30, 2020, the combined income from these revenue streams was \$38.6 million, an increase of 38.4%, as compared to \$27.9 million for the nine months ended September 30, 2019. The increase in easements and other surface-related income was principally related to an increase in produced water royalties for the nine months ended September 30, 2020 compared to the same period of 2019.

Net income

Net income for the Water Services and Operations segment was \$39.1 million for the nine months ended September 30, 2020 compared to \$45.4 million for the nine months ended September 30, 2019. As discussed above, revenues for the Water Services and Operations segment decreased 7.3% for the nine months ended September 30, 2020 compared to the same period of 2019. Expenses, including income tax expense, for the Water Services and Operations segment were \$47.0 million for the nine months ended September 30, 2020 as compared to \$47.5 million for the nine months ended September 30, 2019. Expenses are discussed further below under “Other Financial Data — Consolidated.”

Other Financial Data — Consolidated

Salaries and related employee expenses

Salaries and related employee expenses were \$27.2 million for the nine months ended September 30, 2020 compared to \$22.7 million for the comparable period of 2019. The increase in salaries and related employee expenses is principally related to the increase in the number of employees from 89 employees as of September 30, 2019 to 102 as of September 30, 2020.

Water service-related expenses

Water service-related expenses were \$11.2 million for the nine months ended September 30, 2020 compared to \$15.4 million for the comparable period of 2019. This decrease in expenses was principally the result of a decrease in fuel and equipment rental to source and transfer water as previously discussed and cost saving measures implemented during 2020.

General and administrative expenses

General and administrative expenses increased \$0.4 million to \$7.3 million for the nine months ended September 30, 2020 from \$6.9 million for the same period of 2019. The increase in general and administrative expenses is primarily related to increased computer-related services and corporate insurance partially offset by decreased expenses associated with travel, independent contractor service providers and general office during the nine months ended September 30, 2020 compared to the same period of 2019.

Legal and professional expenses

Legal and professional fees were \$7.0 million for the nine months ended September 30, 2020 compared to \$15.2 million for the comparable period of 2019. Legal and professional fees for the nine months ended September 30, 2020 principally related to our anticipated corporate reorganization. Legal and professional fees for the nine months ended September 30, 2019 principally related to the proxy contest to elect a new Trustee, the entry into and payments made under the settlement agreement dated July 30, 2019 and the Conversion Exploration Committee.

Land sales expenses

Land sales expenses were \$2.8 million for the nine months ended September 30, 2020 compared to \$0.2 million for the comparable period of 2019. Land sales expenses represent expenses related to land sales and include cost basis and closing costs associated with land sales. Land sales expenses for the nine months ended September 30, 2020 include \$2.7 million of cost basis.

Depreciation, depletion and amortization

Depreciation, depletion and amortization was \$10.8 million for the nine months ended September 30, 2020 compared to \$5.3 million for the nine months ended September 30, 2019. The increase in depreciation, depletion and amortization is principally related to the Trust's investment in water service-related assets placed in service in 2020 and 2019 and to a lesser extent, additional depreciation expense related to the change in estimated useful lives of certain water service-related assets during the third quarter of 2019.

Other income, net

Other income, net was \$2.3 million and \$1.8 million for the nine months ended September 30, 2020 and 2019, respectively. Other income, net for the nine months ended September 30, 2020, includes a \$1.2 million accrued insurance reimbursement related to legal fees incurred in 2019 associated with the proxy contest.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenues

Revenues increased \$190.3 million, or 63.4% to \$490.5 million for the year ended December 31, 2019 compared to \$300.2 million for the year ended December 31, 2018. Net income increased \$109.0 million, or 52.0%, to \$318.7 million for the year ended December 31, 2019 compared to \$209.7 million for the year ended December 31, 2018.

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

	Years Ended December 31,			
	2019		2018	
<i>Revenues:</i>				
Land and resource management:				
Oil and gas royalties	\$ 154,729	31%	\$ 123,834	41%
Easements and other surface-related income	73,143	15%	63,908	21%
Sale of oil and gas royalty interests	—	—%	18,875	6%
Land sales and other operating revenue	135,456	28%	4,859	2%
Total Land and resource management	363,328	74%	211,476	70%
Water services and operations:				
Water sales and royalties	84,949	17%	63,913	21%
Easements and other surface-related income	42,219	9%	24,831	9%
Total Water service and operations	127,168	26%	88,744	30%
Total consolidated revenues	\$ 490,496	100%	\$ 300,220	100%
<i>Net income:</i>				
Land and resource management	\$ 258,366	81%	\$ 159,611	76%
Water services and operations	60,362	19%	50,125	24%
Total consolidated net income	\$ 318,728	100%	\$ 209,736	100%

Land and Resource Management

Land and Resource Management segment revenues increased \$151.9 million, or 71.8%, to \$363.3 million for the year ended December 31, 2019 as compared with revenues of \$211.5 million for the comparable period of 2018. The increase in Land and Resource Management segment revenues is due to changes in oil and gas royalty revenue, easements and other surface-related income, sale of oil and gas royalty interests and land sales and other operating revenue, which are discussed below.

Oil and gas royalties

Oil and gas royalty revenue was \$154.7 million for the year ended December 31, 2019 compared to \$123.8 million for the year ended December 31, 2018, an increase of 24.9%. Oil royalty revenue was \$128.7 million for the year ended December 31, 2019 compared to \$94.6 million for the comparable period of 2018. This increase in oil royalty revenue is principally due to the effect of a 48.3% increase in crude oil production subject to our royalty interest partially offset by an 8.0% decrease in the average price per royalty barrel of crude oil received during the year ended December 31, 2019 compared to the same period in 2018. Gas royalty revenue was \$26.0 million for the year ended December 31, 2019, a decrease of 10.9% over the year ended December 31, 2018 when gas royalty revenue was \$29.2 million. This decrease in gas royalty revenue resulted from a 49.3% decrease in the average price received for the year ended December 31, 2019 as compared to the same period of 2018, partially offset by a volume increase of 89.3% over the same time period.

Easements and other surface-related income

Easements and other surface-related income was \$73.1 million for the year ended December 31, 2019, an increase of 14.5% compared to \$63.9 million for the year ended December 31, 2018. The increase in easements and other surface-related income is principally related to increases of \$4.6 million in pipeline easement income and \$3.5 million in commercial lease revenue for the year ended December 31, 2019 compared to the same period of 2018. The increase in commercial lease revenue for the year ended December 31, 2019 was primarily due to increased leasing activity compared to the same period of 2018. Easements and other surface-related income includes income from pipeline, power line and utility easements, commercial leases (primarily for facilities and roads), material sales and seismic and temporary permits. 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. The demand for pipeline easements is determined by capital decisions made by companies that operate in the areas we own land. As such, easements and other surface-related income is unpredictable and may vary significantly from period to period.

Sale of oil and gas royalty interests

There were no sales of oil and gas royalty interests for the year ended December 31, 2019. Revenue from the sale of oil and gas royalty interests was \$18.9 million for the year ended December 31, 2018, when TPL Corporation sold nonparticipating perpetual royalty interests in approximately 812 net royalty acres for an average price of approximately \$23,234 per net royalty acre.

Land sales and other operating revenue

Land sales and other operating revenue includes revenue generated from land sales and grazing leases. For the year ended December 31, 2019, we sold approximately 21,986 acres of land for total consideration of \$113.0 million, or approximately \$5,141 per acre. Additionally, we conveyed approximately 5,620 acres of land in exchange for approximately 5,545 acres of land, all in Culberson County. As we had no cost basis in the land conveyed, we recognized land sales revenue of \$22.0 million for the year ended December 31, 2019. For the year ended December 31, 2018, land sales generated \$4.4 million of income for selling approximately 171 acres at an average price of \$25,464 per acre.

Net income

Net income for the Land and Resource Management segment was \$258.4 million for the year ended December 31, 2019 compared to \$159.6 million for the year ended December 31, 2018. As discussed above, revenues for the Land and Resource Management segment increased \$151.9 million for the year ended December 31, 2019 compared to the same period of 2018. Expenses, including income tax expense, for the Land and Resource Management segment were \$105.0 million and \$51.9 million for the years ended December 31, 2019 and 2018, respectively. The increase in expenses was principally related to increased income tax expense associated with the \$130.7 million increase in land sales revenue, resulting in additional income tax expense of approximately \$27.4 million for the year ended December 31, 2019 compared to the same period of 2018. Through §1031 exchanges, income tax expense of approximately \$19.8 million was eligible for deferral for the year ended December 31, 2019. The remaining increase was principally related to increased legal and professional fees and salaries and related employee expenses. See further discussion of these expenses below under “Other Financial Data—Consolidated.”

Water Services and Operations

Water Services and Operations segment revenues increased \$38.4 million, or 43.3%, to \$127.2 million for the year ended December 31, 2019 as compared with revenues of \$88.7 million for the comparable period of 2018. The increase in Water Services and Operations segment revenues is due to changes in water sales and royalty revenue and easements and other surface-related income, which are discussed below.

Water sales and royalties

Water sales and royalty revenue was \$85.0 million for the year ended December 31, 2019, an increase of 32.9% compared with the year ended December 31, 2018 when water sales and royalty revenue was \$63.9 million. This increase was principally due to a 44.0% increase in the number of barrels of sourced and treated water sold during the year ended December 31, 2019 over the same period in 2018, partially offset by decreased water royalties.

Easements and other surface-related income

Easements and other surface-related income for the Water Services and Operations segment includes pipeline easement royalties, commercial lease royalties and income from temporary permits. For the year ended December 31, 2019, the combined revenue from these revenue streams was \$42.2 million as compared to \$24.8 million for the year ended December 31, 2018. The increase in easements and other surface-related income was principally related to an increase of \$21.5 million in produced water royalties for the year ended December 31, 2019 compared to the same period of 2018, partially offset by a \$4.1 million decrease in temporary permit income over the same time period.

Net income

Net income for the Water Services and Operations segment was \$60.4 million for the year ended December 31, 2019 compared to \$50.1 million for the year ended December 31, 2018. As discussed above, revenues for the Water Services and Operations segment increased \$38.4 million for the year ended December 31, 2019 compared to the same period of 2018. Expenses, including income tax expense, for the Water Services and Operations segment were \$66.8 million for the year ended December 31, 2019 as compared to \$38.6 million for the year ended December 31, 2018. The increase in expenses during 2019 is primarily related to increased water service-related operating expenses, principally fuel, repairs and maintenance and equipment rental related to sourcing and transfer of water. The remaining increase was principally related to increased salaries and related employee expenses as discussed further below under “Other Financial Data — Consolidated.”

Other Financial Data — Consolidated

Salaries and related employee expenses

Salaries and related employee expenses were \$35.0 million for the year ended December 31, 2019 compared to \$18.4 million for the comparable period of 2018. The increase in salaries and related employee expenses is directly related to the increase in the number of employees from 64 employees as of December 31, 2018 to 94 as of December 31, 2019 as well as additional contract labor expenses over the same time period.

Water service-related expenses

Water service-related expenses were \$20.8 million for the year ended December 31, 2019 compared to \$11.2 million for the same period of 2018. This increase in expenses was principally the result of an increase in fuel and repairs and maintenance expenses to source and transfer water and is directly related to the 44.0% sales increase in the number of barrels of sourced and treated water sold as previously discussed.

General and administrative expenses

General and administrative expenses increased \$5.1 million to \$9.8 million for the year ended December 31, 2019 from \$4.7 million for the same period of 2018. The increase in general and administrative expenses is principally related to increased expenses associated with our independent contractor service providers, computer-related software and services, and additional liability insurance.

Legal and professional expenses

Legal and professional fees increased \$13.9 million to \$16.4 million for the year ended December 31, 2019 from \$2.5 million for the comparable period of 2018. The increase in legal and professional fees for the year ended December 31, 2019 compared to 2018 is principally due to approximately \$13.0 million of legal and professional fees related to the proxy contest to elect a new Trustee, the entry into and payments made under the settlement agreement and the Conversion Exploration Committee as disclosed in TPL Trust's Current Report on Form 8-K filed with the SEC on July 30, 2019. We anticipate receiving a partial reimbursement of these legal and professional fees under coverage provided by our director and officer insurance policy. The amount of the reimbursement has not yet been determined.

Depreciation, depletion and amortization

Depreciation, depletion and amortization was \$8.9 million for the year ended December 31, 2019 compared to \$2.6 million for the year ended December 31, 2018. The increase in depreciation, depletion and amortization is principally related to TPL Corporation's investment in water service-related assets placed in service in 2019 and the latter half of 2018 and to a lesser extent, additional depreciation expense related to the change in estimated useful lives of certain water service-related assets as discussed in Note 2, "Summary of Significant Accounting Policies — Change in Accounting Estimate" to our consolidated financial statements for the year ended December 31, 2019 contained in this information statement.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenues. Revenues increased \$145.6 million, or 94.1%, to \$300.2 million for the year ended December 31, 2018 compared to \$154.6 million for the year ended December 31, 2017. Net income increased \$112.5 million, or 115.7% to \$209.7 million for the year ended December 31, 2018 compared to \$97.2 million for the year ended December 31, 2017.

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

	Years Ended December 31,			
	2018		2017	
<i>Revenues:</i>				
<i>Land and resource management:</i>				
Oil and gas royalties	\$ 123,834	41%	\$ 58,418	38%
Easements and other surface-related income	63,908	21%	64,199	42%
Sale of oil and gas royalty interests	18,875	6%	—	—%
Land sales and other operating revenue	4,859	2%	723	—%
	<u>211,476</u>	<u>70%</u>	<u>123,340</u>	<u>80%</u>
<i>Water services and operations:</i>				
Water sales and royalties	63,913	21%	25,536	16%
Easements and other surface-related income	24,831	9%	5,758	4%
	<u>88,744</u>	<u>30%</u>	<u>31,294</u>	<u>20%</u>
<i>Total consolidated revenues</i>	<u>\$ 300,220</u>	<u>100%</u>	<u>\$ 154,634</u>	<u>100%</u>
<i>Net income:</i>				
Land and resource management	\$ 159,611	76%	\$ 78,468	81%
Water services and operations	50,125	24%	18,763	19%
<i>Total consolidated net income</i>	<u>\$ 209,736</u>	<u>100%</u>	<u>\$ 97,231</u>	<u>100%</u>

Land and Resource Management

Land and Resource Management segment revenues increased \$88.1 million, or 71.5%, to \$211.5 million for the year ended December 31, 2018 as compared with revenues of \$123.3 million for the comparable period of 2017. The increase in Land and Resource Management segment revenues is due to changes in oil and gas royalty revenue, easements and other surface-related income, sale of oil and gas royalty interests and land sales and other operating revenue, which are discussed below.

Oil and gas royalties

Oil and gas royalty revenue was \$123.8 million for the year ended December 31, 2018 compared to \$58.4 million for the year ended December 31, 2017, an increase of 112.0%. Oil royalty revenue was \$94.6 million for the year ended December 31, 2018 compared to \$36.9 million for the comparable period of 2017. This increase in oil royalty revenue is principally due to the combined effect of a 110.0% increase in crude oil production, subject to TPL Corporation's royalty interest, and a 21.6% increase in the average price per royalty barrel of crude oil received during the year ended December 31, 2018 compared to the same period in 2017. Gas royalty revenue was \$29.2 million for the year ended December 31, 2018, an increase of 111.4% over the year ended December 31, 2017 when gas royalty revenue was \$13.8 million. This increase in gas royalty revenue resulted from a volume increase of 178.5% for the year ended December 31, 2018 as compared to the same period of 2017, partially offset by a 24.2% decrease in the average price received. Additionally, oil and gas royalties for the year ended December 31, 2017 included \$7.7 million related to the settlement of an arbitration with Chevron U.S.A., Inc. in September 2017. No such settlement was received for the year ended December 31, 2018.

Easements and other surface-related income

Easements and other surface-related income was \$63.9 million for the year ended December 31, 2018, a slight decrease compared to \$64.2 million for the year ended December 31, 2017. Easements and other surface-related income includes pipeline easement income, seismic and temporary permit income, lease rental income and income from material sales. Easements and other surface-related income is unpredictable and may vary significantly from period to period. The slight decrease in easements and other surface-related income is principally related to a decrease in material sales, partially offset by an increase in pipeline easement income. Material sales decreased 22.3% to \$5.6 million for the year ended December 31, 2018 compared to the same period of 2017. Pipeline easement income increased 3.7% to \$43.1 million for the year ended December 31, 2018 compared to the year ended December 31, 2017. Effective January 1, 2018, upon our adoption of the new revenue recognition accounting standard, we no longer defer revenue on our term easements.

Sale of oil and gas royalty interests

Revenue from the sale of oil and gas royalty interests was \$18.9 million for the year ended December 31, 2018. TPL Corporation sold nonparticipating perpetual royalty interests in approximately 812 net royalty acres for an average price of approximately \$23,234 per net royalty acre.

Land sales and other operating revenue

Land sales and other operating income includes revenue generated from land sales and grazing leases. For the year ended December 31, 2018, we sold approximately 171 acres of land for total consideration of \$4.4 million, or approximately \$25,464 per acre. For the year ended December 31, 2017, land sales generated \$0.2 million of income for selling approximately 11 acres at an average price of \$20,000 per acre. Grazing lease income was approximately \$0.5 million for both years ended December 31, 2018 and 2017.

Net income

Net income for the Land and Resource Management segment was \$159.6 million for the year ended December 31, 2018 compared to \$78.5 million for the year ended December 31, 2017. As discussed above, revenues for the Land and Resource Management segment increased \$88.1 million for the year ended December 31, 2018 compared to the same period of 2017. Expenses for the Land and Resource Management segment were \$51.9 million and \$44.9 million for the years ended December 31, 2018 and 2017, respectively. The increase in expenses was principally related to increased salary expense and general and administrative expenses. See further discussion of these expenses below under "Other Financial Data — Consolidated."

Water Services and Operations

Water Services and Operations segment revenues increased \$57.4 million, or 183.6%, to \$88.7 million for the year ended December 31, 2018 as compared with revenues of \$31.3 million for the comparable period of 2017. The increase in Water Services and Operations segment revenues is due to changes in water sales and royalty revenue and easements and other surface-related income, which are discussed below.

Water sales and royalties

Water sales and royalty revenue for the year ended December 31, 2018 of \$63.9 million was more than double the amount of revenue for the comparable period of 2017. This increase is due primarily to commencing the development of water sourcing, partially offset by a decrease in the royalties received from existing legacy agreements.

Easements and other surface-related income

Easements and other surface-related income for the Water Services and Operations segment includes pipeline easement royalties, commercial lease royalties and income from temporary permits. For the year ended December 31, 2018, the combined revenue from these revenue streams was \$24.8 million as compared to \$5.8 million for the year ended December 31, 2017. The increase in easements and other surface-related income was principally related to a full year of operations for the year ended December 31, 2018 compared to only six months during 2017, as TPWR began operations in June 2017.

Net income

Net income for the Water Services and Operations segment was \$50.1 million for the year ended December 31, 2018 compared to \$18.8 million for the year ended December 31, 2017. As discussed above, revenues for the Water Services and Operations segment increased \$57.4 million for the year ended December 31, 2018 compared to the same period of 2017. Expenses for the Water Services and Operations segment were \$38.6 million for the year ended December 31, 2018 as compared to \$12.5 million for the year ended December 31, 2017. The increase in expenses during 2018 is directly related to the formation and commencement of operations of TPWR during the second quarter of 2017 and operating expenses related to the water sourcing and water re-use projects placed in service in 2018 and late 2017. See further discussion of these expenses below under "Other Financial Data — Consolidated."

Other Financial Data — Consolidated

Salaries and related employee expenses

Salaries and related employee expenses were \$18.4 million for the year ended December 31, 2018 compared to \$3.8 million for the comparable period of 2017. The increase in salaries and related employee expenses is directly related to the increase in the number of employees from 26 employees as of December 31, 2017 to 64 as of December 31, 2018 as well as an increase in contract labor expenses over the same time period.

Water service-related expenses

Water service-related expenses of \$11.2 million for the year ended December 31, 2018, include expenses for equipment rental, propane and fuel and other equipment-related expenses associated with water sourcing and water re-use projects placed in service in 2018 and late 2017. TPL Corporation incurred only minimal water service-related expenses during the year ended December 31, 2017.

General and administrative expenses

General and administrative expenses increased \$3.2 million to \$4.7 million for the year ended December 31, 2018 from \$1.5 million for the same period of 2017. The increase in general and administrative expenses is primarily due to additional liability insurance and equipment costs as a result of the formation and commencement of operations of TPWR during the second quarter of 2017.

Legal and professional expenses

Legal and professional fees decreased \$1.0 million to \$2.5 million for the year ended December 31, 2018 from \$3.5 million for the comparable period of 2017. Legal and professional fees for the year ended December 31, 2017 included consulting fees related to a strategic review of TPL Trust.

Depreciation and amortization

Depreciation and amortization was \$2.6 million for the year ended December 31, 2018 compared to \$0.4 million for the year ended December 31, 2017. The increase in depreciation and amortization is principally related to TPL Corporation's investment in water service-related assets during 2017 and 2018.

Cash Flow Analysis

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

Cash flows provided by operating activities for the nine months ended September 30, 2020 and 2019 were \$161.4 million and \$284.2 million, respectively. Cash flows provided by operating activities for the nine months ended September 30, 2019 included proceeds from a \$100 million land sale consummated in January 2019. The decrease in cash flows provided by operating activities was primarily related to decreased proceeds from land sales, oil and gas royalties, easements and other surface-related payments received and water sales and royalties collected during the nine months ended September 30, 2020.

Cash flows used in investing activities were \$25.2 million compared to \$106.9 million for the nine months ended September 30, 2020 and 2019, respectively. Acquisitions of land and purchases of fixed assets decreased a combined \$93.7 million for the nine months ended September 30, 2020 compared to the same period of 2019. This decrease was partially offset by the \$11.9 million increase in the acquisition of royalty interests compared to the same periods.

Cash flows used in financing activities were \$124.1 million compared to \$50.9 million for the nine months ended September 30, 2020 and 2019, respectively. During the nine months ended September 30, 2020, the Trust paid total dividends of \$124.1 million consisting of a regular cash dividend of \$10.00 per Sub-share Certificate ("Sub-share") and a special dividend of \$6.00 per Sub-share to each sub-shareholder of record at the close of business on March 9, 2020. During the nine months ended September 30, 2019, the Trust paid total dividends of \$46.5 million consisting of a regular cash dividend of \$1.75 per Sub-share and a special dividend of \$4.25 per Sub-share to each sub-shareholder of record at the close of business on March 8, 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Cash flows provided by operating activities for the years ended December 31, 2019 and 2018 were \$342.8 million and \$195.4 million, respectively. This increase in operating cash flows is principally due to increases in proceeds from land sales, oil and gas royalties, easements and other surface-related payments received and water sales and royalties during the year ended December 31, 2019 compared to the year ended December 31, 2018.

Cash flows used in investing activities were \$111.7 million compared to \$81.5 million for the years ended December 31, 2019 and 2018, respectively. The increased use of investing cash flows is principally due to our acquisition of approximately 21,671 acres of land in Culberson, Glasscock, Loving and Reeves Counties, Texas for approximately \$74.4 million during the year ended December 31, 2019. This increase was partially offset by a \$19.3 million decrease in acquisitions of royalty interests and a \$15.7 million reduction in capital expenditures during the year ended December 31, 2019 as compared to the same period of 2018.

Cash flows used in financing activities were \$50.9 million compared to \$70.0 million for the years ended December 31, 2019 and 2018, respectively. During the year ended December 31, 2019, TPL Corporation paid total dividends of \$46.5 million consisting of a regular cash dividend of \$1.75 per sub-share certificate and a special dividend of \$4.25 per sub-share certificate. During the year ended December 31, 2018, TPL Corporation paid total dividends of \$31.7 million consisting of a regular cash dividend of \$1.05 per sub-share certificate and a special dividend of \$3.00 per sub-share certificate. During the years ended December 31, 2019 and 2018, TPL Trust paid \$4.4 million and \$38.4 million, respectively, to repurchase sub-share certificates.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Cash flows provided by operating activities for the years ended December 31, 2018 and 2017 were \$195.4 million and \$93.8 million, respectively. This increase in operating cash flows is principally due to increases in oil and gas royalties collected, easements and other surface-related payments received and water sales and royalties collected during the year ended December 31, 2018 over the year ended December 31, 2017.

Cash flows used in investing activities were \$81.5 million compared to \$18.7 million for the years ended December 31, 2018 and 2017, respectively. The increased use of investing cash flows is principally due to our investment of \$44.7 million in water service-related assets during 2018, an increase of \$27.0 million over our investment during 2017. Additionally, for the year ended December 31, 2018 we acquired \$24.3 million of royalty interests and \$9.4 million of land acquisitions. There were no such acquisitions of royalty interests and land for the year ended December 31, 2017.

Cash flows used in financing activities were \$70.0 million compared to \$44.9 million for the years ended December 31, 2018 and 2017, respectively. During the year ended December 31, 2018, TPL Corporation paid total dividends of \$4.05 per sub-share certificate totaling \$31.7 million. During the year ended December 31, 2017, TPL Corporation paid total dividends of \$1.35 per sub-share certificate totaling \$10.7 million.

Liquidity and Capital Resources

TPL Corporation's principal sources of liquidity are its revenues from oil and gas royalties, easements and other surface-related income, and water and land sales.

Our primary liquidity and capital requirements are for capital expenditures related to our Water Services and Operations segment, working capital and general corporate needs. If market conditions were to change, for instance due to the uncertainty created by the COVID-19 pandemic or the significant decline in oil prices, and our revenue was to be reduced 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, including potential future borrowing under a credit facility or other financing options.

As of September 30, 2020, we had cash and cash equivalents of \$315.8 million that we expect to utilize, along with cash flow from operations, to provide capital to support the operation of our business, particularly TPWR, to potentially repurchase additional sub-share certificates subject to market conditions, and for general corporate purposes. We currently believe that cash from operations, together with our cash and cash equivalents balances, will be enough to meet ongoing capital expenditures, working capital requirements and other cash needs for the foreseeable future.

Off-Balance Sheet Arrangements

TPL Corporation has not engaged in any off-balance sheet arrangements.

Contractual Obligations

As of December 31, 2019, TPL Corporation's known contractual obligations were as follows (in thousands):

Contractual Obligations	Payment Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt obligations	\$ —	\$ —	\$ —	\$ —	\$ —
Capital lease obligations	—	—	—	—	—
Operating lease obligations ⁽¹⁾	3,793	696	1,493	1,088	516
Purchase obligations	—	—	—	—	—
Other long-term liabilities reflected on our balance sheet under GAAP	—	—	—	—	—
Total	<u>\$ 3,793</u>	<u>\$ 696</u>	<u>\$ 1,493</u>	<u>\$ 1,088</u>	<u>\$ 516</u>

(1) Includes office leases for our corporate office in Dallas, Texas, which expires in 2025, and for our office in Midland, Texas, which expires in 2022.

Effects of Inflation

We do not believe that inflation has had a material impact on our operating results. We cannot assure you, however, that future increases in our costs will not occur or that any such increases that may occur will not adversely affect our results of operations.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with GAAP 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 and reported amounts of income and expenses during the reporting period. It is our opinion that we fully disclose our significant accounting policies in the notes to the consolidated financial statements. Consistent with our disclosure policies, we include the following discussion related to what we believe to be our most critical accounting policies that require our most difficult, subjective or complex judgment.

Accrual of Oil and Gas Royalties

TPL Corporation accrues oil and gas royalties. An accrual is necessary due to the time lag between the production of oil and gas and generation of the actual payment by operators. The oil and gas royalty accrual is based upon historical payments, estimates of the timing of future payments and recent market prices for oil and gas.

New Accounting Pronouncements

Information regarding recently issued accounting pronouncement are discussed in the consolidated financial statements in this information statement.

Quantitative and Qualitative Disclosures about Market Risk

TPL Corporation's financial instruments consist of cash and cash equivalents (consisting of U.S. Treasury bills and commercial paper), accounts payable and other liabilities and the carrying amounts of these instruments' approximate fair value due to the short-term nature of these instruments.

MANAGEMENT

Executive Officers Following the Distribution

The following table sets forth information regarding the individuals who are expected to serve as TPL Corporation's executive officers following the distribution. Upon completion of the corporate reorganization, distribution and liquidation of TPL Trust, none of TPL Corporation's executive officers will continue to be employees or executive officers of TPL Trust.

Name	Age	Position
Tyler Glover	35	President and Chief Executive Officer
Robert J. Packer	51	Chief Financial Officer
Micheal W. Dobbs	47	Senior Vice President, Secretary and General Counsel

Tyler Glover serves as TPL Corporation's President and Chief Executive Officer, and is expected to serve as a member of the TPL Corporation board. Mr. Glover also currently serves as Chief Executive Officer, Co-General Agent and Secretary of TPL Trust, the current parent of TPL Corporation, in which capacity he has acted since November 2016, and also currently serves as President and Chief Executive Officer of TPWR, in which capacity he has acted since its formation in June 2017. Mr. Glover previously served as Assistant General Agent of TPL Trust from December 2014 to November 2016, and has over 10 years of energy services and land management experience.

Robert J. Packer serves as TPL Corporation's Chief Financial Officer. Mr. Packer also currently serves as Chief Financial Officer of TPL Trust, the current parent of TPL Corporation, in which capacity he has acted since December 2014, and as Co-General Agent of TPL Trust, in which capacity he has acted since November 2016. He is a Certified Public Accountant in the State of Texas. Mr. Packer also currently serves as Chief Financial Officer and Secretary of TPWR, in which capacity he has acted since its formation in June 2017.

Micheal W. Dobbs is expected to serve as TPL Corporation's Senior Vice President, Secretary and General Counsel. Mr. Dobbs joined TPL Trust as Senior Vice President and General Counsel effective August 3, 2020. Prior to joining TPL Trust, Mr. Dobbs had been a partner at Kelley Drye & Warren LLP since 2016. From 2008 to 2016, Mr. Dobbs was shareholder of Jackson Gilmour & Dobbs, PC, an environmental and litigation law firm in Houston, Texas that merged with Kelley Drye & Warren LLP in 2016.

Significant Employee Following the Distribution

Robert A. Crain, age 41, currently serves as Executive Vice President of TPWR, in which capacity he has served since its formation in June 2017, and will continue to serve as Executive Vice President of TPWR following the corporate reorganization and distribution. From 2015 to 2017, Mr. Crain was Water Resources Manager with EOG Resources where he led the development of EOG's water resource development efforts across multiple basins, including the Permian and Eagle Ford. During his career, he has successfully developed multiple large-scale sourcing, distribution and treatment systems across multiple platforms and industries.

DIRECTORS

Board of Directors Following the Distribution

The following table sets forth information with respect to those persons who are expected to serve on the TPL Corporation board following the completion of the distribution and is followed by biographies of each such individual. At the time of the formation of TPL Corporation on April 28, 2020, the directors of the TPL Corporation board were David E. Barry and John R. Norris III, who were appointed to such directorships by TPL Trust in its capacity as TPL Corporation's sole stockholder. It is expected that effective upon the completion of the distribution of TPL Corporation common stock, the TPL Corporation board will appoint General Donald G. Cook, USAF (Ret.), Barbara J. Duganier, Donna E. Epps, Dana F. McGinnis, Eric L. Oliver, Murray Stahl and Tyler Glover to serve as directors on the TPL Corporation board.

Name	Age	Position
David E. Barry	75	Director, Class III; Co-Chair
General Donald G. Cook, USAF (Ret.)	74	Director, Class II
Barbara J. Duganier	62	Director, Class I
Donna E. Epps	56	Director, Class II
Dana F. McGinnis	69	Director, Class I
John R. Norris III	67	Director, Class III; Co-Chair
Eric L. Oliver	61	Director, Class II
Murray Stahl	66	Director, Class III
Tyler Glover	35	Director, Class I; President and Chief Executive Officer

David E. Barry

Mr. Barry will serve as a Co-Chair of the TPL Corporation board. Mr. Barry has served as a Trustee of TPL Trust since 2017. Mr. Barry has served as president of Tarka Resources, Inc., which is engaged in oil and gas exploration in Texas, Oklahoma and Louisiana, since 2012. He also served as President of Tarka, Inc. from 2012 through 2014, until such company was merged with Tarka Resources, Inc. in 2016.

Mr. Barry practiced real estate, employee benefits and compensation law at the law firm of Kelley Drye & Warren LLP ("Kelley Drye") from 1969, becoming a partner in 1978. Mr. Barry represented TPL Trust for more than 30 years as a partner at Kelley Drye. Mr. Barry retired from Kelley Drye in 2014. Beginning in 2007 and then full-time starting in 2012, Mr. Barry worked as President of Sidra Real Estate, Inc., an entity with commercial real estate holdings throughout the United States.

Mr. Barry's qualifications to serve as a director include his legal expertise and knowledge gained over a 51-year career at Kelley Drye, including representing TPL Trust for more than 30 years prior to his election as a Trustee, as well as his experience in commercial real estate, including commercial real estate in Texas.

General Donald G. Cook, USAF (Ret.)

General Cook currently serves on the board of Crane Co. (NYSE: CR) (since 2005), where he chairs the nominating and governance committee and is a member of the compensation and the executive committee, and on the board of Cybance, Inc. (since 2016). General Cook previously served on the boards of USAA Federal Savings Bank (from 2007 to 2018), U.S. Security Associates Inc., a Goldman Sachs portfolio company (from 2011 to 2018), and Beechcraft LLC, formerly known as Hawker Beechcraft Inc. (from 2007 to 2014). General Cook served on the board of Burlington Northern Santa Fe Railroad for almost five years until it was sold to Berkshire Hathaway in 2010 in a transaction valued at \$44 billion. He also consults for Lockheed Martin Corporation. In addition to his extensive corporate governance experience, General Cook has been the Chairman of the San Antonio chapter of the National Association of Corporate Directors (NACD), a group recognized as the authority on leading boardroom practices.

General Cook had numerous additional command and high-level staff assignments during his 36-year career with the Air Force and retired as a four-star General. He commanded a flying training wing and two space wings, the 20th Air Force (the nation's nuclear Intercontinental Ballistic Missile force), and was Commander of Air Combat Command during the September 11 attacks. General Cook served as the Chief of the Senate Liaison Office and on the staff of the House Armed Services Committee in the U.S. House of Representatives. Prior to his retirement from the Air Force in August 2005, General Cook's culminating assignment was Commander, Air Education and Training Command at Randolph Air Force Base in Texas, where he was responsible for executing the \$8 billion annual budget to recruit, train and educate Air Force personnel, safely implementing the 500,000 hour annual flying hour program and providing for the leadership, welfare and oversight of 90,000 military and civilian personnel in the command. He was twice awarded the Distinguished Service Medal for exceptional leadership.

General Cook is expected to serve on and be the chairperson of the Nominating and Corporate Governance Committee of the TPL Corporation board. General Cook is also expected to serve on the Compensation Committee of the TPL Corporation board.

General Cook's qualifications to serve as a director include his extensive experience with corporate governance and executive compensation, as well as managerial experience resulting from his tenure of command in the U.S. Air Force.

Barbara J. Duganier

Ms. Duganier currently serves on the board of MRC Global Inc. (NYSE: MRC) (since 2015), an industrial distributor of pipe, valves and other related products and services to the energy industry, where she chairs the audit committee and serves on the governance committee, and Noble Energy (Nasdaq: NBL) (since 2018), an exploration company, where she serves on the audit and governance committees. Ms. Duganier also serves on the board of West Monroe Partners, a management and technology consulting firm, where she is the lead independent director and nominating and governance committee chair. Ms. Duganier also serves on the board of McDermott International, Ltd., a private fully-integrated provider of engineering and construction solutions to the energy industry, where she chairs the audit committee. Ms. Duganier previously served on the board of the general partner of Buckeye Partners, L.P. (NYSE: BPL), a midstream oil and gas master limited partnership, where she chaired the audit committee and served on the compensation committee until its sale in November 2019. Ms. Duganier is also a former director and member of the enterprise and risk oversight and compensation committees of HCC Insurance Holdings, a property and casualty insurance underwriter, which was sold in 2015.

From 2004 to 2013, Ms. Duganier was a Managing Director at Accenture, a multinational professional services company that provides services in strategy, consulting, digital technology and operations. She held various leadership and management positions in Accenture's outsourcing business, including as global chief strategy officer and as global growth and offering development lead of the outsourcing business. A year prior to joining Accenture, she served as an independent consultant to Duke Energy North America. From 1979 to 2002, Ms. Duganier, who is a licensed certified public accountant, worked at Arthur Andersen LLP, where she served as an auditor and financial consultant, as well as in various leadership and management roles, including as Global Chief Financial Officer of Andersen Worldwide. Ms. Duganier also serves on the board of John Carroll University and as Chairman of the Board of the NACD Texas TriCities chapter.

Ms. Duganier is expected to serve on the Audit Committee of the TPL Corporation board. Ms. Duganier is also expected to serve on and be the chairperson of the Compensation Committee of the TPL Corporation board.

Ms. Duganier's extensive executive experience overseeing large organizations, her diverse board experience and her credentials as a certified public accountant make her well-qualified to serve on the TPL Corporation board.

Donna E. Epps

Ms. Epps currently serves on the board of Saia, Inc. (Nasdaq: SAIA) (since 2019), where she serves on the audit committee and the nominating and governance committee. Ms. Epps was with Deloitte LLP, a multinational professional services network, for over 30 years. Ms. Epps served as an attest Partner of Deloitte LLP from 1998 through 2003 and as a Risk and Financial Advisory Partner of Deloitte LLP from 2004 until her retirement in 2017. During her time at Deloitte LLP, Ms. Epps helped companies develop and implement proactive enterprise risk and compliance programs, focusing on value protection and creation, and provided attest services and financial advisory services in governance, risk and compliance matters to private and public companies across multiple industries. Ms. Epps is currently a licensed certified public account. Ms. Epps also has served as treasurer and a director for the Girl Scouts of Northeast Texas since 2014 and as a director for Readers2Leaders in Dallas, Texas since 2019.

Ms. Epps is expected to serve on and be the chairperson of the Audit Committee of the TPL Corporation board. Ms. Epps is also expected to serve on the Nominating and Corporate Governance Committee of the TPL Corporation board.

Ms. Epps's significant audit, governance, risk and compliance experience as a provider of attest and consulting services to private and public companies across multiple industries makes her well-qualified to serve on the TPL Corporation board.

Dana F. McGinnis

Mr. McGinnis is the Founder and Chief Investment Officer of Mission Advisors, LP. He served as a member of the Conversion Exploration Committee of TPL Trust from June 2019 through February 2020. Mr. McGinnis has owned and operated Mission Advisors, which manages pure energy investments as well as several diversified institutional and high net-worth accounts, since 1990.

Formerly, Mr. McGinnis managed San Antonio Capital Management and launched a suite of global macroeconomic hedge funds. Mr. McGinnis began his investment advisory career in 1976 at Paine Webber/Rotan Mosle. Mr. McGinnis currently serves on the board of the Institute for Nautical Archaeology Foundation.

Mr. McGinnis is expected to serve on the Compensation Committee of the TPL Corporation board.

Mr. McGinnis' qualifications to serve as a director include his expertise and over 40 years of experience in managing energy investments in both global and domestic markets.

John R. Norris III

Mr. Norris will serve as a Co-Chair of the TPL Corporation board. Mr. Norris has served as a Trustee of TPL Trust since 2000. Mr. Norris is a member with the law firm Norris & Weber, PLLC (“Norris & Weber”) in Dallas, Texas. Mr. Norris began working with a predecessor firm of Norris & Weber in 1979 and has stayed with the firm throughout the past 40 years. He has been continuously certified as a legal specialist in estate planning and probate law by the Texas Board of Legal Specialization since 1989. In 1995, he was elected as a Fellow of the American College of Trusts and Estate Counsel, a professional association of lawyers throughout the United States who have been recognized as outstanding practitioners in the laws of wills, trusts, estate planning and administration and related tax planning.

Mr. Norris is a member of the State Bar of Texas and the Dallas Bar Association, where he served as Chairman of the Probate, Trust & Estate section in 1995. Mr. Norris was a member of the District 6A Grievance Committee of the State Bar of Texas between 1995 and 2001, serving as its Chairperson between 1998 and 2000.

Mr. Norris’ qualifications to serve as a director include his extensive background as a practicing attorney in Dallas, Texas. In addition to his 18 years of experience as a Trustee, Mr. Norris advised and represented TPL Trust on legal matters for more than 17 years prior to his election as a Trustee.

Eric L. Oliver

Mr. Oliver currently serves as the President of SoftVest Advisors, a registered investment adviser that acts as an investment manager for private fund clients. Mr. Oliver additionally serves as the President of HeartsBluff Music Partners, LLC and Carrizo Springs Music Partners, LLC, both of which are registered investment advisers pursuant to an umbrella registration filed by SoftVest Advisors, LLC.

Previously, Mr. Oliver was President of Midland Map Company, LLC, a Permian Basin oil and gas lease and ownership map producer from 1997 until its sale in January of 2019 to Drilling-Info, and was Principal of Geologic Research Centers LLC, a log library providing geological data to the oil and gas industry with a library in Abilene, Texas, sold in 2019. Additionally, Mr. Oliver has served on the board of Texas Mutual Insurance Company since 2009, where he currently also serves as Chairman of the investment committee. He has also served as a director on the board of AMEN Properties, Inc. (OTC: AMEN) since July 2001 and was appointed Chairman of the Board in September 2002. AMEN Properties directly or indirectly owns certain oil and gas royalty and working interest properties. Furthermore, Mr. Oliver serves on the board of Abilene Christian Investment Management Company, Abilene Christian University’s endowment management company, and is a former member of the Abilene Community Foundation’s investment committee. Mr. Oliver received a B.A. in Chemistry from Abilene Christian University in 1981.

Mr. Oliver is expected to serve on the Audit Committee of the TPL Corporation board.

Mr. Oliver’s qualifications to serve as a director include his experience as an oil and gas investor, with over 22 years of experience buying and selling mineral and royalty properties, and over 35 years of experience managing investments with an emphasis in the energy market.

Murray Stahl

Mr. Stahl is the Chief Executive Officer, Chairman of the Board and co-founder of Horizon Kinetics LLC and serves as Chief Investment Officer of Horizon Kinetics Asset Management LLC, a wholly owned subsidiary of Horizon Kinetics LLC (together, “Horizon Kinetics”). He has over 30 years of investing experience and is responsible for overseeing Horizon Kinetics’ proprietary research and chairs the firm’s investment committee, which is responsible for portfolio management decisions across the entire firm. He is also the Co-Portfolio Manager for a number of registered investment companies, private funds, and institutional separate accounts. Mr. Stahl is the Chairman and Chief Executive Officer of FRMO Corp. (OTC: FRMO) and has been a director since 2001. He is also a member of the board of RENN Fund, Inc. (NYSE: RCG) (since 2017), Winland Electronics, Inc. (OTC: WELX) (since 2015), the Bermuda Stock Exchange, MSRH, LLC, the Minneapolis Grain Exchange and IL&FS Securities Services Limited. Prior to co-founding Horizon Kinetics, Mr. Stahl spent 16 years at Bankers Trust Company (from 1978 to 1994) as a senior portfolio manager and research analyst. As a senior fund manager, he was responsible for investing the Utility Mutual Fund, along with three of the bank’s Common Trust Funds: The Special Opportunity Fund, The Utility Fund and The Tangible Assets Fund. He was also a member of the Equity Strategy Group and the Investment Strategy Group, which established asset allocation guidelines for the Private Bank.

Mr. Stahl is expected to serve on the Nominating and Corporate Governance Committee of the TPL Corporation board.

Mr. Stahl’s qualifications to serve as a director include his over 30 years of investment experience, including in the energy and minerals space.

Tyler Glover

Mr. Glover will serve as TPL Corporation’s President and Chief Executive Officer. Mr. Glover currently serves as Chief Executive Officer, Co-General Agent and Secretary of TPL Trust, the current parent of TPL Corporation, in which capacity he has acted since November 2016, and also currently serves as President and Chief Executive Officer of TPWR, which is currently a wholly owned subsidiary of TPL Trust, in which capacity he has acted since its formation in June 2017. Mr. Glover previously served as Assistant General Agent of TPL Trust from December 2014 to November 2016, and has over 10 years of energy services and land management experience.

Mr. Glover’s qualifications to serve as a director include his extensive industry expertise and experience as an officer at TPL Trust.

Board Classification

After the distribution, the TPL Corporation board will initially be divided into three classes. The directors designated as “Class I” directors will have terms expiring at the first annual meeting of stockholders following the distribution, which TPL Corporation expects to hold in 2021. The directors designated as “Class II” directors will have terms expiring at the second annual meeting of stockholders following the distribution, which TPL Corporation expects to hold in 2022, and the directors designated as “Class III” directors will have terms expiring at the third annual meeting of stockholders following the distribution, which TPL Corporation expects to hold in 2023. TPL Corporation expects that Class I will consist of Barbara J. Duganier, Dana F. McGinnis and Tyler Glover; Class II will consist of General Donald G. Cook, USAF(Ret.), Donna E. Epps and Eric L. Oliver; and Class III will consist of David E. Barry, John R. Norris III and Murray Stahl. At each annual meeting of stockholders, directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director holding office until his or her successor has been duly elected and qualified, subject, however, to such director’s earlier, death, resignation, disqualification or removal.

Members of the TPL Corporation board will generally be elected by a majority of the votes cast with respect to each director at any meeting for the election of directors at which a quorum is present. However, in the case of a contested election, the directors shall be elected by a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For further information on rules applicable to the election of directors, see “Description of TPL Corporation Capital Stock—Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws.”

Director Independence

Following the distribution, the TPL Corporation board will consist of nine members. The TPL Corporation board is expected to affirmatively determine that all of the directors, other than Mr. Glover, who is employed by TPL Corporation, are independent under the independence standards established by the Sarbanes-Oxley Act and the applicable rules of the SEC and the NYSE.

No director may be deemed independent unless the TPL Corporation board determines that he or she has no material relationship with TPL Corporation, directly or as an officer, stockholder or partner of an organization that has a material relationship with TPL Corporation.

Co-Chairs of the TPL Corporation Board

Effective upon the completion of the distribution, John R. Norris III and David E. Barry will jointly serve as chairs of the TPL Corporation board (together, the “Co-Chairs”). Given their extensive experience as Trustees of TPL Trust, Messrs. Norris and Barry are uniquely suited to lead the TPL Corporation board with their deep understanding of the TPL Business and well-developed relationship with management. Neither Mr. Norris nor Mr. Barry will serve on any committee of the TPL Corporation board so that they can devote their time and efforts to establishing the TPL Corporation board’s agendas and materials, working with management, coordinating activities with the committees of the TPL Corporation board and transferring their knowledge of the TPL Business to the other members of the TPL Corporation board.

Committees of the TPL Corporation Board

Effective upon the completion of the distribution, the TPL Corporation board will have a standing Audit Committee, Nominating and Corporate Governance Committee and a Compensation Committee. The TPL Corporation board will adopt a written charter for each of the Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee that will describe such committee’s responsibilities, authority and resources in greater detail. The charters of the committees will be posted on our website in connection with the distribution.

Audit Committee

Barbara J. Duganier, Donna E. Epps, and Eric L. Oliver are expected to be members of the Audit Committee effective as of the distribution date. Ms. Epps is expected to be the chairperson of the Audit Committee effective as of the distribution date. It is expected that the TPL Corporation board will determine that each member of the Audit Committee is financially literate and that each of Ms. Duganier and Ms. Epps is an “audit committee financial expert” for purposes of the rules of the SEC. In addition, it is anticipated that the TPL Corporation board will determine after the distribution that each of Ms. Duganier, Ms. Epps and Mr. Oliver meets the independence requirements for service on the Audit Committee in accordance with the rules of the NYSE and Section 10A(m)(3) of the Exchange Act. The Audit Committee will meet with such frequency and at such intervals as the Audit Committee deems necessary to carry out its duties and responsibilities and will assist the TPL Corporation board in fulfilling its oversight responsibilities. The primary functions of the Audit Committee will consist of, among other things:

- appointing, retaining, and terminating the independent auditor and resolving any disagreements that arise between management and the independent auditor regarding accounting and financial reporting;
- assisting the TPL Corporation board in its oversight of the integrity of TPL Corporation’s financial statements;
- assisting the TPL Corporation board in its oversight of TPL Corporation’s compliance with legal and regulatory requirements;
- reviewing annually reports related to the qualifications and independence of TPL Corporation’s independent auditor;

- assisting the TPL Corporation board in its oversight of the performance of TPL Corporation’s internal auditing function and the independent auditor;
- reviewing internal audit’s plan, staffing, activities and resources;
- pre-approving all audit and permitted non-audit and tax services to be provided to TPL Corporation by the independent auditor;
- reviewing and approving any transaction between TPL Corporation and any related person in accordance with TPL Corporation’s related person transaction policy; and
- reviewing TPL Corporation’s financial reporting process based on consultation with the independent auditor.

With respect to TPL Corporation’s reporting and disclosure matters, the responsibilities and duties of the Audit Committee will include meeting to review and discuss TPL Corporation’s annual audited financial statements and quarterly financial statements with management and the independent auditor prior to inclusion in TPL Corporation’s Annual Report on Form 10-K or other public filings in accordance with applicable rules and regulations of the SEC.

Nominating and Corporate Governance Committee

General Donald G. Cook, USAF (Ret.), Donna E. Epps and Murray Stahl are expected to be the members of the Nominating and Corporate Governance Committee. General Cook is expected to be the chairperson of the Nominating and Corporate Governance Committee. It is expected that the TPL Corporation board will determine that each of General Cook, Ms. Epps and Mr. Stahl meets the independence requirements for service on the Nominating and Corporate Governance Committee in accordance with the rules of the NYSE. The primary functions of the Nominating and Corporate Governance Committee will consist of:

- identifying, evaluating and recommending individuals qualified to become members of the TPL Corporation board, consistent with criteria approved by the TPL Corporation board;
- making recommendations to the TPL Corporation board regarding the selection of director nominees to stand for election at each annual meeting of stockholders of TPL Corporation or to fill vacancies on the TPL Corporation board or committees;
- reviewing, periodically, the committee structure of the TPL Corporation board and recommending any changes to committee structure, the appointment of directors to committees and the assignment of committee chairs;
- developing and recommending to the TPL Corporation board a set of corporate governance guidelines and code of business conduct and ethics for TPL Corporation;
- overseeing the annual performance evaluation of the TPL Corporation board and its committees; and
- overseeing the annual performance evaluation of management, which may be delegated to the Compensation Committee.

Compensation Committee

General Donald G. Cook, USAF (Ret.), Barbara J. Duganier and Dana F. McGinnis are expected to be the members of the Compensation Committee. Ms. Duganier is expected to be the chairperson of the Compensation Committee. It is expected that the TPL Corporation board will determine that each of General Cook, Ms. Duganier and Mr. McGinnis is independent, as defined by the rules of the NYSE and that they qualify as “non-employee directors” for purposes of Rule 16b-3 under the Exchange Act. The primary functions of the Compensation Committee will consist of:

- reviewing and approving annually corporate goals and objectives relevant to the Chief Executive Officer’s compensation, evaluating at least annually the Chief Executive Officer’s performance in light of those goals and objectives and determining and approving the Chief Executive Officer’s compensation, including salary, bonus, fees, benefits, incentive awards and perquisites, based on this evaluation;
- reviewing, making recommendations to the TPL Corporation board with respect to and approving the compensation of TPL Corporation’s executive officers other than the Chief Executive Officer, including, salaries, bonuses, fees, benefits, incentive awards and perquisites;
- reviewing, approving and making recommendations to the TPL Corporation board regarding TPL Corporation’s compensation plans; and
- reviewing and making recommendations to TPL Corporation’s board regarding compensation for non-employee directors.

With respect to TPL Corporation's disclosure and reporting matters, the responsibilities and duties of the Compensation Committee will also include meeting to review and discuss with management the compensation discussion and analysis required to be included in TPL Corporation's annual report and proxy statement.

TPL Corporation Compensation Committee Interlocks and Insider Participation

Each of the Trustees of TPL Trust is a member of the Nominating, Compensation and Governance Committee of the Trustees. None of the Trustees is, or has been in the past, an officer or employee of TPL Trust. None of the Trustees had any relationship requiring disclosure by TPL Trust pursuant to Item 404 of Regulation S-K. There are no interlocking relationships requiring disclosure by TPL Trust pursuant to Item 407(e)(4)(iii) of Regulation S-K.

Prior to the corporate reorganization, TPL Corporation was not an independent company, and did not have a compensation committee or any other committee serving a similar function.

Corporate Governance

TPL Corporation will be committed to conducting its business in accordance with the highest level of ethical and corporate governance standards. The TPL Corporation board expects to periodically review its corporate governance practices and take other actions to address changes in regulatory requirements, developments in governance best practices and matters raised by stockholders. The following describes some of the actions TPL Corporation expects to take to help ensure that TPL Corporation's conduct earns the respect and trust of stockholders, customers, business partners, employees and the communities in which we live and work.

Governance Guidelines and Codes

In connection with the corporate reorganization and distribution, the TPL Corporation board will adopt written corporate governance guidelines that set forth the responsibilities of the TPL Corporation board and the qualifications of its members and the members of its standing committees. Additionally, the TPL Corporation board will adopt a code of business conduct and ethics setting forth standards applicable to all of TPL Corporation's companies and their officers, directors and employees and charters for each of its standing committees. All of these documents (referred to collectively as "governance materials") will be available on TPL Corporation's website in connection with the distribution.

Communication with Directors

The TPL Corporation board will be committed to meaningful engagement with stockholders and will welcome input and suggestions. Information regarding how stockholders can contact the Co-Chairs or non-management members of the TPL Corporation board will be posted on our website following the distribution. Information regarding how stockholders and other interested parties can communicate issues or complaints regarding questionable accounting controls or auditing matters to the Audit Committee will be posted on our website following the distribution.

TPL Corporation Board Leadership Structure and Risk Oversight

The Co-Chairs of the TPL Corporation board are independent directors and TPL Corporation expects that the future chair or co-chairs of the TPL Corporation board will also be independent. TPL Corporation believes that having an independent chair or independent co-chairs of the TPL Corporation board will provide strong leadership for the TPL Corporation board and help ensure critical and independent thinking with respect to TPL Corporation's strategy and performance. TPL Corporation's Chief Executive Officer is also expected to serve as a member of the TPL Corporation board as the management representative. TPL Corporation believes this is important to make information and insight directly available to the directors in their deliberations. This structure gives TPL Corporation an appropriate, well-functioning balance between non-management and management directors that combines experience, accountability and effective risk oversight.

TPL Corporation believes that risk oversight is the responsibility of the TPL Corporation board as a whole and not of any one of its committees. The TPL Corporation board will periodically review the processes established by management to identify and manage risks and communicate with management about these processes. In addition to these measures, the Audit Committee will discuss policies with respect to risk assessment and risk management, TPL Corporation's major litigation and financial risk exposures and the steps management has taken to monitor and control such exposures.

Audit Committee Procedures

The Audit Committee expects to meet separately and periodically with TPL Corporation's independent auditor, TPL Corporation's chief financial officer and a representative of the internal audit function to assess certain matters, including the status of the independent audit process, management and the independent auditor's assessments of TPL Corporation's financial reporting and internal controls, TPL Corporation's compliance with legal and regulatory requirements, and management's views as to the competence, performance and independence of the independent auditor. In addition, the Audit Committee, as a whole, will review and meet to discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor. The Audit Committee will make a recommendation to the TPL Corporation board each year as to whether the annual audited financial statements should be included in TPL Corporation's Annual Report on Form 10-K.

Procedures for Approval of Related Person Transactions

TPL Corporation expects that it will generally not engage in transactions in which TPL Corporation's executive officers or directors (or any of their immediate family members) or any of TPL Corporation's stockholders owning 5% or more of TPL Corporation's outstanding shares of common stock have a material interest. Should a proposed transaction or series of similar transactions involve any such persons in an amount that exceeds \$120,000 in any fiscal year, it will be subject to review and approval by the Audit Committee in accordance with a written policy and procedures adopted by the TPL Corporation board in effect as of the distribution date. Transactions entered into that were not related person transactions at the time that they were consummated, but that later become related person transactions during the course of the transaction will also be subject to review by the Audit Committee in accordance with a written policy adopted by the TPL Corporation board.

Insider Trading Policy

It is expected that the TPL Corporation board will establish an insider trading policy which will, among other things, require insiders to: (a) refrain from trading in securities of TPL Corporation during certain blackout periods and when they are in possession of any material, non-public information; (b) clear all trades in securities of TPL Corporation with a designated officer prior to execution; and (c) prohibit insiders from hedging ownership of securities of TPL Corporation. The trading restrictions set forth in the policy will not apply to trades made pursuant to a properly qualified and adopted Rule 10b5-1 trading plan, if any such plan is adopted by an insider.

Qualification and Nominations of Directors

The Nominating and Corporate Governance Committee charter is expected to provide that the Nominating and Corporate Governance Committee screen, recruit and interview individuals that the Nominating and Corporate Governance Committee believes are qualified to become members of the TPL Corporation board, consistent with criteria approved by the TPL Corporation board from time to time, and to recommend to the TPL Corporation board the (a) director nominees to be selected by the TPL Corporation board to stand for election or re-election at the annual meeting of stockholders and (b) director candidates to be appointed by the TPL Corporation board to fill vacancies and newly created directorships. The Nominating and Corporate Governance Committee is expected to review periodically the size of the TPL Corporation board and oversee an annual self-evaluation of the TPL Corporation board and its committees. The Nominating and Corporate Governance Committee may also consider such other factors as it may deem to be in the best interests of TPL Corporation and its stockholders. TPL Corporation believes it appropriate and important that at least one key member of TPL Corporation's management participate as a member of the TPL Corporation board. In appropriate circumstances, this number may be increased to two.

Pursuant to the stockholders' agreement, Messrs. McGinnis, Oliver and Stahl will be appointed to the TPL Corporation board immediately following the distribution. As a condition to their appointment to the TPL Corporation board, each of Messrs. McGinnis, Oliver and Stahl provided to TPL Trust and TPL Corporation, among other things, a completed director questionnaire with respect to each such candidate's background and qualifications. On the basis of these questionnaires and other information obtained by TPL Trust prior to the corporate reorganization, the directors of TPL Corporation prior to the corporate reorganization, Messrs. Barry and Norris determined that Messrs. McGinnis, Oliver and Stahl were suitable candidates for membership on the TPL Corporation board and that each satisfy the independence standards established by the Sarbanes-Oxley Act and the applicable rules of the SEC and the NYSE. For further detail on the stockholders' agreement, see "Certain Relationships and Related Person Transactions—Stockholders' Agreement."

General Cook, Ms. Duganier, Ms. Epps and Mr. Glover will also be appointed to the TPL Corporation board effective upon the completion of the distribution. As a condition to their appointment to the TPL Corporation board, each of General Cook, Ms. Duganier, Ms. Epps and Mr. Glover completed a director questionnaire with respect to each such candidate's background and qualifications. On the basis of these questionnaires and other information obtained by TPL Trust prior to the corporate reorganization, Messrs. Barry and Norris determined that General Cook, Ms. Duganier, Ms. Epps and Mr. Glover were suitable candidates for membership on the TPL Corporation board. Messrs. Barry and Norris determined that General Cook, Ms. Duganier and Ms. Epps also satisfy the independence standards established by the Sarbanes-Oxley Act and the applicable rules of the SEC and the NYSE. Mr. Glover does not satisfy such independence standards due to his position as an officer of TPL Corporation. Messrs. Barry and Norris believed nevertheless that the appointment of Mr. Glover to the TPL Corporation board effective upon the completion of the distribution would be appropriate as he will serve as President and Chief Executive Officer of TPL Corporation following the distribution.

Whenever the Nominating and Corporate Governance Committee concludes, based on the reviews or considerations described above or due to a vacancy, that a new nominee to the TPL Corporation board is required or advisable, it will consider recommendations from directors, management, stockholders and, if it deems appropriate, consultants retained for that purpose. In such circumstances, it will evaluate individuals recommended by stockholders in the same manner as nominees recommended from other sources. Stockholders who wish to recommend an individual for nomination should send that person's name and supporting information to the committee, care of the board of directors. Stockholders who wish to nominate an individual for election as a director directly, without going through the Nominating and Corporate Governance Committee, must comply with the procedures in TPL Corporation's amended and restated bylaws.

EXECUTIVE AND DIRECTOR COMPENSATION

Introduction

TPL Corporation is currently a wholly owned subsidiary of TPL Trust and the Nominating, Compensation and Governance Committee of TPL Trust determined past executive compensation. After the corporate reorganization, the Compensation Committee of TPL Corporation and the TPL Corporation board will determine TPL Corporation's executive compensation.

This Executive Compensation section presents historical TPL Trust compensation information for Tyler Glover, Robert J. Packer and Sameer Parasnis each of whom was a named executive officer ("Named Executive Officer") of TPL Trust for the year ended December 31, 2019. Mr. Glover serves as the President and Chief Executive Officer and Mr. Packer serves as Chief Financial Officer of TPL Corporation and each is expected to continue to serve in these roles following the distribution.

Compensation Discussion and Analysis

TPL Trust's compensation program is designed to reward the performance of the Named Executive Officers in achieving TPL Trust's primary goals of protecting and maintaining the assets of TPL Trust. The compensation program consists principally of a salary and an annual cash bonus. Base salaries provide our Named Executive Officers with a steady income stream that is not contingent on TPL Trust's performance, while the addition of a cash bonus allows the Nominating, Compensation and Governance Committee flexibility to recognize and reward the Named Executive Officers' contributions to TPL Trust's performance in a given year. Salaries are reviewed annually and salary increases and the amounts of cash bonuses are determined by the Nominating, Compensation and Governance Committee of TPL Trust based upon an evaluation of the Named Executive Officer's performance against the goals and objectives of TPL Trust in accordance with the relevant employment agreements in effect. See "Executive and Director Compensation—Employment Agreements" below. In accordance with the employment agreements, final bonus amounts for a completed year may be finalized during the first quarter of the following year. Differences in salary for the Named Executive Officers may reflect the differing responsibilities of their respective positions, the differing levels of experience of the individuals and internal pay equity considerations.

TPL Trust has not incorporated equity-related or other long-term compensation elements in its compensation programs. The Declaration of Trust, pursuant to which TPL Trust was created, empowers the Trustees to manage the lands with all the powers of an absolute owner. At their discretion, the Trustees may pay dividends to the certificate holders or repurchase and cancel outstanding certificates. In view of that general directive to the Trustees, the issuance of equity to executive officers has not been made a part of TPL Trust's compensation program.

As part of its compensation program TPL Trust maintains both a qualified defined benefit pension plan and a qualified defined contribution plan that are both available to employees generally, as well as to the Named Executive Officers. These plans are designed to assist employees in planning adequately for their retirement.

The Nominating, Compensation and Governance Committee of TPL Trust has the sole authority to determine the compensation of the Named Executive Officers.

Compensation Consultant

During 2018, TPL Trust engaged Alvarez & Marsal ("A&M") as an independent compensation consultant to TPL Trust's Nominating, Compensation and Governance Committee. A&M reported to, and worked at the direction of TPL Trust's Nominating, Compensation and Governance Committee. A&M provides no services to and earns no fees from TPL Trust outside of its engagement with the Nominating, Compensation and Corporate Governance Committee. TPL Trust's Nominating, Compensation and Governance Committee determined that A&M is independent from management based upon the consideration of various relevant factors, including that A&M does not provide any services to TPL Trust except advisory services to the Nominating, Compensation and Governance Committee, and that A&M has and adheres to policies and procedures that are designed to prevent conflicts of interest.

To provide assistance in setting initial compensation for non-employee directors of TPL Corporation, TPL Trust retained A&M. A&M presented to the Conversion Exploration Committee regarding appropriate compensation for non-employee directors and the initial non-employee director compensation levels were set based upon the information provided by A&M and in consultation with those who have agreed to serve as non-employee directors of the TPL Corporation board.

The Compensation Committee is expected to select an independent compensation consultant to assist the Compensation Committee in fulfilling its responsibilities related to the oversight of TPL Corporation's executive officer and non-employee director compensation. In general, we expect the independent compensation consultant to develop pay strategies regarding our executive officers, including our CEO, and non-employee directors, which the consultant will provide to the Compensation Committee. The Compensation Committee and the consultant will then review and discuss matters involving executive officer and non-employee director compensation. After this review, we expect that the Compensation Committee will make its own recommendations to the TPL Corporation board regarding, among other things (a) the compensation of the CEO and executive officers including salary, bonus, fees, benefits, incentive awards and perquisites and (b) compensation for TPL Corporation's non-employee directors.

Summary Compensation Table

The following table sets forth information concerning compensation for services in all capacities awarded to, earned by, or paid to, TPL Trust's Named Executive Officers:

Name and Position	Year	Salary	Bonus ⁽¹⁾	Change in Actuarial Present Value of Accumulated Benefits ⁽²⁾	All Other Compensation ⁽³⁾⁽⁴⁾	Total
Tyler Glover	2019	\$ 800,000	\$ 2,900,000	\$ 70,515	\$ 19,000	\$ 3,789,515
<i>General Agent, Chief Executive Officer and Secretary</i>	2018	\$ 480,167	\$ 1,800,000	\$ 13,358	\$ 18,500	\$ 2,312,025
	2017	\$ 381,250	\$ 300,000	\$ 24,810	\$ 18,000	\$ 724,060
Robert J. Packer	2019	\$ 800,000	\$ 2,900,000	\$ 101,139	\$ 32,866	\$ 3,834,005
<i>General Agent and Chief Financial Officer</i>	2018	\$ 480,167	\$ 1,800,000	\$ 30,611	\$ 18,500	\$ 2,329,278
	2017	\$ 381,250	\$ 300,000	\$ 42,639	\$ 29,000	\$ 752,889
Sameer Parasnis⁽⁵⁾	2019	\$ 350,150	\$ 1,400,000	\$ —	\$ —	\$ 1,750,150
<i>Chief Commercial Officer and Executive Vice President</i>						

(1) For 2019, represents the bonus amount approved by the Trustees at their February 2020 meeting, accrued as of December 31, 2019 and paid on February 28, 2020. Mr. Parasnis's 2019 bonus amount includes a \$50,000 bonus that was paid during 2019.

(2) Represents the aggregate change in the actuarial present value of the Named Executive Officer's accumulated benefit under all defined benefit and actuarial pension plans (including supplemental plans) from the pension plan measurement date used for financial statement reporting purposes with respect to TPL Trust's audited consolidated financial statements for the prior completed fiscal year to the pension plan measurement date used for financial statement reporting purposes with respect to TPL Trust's audited consolidated financial statements for the covered fiscal year.

(3) Represents contributions by TPL Trust to the account of the Named Executive Officer under TPL Trust's defined contribution retirement plan.

(4) The aggregate value of the perquisites and other personal benefits, if any, received by the Named Executive Officer for all years presented have not been reflected in the table because the amount was below the SEC's \$10,000 threshold for disclosure except for Mr. Packer, whose perquisites consisted of \$10,594 and \$11,000 in automobile allowance for 2019 and 2017, respectively.

(5) Mr. Parasnis joined TPL Trust as Chief Commercial Officer and Executive Vice President effective July 1, 2019. As of December 31, 2019, Mr. Parasnis was not eligible to participate in the defined benefit and actuarial pension plans of TPL Trust. Effective June 24, 2020, Mr. Parasnis's employment with TPL Trust ceased.

Pay Ratio Disclosure

For purposes of calculating the 2019 ratio of the median annual total compensation of all employees to the total annual compensation of the Chief Executive Officer, TPL Trust included base salary and annual bonus amounts in its calculation of annual total compensation. TPL Trust used December 31, 2019 as its measurement date. Base salary amounts were annualized for any employee who had less than a full year of service during 2019. Total compensation for Mr. Glover, TPL Trust's Chief Executive Officer, was determined to be \$3,700,000 and was approximately 33 times the median annual compensation of all TPL Trust employees, excluding TPL Trust's Chief Executive Officer, of \$112,000. For purposes of this calculation, TPL Trust had 93 employees, excluding TPL Trust's Chief Executive Officer.

Employment Agreements

On August 8, 2019, TPL Trust entered into employment agreements (the "employment agreements") with Mr. Glover, its General Agent and Chief Executive Officer (the "Glover Agreement"), Mr. Packer, its General Agent and Chief Financial Officer (the "Packer Agreement") and Mr. Parasnis, its Chief Commercial Officer and Executive Vice President (the "Parasnis Agreement"). The employment agreements were effective as of July 1, 2019. Effective upon the distribution, TPL Corporation will enter into amended and restated employment agreements with each of Messrs. Glover and Packer. The amended and restated employment agreements are being entered to confirm the assumption of TPL Corporation of the obligations of TPL Trust under the Glover Agreement and Packer Agreement.

Pursuant to their employment agreements, Mr. Glover and Mr. Packer will each receive a base salary of \$800,000 per annum subject to annual review, and be eligible for an annual cash bonus of up to 300% of such base salary for achievement of specified performance targets, except that with respect to Mr. Glover and Mr. Packer, the cash bonus for the calendar year 2019 will be at least 100% of the cash bonus paid with respect to 2018, as established by the Nominating, Compensation and Governance Committee of TPL Trust. Until TPL Trust establishes an equity compensation plan, Mr. Glover and Mr. Packer are required to use at least 25% of their cash bonuses (net of estimated taxes) to purchase sub-share certificates (and following the distribution, TPL Corporation common stock). Pursuant to the Parasnis Agreement, Mr. Parasnis received a base salary of \$700,000 per annum. The term of each of the Glover Agreement and the Packer Agreement ends on December 31, 2020, with automatic one year extensions unless notice not to renew is given by either party at least 120 days prior to the relevant end date.

Each of the Glover Agreement and Packer Agreement provides for payment of severance benefits if the officer's employment is terminated by TPL Trust without cause or by the officer for good reason, provided that the officer executes a general waiver and release of claims and complies with the restrictive covenants described below. The severance benefits include: (a) accrued but unpaid bonuses and vested long-term incentive benefits; (b) a pro rata bonus for the year of termination (if such termination occurs after the first calendar quarter); (c) up to 18 months of COBRA premiums for continued group health, dental and vision coverage for the officer and his dependents, paid for by TPL Trust; and (d) if such termination occurs during the first 15 months of the term, an amount equal to two times the average of his base salary and cash bonus for the preceding two years, which amount will be reduced to one times such average for the preceding year if such termination occurs after the first 15 months of the term. If the officer's employment is terminated by TPL Trust without cause, by the officer for good reason, or upon failure of TPL Trust to renew the term of the employment agreement, in all such cases, within 24 months following a change in control of TPL Trust as defined in the employment agreements, then, in lieu of the amount specified in clause (d), the officer will be entitled to an amount equal to 2.99 times the greater of (a) the average of his base salary and cash bonus for the two years preceding the change in control and (b) his base salary and target cash bonus for the year of the change in control. If the officer's employment terminates due to death or disability, he will be entitled to the benefits described in clauses (a) and (b) above. The officer will also be entitled to payment of accrued but unpaid salary, accrued but unused vacation, unsubsidized COBRA benefits, and unreimbursed business expenses following termination of employment for any reason.

The Glover Agreement and Packer Agreement provide that Mr. Glover and Mr. Packer will be entitled to participate in all benefit plans provided to TPL Trust's executives of like status from time to time in accordance with the applicable plan, policy or practices of TPL Trust, as well as in any long-term incentive program established by TPL Trust. They also provide for four weeks of annual paid vacation, reimbursement of business expenses, and indemnification rights.

Each employment agreement contains restrictive covenants prohibiting the officer from disclosing TPL Trust's confidential information at any time, from competing with TPL Trust in specified counties where TPL Trust does business during his employment, subject to certain exceptions, and for one year thereafter (or six months thereafter if he terminates his employment voluntarily without good reason), and from soliciting TPL Trust's clients, suppliers and business partners during his employment and for one year thereafter.

Pension Benefits

Name	Plan Name	Number of Years Credited Service	Actuarial Present Value of Accumulated Benefit	Payments During Last Fiscal Year
Tyler Glover	Restated Texas Pacific Land Trust Revised Employees' Pension Plan	7.0	\$ 130,345	\$ —
Robert J. Packer	Restated Texas Pacific Land Trust Revised Employees' Pension Plan	7.5	\$ 225,139	\$ —
Sameer Parasnis ⁽¹⁾	Restated Texas Pacific Land Trust Revised Employees' Pension Plan	—	\$ —	\$ —

(1) Mr. Parasnis joined TPL Trust as Chief Commercial Officer and Executive Vice President effective July 1, 2019. As of December 31, 2019, Mr. Parasnis was not eligible to participate in the pension plan of TPL Trust. Effective June 24, 2020, Mr. Parasnis's employment with TPL Trust ceased.

The Restated Texas Pacific Land Trust Revised Employees' Pension Plan is a noncontributory defined benefit pension plan qualified under Section 401 of the Internal Revenue Code in which our employees, excluding the Trustees, participate. The remuneration covered by the Plan is the participant's base compensation up to certain limits specified in the Internal Revenue Code ("Eligible Compensation"). The Plan provides a normal retirement benefit equal to 1.5% of a participant's average Eligible Compensation for the last five years prior to retirement for each year of Credited Service under the Plan. Credited Service is earned from the participant's date of membership in the Plan, which is generally the earlier of January 1 or July 1 following completion of the participant's first year of service for TPL Trust. For information concerning the valuation method and material assumptions used in quantifying the present value of the Named Executive Officers' current accrued benefits, see Note 6, "Employee Benefit Plans" of the Notes to Financial Statements included elsewhere in this information statement.

As of December 31, 2019, the annual accrued normal retirement benefits are estimated to be \$22,645 and \$24,909 for Mr. Glover and Mr. Packer, respectively.

The Plan provides for early retirement after the participant attains age 50 and completes 20 years of service with TPL Trust. Early retirement benefits are calculated in the same manner as the normal retirement benefit, but are reduced by 1/15 for each of the first five years and 1/30 for each of the next five years that benefits commence prior to the Plan's normal retirement age of 65. If benefits commence more than 10 years prior to normal retirement, the early retirement benefit is reduced actuarially for each year prior to age 55. None of the Named Executive Officers are currently eligible for early retirement benefits.

Trustee Compensation Table

The following table sets forth information concerning compensation paid to the Trustees during the year ended December 31, 2019:

Name	Fees Earned or Paid in Cash	Total
John R. Norris III	\$ 104,000	\$ 104,000
David E. Barry	\$ 104,000	\$ 104,000
Maurice Meyer III (<i>resigned effective February 25, 2019</i>)	\$ 26,000	\$ 26,000

Trustees do not receive additional compensation for service on a committee or for attendance at meetings.

Compensation Committee Report

The Nominating, Compensation and Governance Committee of TPL Trust has reviewed and discussed the Compensation Discussion and Analysis section of this Form 10, and based on such review and discussion, recommended that it be included in this Report.

Non-Employee Director Compensation

Compensation for non-employee directors will be subject to the review and approval of the TPL Corporation board or the Compensation Committee following the distribution. The TPL Corporation board has approved a compensation policy for non-employee directors that is designed to enable ongoing attraction and retention of highly qualified directors and to address the time, effort, expertise and accountability required of active TPL Corporation board membership. The following table shows the initial annual retainers for non-employee directors.

Name	Cash
All directors (base retainer)	\$ 210,000
Incremental Amount above Base Retainer*	
TPL Corporation board co-chair	\$ 40,000
Committee service (per committee)	\$ 10,000
Audit Committee chair	\$ 10,000
Nominating and Corporate Governance Committee chair	\$ 5,000
Compensation Committee chair	\$ 5,000

* Directors serving in multiple leadership roles receive incremental compensation for each role.

Directors are not expected to receive additional compensation for attending regularly scheduled TPL Corporation board or committee meetings.

For less than full years of service, including 2020, the compensation paid to the non-employee directors will be prorated based on the number of days they served as directors.

Our employee director, Mr. Glover, will not receive any compensation for his service as a director for 2020. For the compensation received by Mr. Glover, see "Executive and Director Compensation—Summary Compensation Table."

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Forms of the material agreements described below have been filed as exhibits to the registration statement on Form 10 of which this information statement forms a part, and the summaries below set forth material terms of such agreements. The summaries of the material agreements are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

Procedures for Approval of Related Person Transactions

TPL Corporation expects that it will generally not engage in transactions in which TPL Corporation's senior executive officers or directors, or any of their immediate family members or any of TPL Corporation's stockholders owning 5% or more of TPL Corporation's outstanding shares of common stock have a material interest. Should a proposed transaction or series of similar transactions involve any such persons in an amount that exceeds \$120,000 in any fiscal year, it will be subject to review and approval by the Audit Committee in accordance with a written policy and procedures adopted by the TPL Corporation board in effect as of the distribution date. Transactions entered into that were not related person transactions at the time that they were consummated, but that later become related person transactions during the course of the transaction will also be subject to review by the Audit Committee in accordance with a written policy adopted by the TPL Corporation board.

The Distribution by TPL Trust

TPL Trust will distribute all of the issued and outstanding shares of TPL Corporation common stock to the sub-share certificate holders that hold sub-share certificates as of _____, New York City time, on _____, 2020 on a pro rata basis in accordance with their interests in TPL Trust. Completion of the distribution will be subject to satisfaction or waiver of the conditions to the corporate reorganization and distribution. See "The Corporate Reorganization and Distribution—Conditions to the Distribution."

Material Agreements of TPL Corporation

Following the corporate reorganization and distribution, TPL Corporation will operate as an independent public company and TPL Trust will be liquidated. Prior to the distribution, TPL Corporation and TPL Trust will enter into a contribution agreement (the "Contribution Agreement"), pursuant to which: (a) TPL Trust will transfer all of the equity interests in TPL HoldCo from TPL Trust to TPL Corporation, and (b) TPL Corporation will issue all of its remaining authorized shares of TPL Corporation common stock to TPL Trust. As a result of such issuance, TPL Trust will hold, immediately prior to the distribution, all of the issued and outstanding shares of TPL Corporation common stock. In addition, TPL Corporation will enter into, adopt or assume the following agreements in connection with the distribution:

- amended and restated employment agreements with certain officers of TPL Trust;
- indemnification agreements with the directors of TPL Corporation, in addition to other indemnification obligations that will be assumed by TPL Corporation as a result of the corporate reorganization; and
- the stockholders' agreement with certain sub-share certificate holders.

As discussed below, in connection with the corporate reorganization, TPL Trust previously entered into, on June 11, 2020, the stockholders' agreement. The terms of the other agreements described below have not yet been finalized; changes to these agreements, some of which may be material, may be made prior to the corporate reorganization.

Contribution Agreement

The Contribution Agreement will set forth TPL Corporation's agreement with TPL Trust regarding the principal transactions necessary to transfer all of the equity interests in TPL HoldCo from TPL Trust to TPL Corporation. The consummation of the Contribution Agreement will have the effect of transferring the TPL Business from TPL HoldCo to TPL Corporation. TPL Corporation and TPL Trust intend to enter into the Contribution Agreement immediately before the distribution of TPL Corporation common stock to the sub-share certificate holders.

Transfer of Membership Interests

The Contribution Agreement will set forth when and how TPL Trust will transfer all of the equity interests in TPL HoldCo to TPL Corporation. In particular, the Contribution Agreement will provide that, subject to the terms and conditions contained in the agreement:

- TPL Trust will contribute to TPL Corporation all of TPL Trust's right, title and interest to, and all responsibilities and liabilities related to and arising from the equity interests in TPL HoldCo (the "equity contribution");
- TPL Corporation will agree to accept the equity contribution and agree to be subject to all rights, obligations and liabilities of, and arising under, the contributed equity; and
- as consideration for the equity contribution, TPL Corporation will also agree to issue all of its remaining authorized shares of TPL Corporation common stock to TPL Trust. As a result of such issuance, TPL Trust will hold, immediately prior to the distribution, all of the issued and outstanding shares of TPL Corporation common stock.

Indemnification by TPL Corporation

Under the Contribution Agreement, TPL Corporation will indemnify, defend and hold harmless TPL Trust, the Trustees, the successors of the Trustees and each officer, legal agent or fiduciary of TPL Trust, in each case, when acting in such capacity against all losses, damages, costs, expenses (including attorneys' fees), liabilities or judgments or reasonable amounts that are paid in settlement in connection with any legal proceeding to which such indemnified person is a party or is otherwise involved based on: (a) the fact that such person is or was a trustee, director, officer, employee or fiduciary of TPL Trust or is or was serving at the request of TPL Trust; (b) anything done or not done by such person in any such capacity; or (c) the Contribution Agreement.

Choice of Law

The Contribution Agreement will be governed by the laws of the State of Texas, and TPL Trust and TPL HoldCo will submit to the jurisdiction of the district courts of Dallas County, Texas.

Amended and Restated Employment Agreements

For further information regarding the amended and restated employment agreements between TPL Corporation and each of Messrs. Glover and Packer, see "Executive and Director Compensation—Employment Agreements."

Indemnification Agreements

We expect to enter into indemnification agreements with each of our directors and we may enter into indemnification agreements with our future executive officers (all such agreements, the "indemnification agreements," and such persons under the indemnification agreements, the "indemnitees"). The indemnification agreements will provide that TPL Corporation will indemnify, defend and hold harmless the indemnitees, to the fullest extent permitted by applicable law, against losses and expenses arising from the indemnitees becoming a party to any action or other legal proceeding related to their affiliation with TPL Corporation or any individual, entity or trust that was a predecessor in interest to the assets of TPL Corporation. Under the indemnification agreements, TPL Corporation will additionally undertake to advance to the indemnitees, to the fullest extent permitted by applicable law, funds to pay for expenses related to such matters, including attorneys' fees.

Other Indemnification Obligations

As a result of the effectuation of the Contribution Agreement, TPL Corporation will assume certain indemnification obligations of TPL Trust in respect of the Trustees and officers of TPL Trust, including the following:

On June 30, 2020, TPL Trust entered into indemnification agreements with each of the Trustees. The indemnification agreements are identical in form and together provide that, subject to certain limitations set forth therein, TPL Trust will indemnify the Trustees to the fullest extent permitted by applicable law against losses or expenses incurred in relation to the Trustees' service to TPL Trust. The indemnification agreements also provide that TPL Trust will advance expenses, subject to certain limitations, to each Trustee in connection with proceedings covered by the indemnification agreement.

Prior to the distribution, TPL Trust will enter into a contribution agreement with TPL HoldCo, a wholly owned subsidiary of TPL Trust, pursuant to which TPL Trust will transfer the TPL Business to TPL HoldCo (the "HoldCo contribution agreement"), excluding the equity in TPL HoldCo and TPL Corporation, which at such time will be a wholly owned subsidiary of TPL Trust. Under this agreement, TPL HoldCo will indemnify, defend and hold harmless TPL Trust, the Trustees, the successors of the Trustees, and each officer, legal agent or fiduciary of TPL Trust, in each case, when acting in such capacity against all losses, damages, costs, expenses (including attorneys' fees), liabilities or judgments or reasonable amounts that are paid in settlement in connection with any legal proceeding to which such indemnified person is a party or is otherwise involved based on: (a) the fact that such person is or was a trustee, director, officer, employee or fiduciary of TPL Trust or is or was serving at the request of TPL Trust; (b) anything done by such person in any such capacity; or (c) the HoldCo contribution agreement.

See also "Description of TPL Corporation Capital Stock" for the discussion of indemnification of TPL Corporation's officers and directors under the organizational documents of TPL Corporation.

Stockholders' Agreement

On June 11, 2020, TPL Trust entered into a stockholders' agreement with Horizon Kinetics LLC and Horizon Kinetics Asset Management LLC (together with Horizon Kinetics LLC and its affiliates, "Horizon"), SoftVest Advisors, LLC ("SoftVest Advisors") and SoftVest, L.P. (together with SoftVest Advisors and its affiliates, "SoftVest," and together with Horizon, the "investor group"), and Mission Advisors, LP ("Mission" and together with the investor group, collectively, the "stockholder parties") (the "stockholders' agreement").

The stockholders' agreement provides that, effective immediately following the distribution, (a) the TPL Corporation board shall be divided into three classes of directors, with directors in each class serving staggered, three-year terms and (b) (i) Dana F. McGinnis, the director designated by Mission (the "Mission designee"), will be appointed to Class I of the TPL Corporation board (with a term expiring in 2021), (ii) Eric L. Oliver, the director designated by SoftVest (the "SoftVest designee"), will be appointed to Class II of the TPL Corporation board (with a term expiring in 2022) and (iii) Murray Stahl, the director designated by Horizon (the "Horizon designee" and together with the SoftVest designee and the Mission designee, the "stockholder designees"), will be appointed to Class III of the TPL Corporation board (with a term expiring in 2023).

The stockholders' agreement also provides, among other things, that during the term of the stockholders' agreement (and for so long thereafter as, for any stockholder party, the terms of the stockholders' agreement may survive and continue to obligate such stockholder party in accordance with the terms of the stockholders' Agreement): the stockholder parties and stockholder designees shall be subject to customary standstill restrictions relating to, among other things, director nominations, stockholder proposals, proxy contests, other activist campaigns and limitations on beneficial ownership of TPL Corporation common stock; the stockholder parties will vote all of their shares of TPL Corporation common stock at each annual or special meeting of stockholders of TPL Corporation in accordance with the TPL Corporation board's recommendations, subject to certain exceptions; no party will initiate any lawsuit against the other party, subject to certain exceptions; and each stockholder party will be permitted to receive confidential information for as long as its respective stockholder designee serves as a director, subject to certain restrictions and a confidentiality agreement entered into by each stockholder party and its respective stockholder designee, as a condition to each stockholder designee's appointment to the TPL Corporation board.

As a condition to appointment to the TPL Corporation board, the Horizon designee has provided an executed conditional resignation letter to become effective upon the earliest to occur of (a) Horizon ceasing to beneficially own 10% of the issued and outstanding shares of TPL Corporation common stock (the "minimum ownership event") and (b) the termination of the stockholders' agreement. The SoftVest designee, as a condition to appointment to the TPL Corporation board, has provided to the TPL Corporation board an executed conditional resignation letter to become effective upon the earliest to occur of (a) the minimum ownership event, (b) the Horizon designee ceasing to serve on the TPL Corporation board and (c) the termination of the stockholders' agreement.

The stockholders' agreement provides that, prior to the distribution, TPL Trust will convey, and TPL Corporation will assume, all of TPL Trust's rights and obligations under the stockholders' agreement.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the corporate reorganization and distribution, all of the outstanding shares of TPL Corporation common stock will be owned beneficially and of record by TPL Trust. Following the corporate reorganization and distribution, TPL Corporation expects to have outstanding an aggregate of 7,756,156 shares of TPL Corporation common stock based upon 7,756,156 sub-share certificates issued and outstanding on , applying the distribution ratio.

Stock Ownership Information for Directors and Officers

The following table shows the number of shares of TPL Corporation common stock expected to be beneficially owned by our current directors, Named Executive Officers, and our directors and current executive officers as a group immediately following the completion of the distribution, based on ownership of sub-share certificates as of 2020 and based on the assumption that, for every sub-share certificate held by such persons, they will receive one share of TPL Corporation common stock. Each person listed in the following table has sole voting and investment power of the shares shown, except as noted in the footnotes below.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class*
Directors and Named Executive Officers		
David E. Barry	300	*
General Donald G. Cook, USAF (Ret.)	—	*
Barbara J. Duganier	—	*
Donna E. Epps	—	*
Dana F. McGinnis ⁽¹⁾	131,424	1.7%
John R. Norris III	1,000	*
Eric L. Oliver ⁽²⁾	133,200	1.7%
Murray Stahl ⁽³⁾	63,056	*
Tyler Glover	100	*
Robert J. Packer	200	*
All Directors and Executive Officers as a group (11 persons)	329,280	4.2%

(1) Includes 3,924 sub-share certificates held by Mr. McGinnis in trust for the benefit of his children.

(2) This information is based on responses that Mr. Oliver provided in his director questionnaire, including (i) 130,500 sub-share certificates that SoftVest, L.P. beneficially owns, (ii) 100 sub-share certificates that Mr. Oliver holds in his own name, (iii) 350 sub-share certificates held by trusts administered for the benefit of Mr. Oliver's grandchildren and (iv) 2,250 sub-share certificates owned by Debeck LLC and Debeck Properties LP, which Mr. Oliver Controls (collectively the "Additional Oliver sub-share certificates"). Mr. Oliver has sole voting and dispositive power with respect to the Additional Oliver sub-share certificates. Mr. Oliver's Children own an additional 2,389 sub-share certificates, with respect to which Mr. Oliver disclaims beneficial ownership.

(3) This information is based on responses that Mr. Stahl provided in his director questionnaire, including (i) 1,449 sub-share certificates that Mr. Stahl directly owns, (ii) 138 sub-share certificates that Mr. Stahl jointly owns with his wife, (iii) 36 sub-share certificates that Mr. Stahl's wife owns. Mr. Stahl separately has an approximate 20% interest in 307,164 sub-share certificates held in various pooled vehicles (or approximately 61,433 sub-share certificates) and disclaims beneficial ownership in the approximate 80% interest in sub-share certificates held by those.

*Indicates ownership of less than 1% of the class.

Stock Ownership of Certain Beneficial Owners

The following table shows all holders known to TPL Corporation that are expected to be beneficial owners of more than 5% of the outstanding shares of TPL Corporation common stock immediately following the completion of the distribution, based on ownership of sub-share certificates as of [REDACTED], 2020 and based upon the assumption that, for every sub-share certificate held by such persons, they will receive one share of TPL Corporation common stock.

Name and Address	Shares of TPL Corporation common stock	Percent of Class
Horizon Kinetics LLC ⁽¹⁾ 470 Park Avenue South, 4th Floor South New York, New York 10016	1,638,935	21.1%
SoftVest, L.P. ⁽²⁾ 400 Pine Street, Suite 1010 Abilene, Texas 79601	130,500	1.7%

(1) The information set forth is based on Amendment No. 11 to Schedule 13D filed on October 16, 2020 by Horizon Kinetics Asset Management LLC. The number of sub-share certificates beneficially owned excludes sub-share certificates held by senior portfolio managers and other employees of Horizon Kinetics Asset Management LLC personally. Amendment No. 5 to Schedule 13D filed by Horizon on May 28, 2019 indicated that Horizon Kinetics Asset Management LLC is a wholly owned subsidiary of Horizon Kinetics LLC, and that Horizon Kinetics Asset Management LLC has shared voting power and shared dispositive power with respect to such sub-share certificates.

(2) The information is based on Amendment No. 6 to Schedule 13D filed on June 15, 2020 by SoftVest, L.P., SoftVest Advisors, LLC, Eric L. Oliver, ART-FGT Family Partners Limited, Tessler Family Limited Partnership, and Allan R. Tessler (collectively, the “reporting persons”).

Horizon Kinetics LLC, SoftVest Advisors LLC, ART-FGT Family Partners Limited and Tessler Family Limited Partnership previously entered into a Cooperation Agreement, dated May 15, 2019, and amended on May 28, 2019 (together, the “Original Cooperation Agreement”). As disclosed in Amendment No. 5 to Schedule 13D filed on March 27, 2020 by the reporting persons, on March 27, 2020, pursuant to a letter agreement dated March 27, 2020 (the “withdrawal letter”), ART-FGT Family Partners Limited and Tessler Family Limited Partnership withdrew from the Original Cooperation Agreement. As a result of covenants and restrictions set forth in the Original Cooperation Agreement, as amended by the withdrawal letter (the “Current Cooperation Agreement”), Horizon Kinetics LLC and Horizon Kinetics Asset Management LLC, on one hand, and SoftVest, L.P., SoftVest Advisors, LLC and Eric L. Oliver, on the other hand (the “Current Parties”), may be deemed to have formed a “group” pursuant to Rule 13d-5(b)(1) promulgated under the Act and therefore each of the Current Parties may be deemed to share voting power and dispositive power with respect to each other Current Party’s sub-share certificates. Each of the Current Parties may also be deemed to beneficially own all sub-share certificates beneficially owned by the other parties to the Current Cooperation Agreement. The Current Parties have expressly disclaimed any such beneficial ownership resulting from the terms of the Current Cooperation Agreement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion of the material U.S. federal income tax consequences of the corporate reorganization and distribution to U.S. Holders of sub-share certificates of TPL Trust is based upon the Code, Treasury regulations promulgated thereunder, IRS rulings and pronouncements, and judicial decisions, all as of the date of this information statement, and all of which are subject to change, possibly with retroactive effect. Any such change could alter the tax consequences described herein.

This discussion is for general information purposes only and is limited to U.S. Holders, defined below, who hold their sub-share certificates as capital assets, within the meaning of Section 1221 of the Code. Further, this discussion does not address every aspect of U.S. federal income taxation that may be relevant to a holder in light of the holder's particular circumstances or to persons who are otherwise subject to special tax treatment, including, without limitation: (a) a partnership, subchapter S corporation or other pass-through entity or arrangement treated as a partnership for U.S. federal income tax purposes; (b) dealers in securities; (c) banks or other financial institutions; (d) insurance companies; (e) mutual funds; (f) tax exempt organizations or pension funds; (g) a foreign person, foreign entity or U.S. expatriate; (h) persons who may be subject to the alternative minimum tax provisions of the Code; (i) a holder whose functional currency is not the U.S. dollar; (j) persons who acquired their sub-share certificates in compensatory transactions; (k) persons who hold their sub-share certificates as part of a hedging, straddle, conversion or other risk reduction transaction; or (l) holders who own, directly, indirectly, or by attribution, five percent (5%) or more, by voting power or value, of outstanding sub-share certificates (or after the corporate reorganization and distribution, the outstanding stock of TPL Corporation). This discussion does not address any U.S. federal tax consequences other than U.S. federal income tax consequences, such as estate and gift tax consequences, or the tax consequences under the laws of any foreign, state, local or other jurisdiction income tax treaty.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of sub-share certificates that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state or political subdivision thereof;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) it has a valid election in place under applicable Department of Treasury regulations to be treated as a U.S. person.

A "non-U.S. holder" is a beneficial owner of sub-share certificates that is not a U.S. Holder for U.S. federal income tax purposes.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds sub-share certificates, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding sub-share certificates should consult its tax advisor regarding the tax consequences of the corporate reorganization and distribution.

YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE CORPORATE REORGANIZATION AND DISTRIBUTION.

Subject to the qualifications and limitations set forth herein, Sidley Austin LLP, counsel to us, is of the opinion that for U.S. federal income tax purposes:

- the corporate reorganization and distribution, taken together, will qualify as a reorganization under Section 368(a)(1)(F) of the Code;
- no gain or loss will be recognized by us or TPL Trust as a result of the corporate reorganization and distribution;
- no gain or loss will be recognized by U.S. Holders upon the receipt of TPL Corporation common stock pursuant to the distribution;
- the aggregate tax basis of the TPL Corporation common stock received by U.S. Holders pursuant to the distribution will be the same as the aggregate tax basis of the sub-share certificates surrendered in exchange therefor; and
- the holding period for the TPL Corporation common stock received by U.S. Holders pursuant to the distribution will include such holders' holding period in the sub-share certificates exchanged therefor.

The opinion of counsel does not address any U.S. state or local or non-U.S. tax consequences of the corporate reorganization and distribution. The opinion assumes that the corporate reorganization and distribution will be completed according to the terms of the Contribution Agreement, the HoldCo contribution agreement, and this information statement, and relies on the facts as stated therein and in other ancillary agreements and documents. In addition, the opinion is based on certain representations as to factual matters from, and certain covenants by, TPL Trust and TPL Corporation. The opinion cannot be relied on if any of the assumptions, representations or covenants are incorrect, incomplete or inaccurate or are violated in any material respect.

The opinion of counsel is not binding on the IRS or the courts, and no assurance can be given that contrary positions will not be taken by the IRS or a court. We have not sought and will not seek a ruling from the IRS regarding the federal income tax consequences of the corporate reorganization and distribution.

If the corporate reorganization and distribution were determined not to qualify for tax-free treatment either under Section 368(a)(1)(F) or any other provision of the Code, then, in general, each holder of sub-share certificates generally would recognize gain or loss, as applicable, equal to the difference between (a) the sum of the fair market value of the shares of TPL Corporation common stock received by such holder and (b) its adjusted tax basis in the sub-share certificates surrendered in exchange therefor. Further, TPL Trust would recognize taxable gain as if it sold all of its assets, subject to its liabilities, at fair market value.

Reporting Requirements

Treasury regulations require sub-share certificate holders who qualify as “significant holders” to file a statement with his federal income tax return setting forth his tax basis in the sub-share certificates surrendered and the fair market value of the TPL Corporation common stock received in the distribution, and to retain permanent records of these facts relating to the distribution. A “significant holder” is a holder who, immediately before the distribution owned at least 5% (by vote or value) of the outstanding sub-share certificates or owned sub-share certificates with a basis of \$1 million or more.

HOLDERS OF SUB-SHARE CERTIFICATES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES UNDER OTHER U.S. FEDERAL TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

DESCRIPTION OF TPL CORPORATION CAPITAL STOCK

TPL Corporation's certificate of incorporation and bylaws will be amended and restated prior to the distribution. The following is a summary of the material terms of TPL Corporation's capital stock that will be contained in the amended and restated certificate of incorporation and amended and restated bylaws. These summaries do not purport to be complete statements of the relevant provisions of the amended and restated certificate of incorporation or of the amended and restated bylaws to be in effect at the time of the distribution, and are qualified in their entirety by reference to these documents, which you should read (along with the applicable provisions of Delaware law) for complete information on TPL Corporation's capital stock at the time of the distribution. The amended and restated certificate of incorporation and the amended and restated bylaws, each in a form expected to be in effect at the time of the distribution, will be included as exhibits to TPL Corporation's registration statement on Form 10, of which this information statement forms a part. We will include our amended and restated certificate of incorporation and amended and restated bylaws, as in effect at the time of the distribution, in a Current Report on Form 8-K filed with the SEC. The following also summarizes certain relevant provisions of the DGCL. Since the terms of the DGCL are more detailed than the general information provided below, you should read the actual provisions of the DGCL for complete information.

General

TPL Corporation's authorized capital stock will consist of 7,756,156 shares of TPL Corporation common stock, par value \$0.01 per share, and 1,000,000 shares of preferred stock, par value \$0.01 per share.

Immediately following the distribution, we expect that 7,756,156 shares of TPL Corporation common stock will be issued and outstanding and that no shares of our preferred stock will be issued.

Common Stock

Immediately following the distribution, we expect that 7,756,156 shares of TPL Corporation common stock will be issued and outstanding, all of which will be fully paid and nonassessable.

Voting Rights

Except as provided by law or in a preferred stock designation, holders of TPL Corporation common stock will be entitled to one vote for each share held upon all matters which holders of TPL Corporation common stock are entitled to vote, and the holders of shares of TPL Corporation 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. Holders of TPL Corporation common stock do not have cumulative voting rights. The number of authorized shares of TPL Corporation 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 TPL 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 TPL Corporation common stock voting separately as a class shall be required therefor.

Dividend Rights

Subject to the rights and preferences, if any, applicable to shares of preferred stock or any series thereof, the holders of shares of TPL Corporation common stock will be entitled to receive, ratably in proportion to the number of shares of TPL Corporation 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 TPL Corporation board, at any time and from time to time, out of any funds or assets of TPL Corporation that are legally available therefor at such time and in such amounts as the TPL Corporation board in its direction will determine.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of TPL Corporation, holders of TPL Corporation common stock will be entitled to share ratably in all assets of TPL Corporation remaining, after TPL Corporation pays all of its debts and other liabilities and any amounts TPL Corporation may owe to the holders of preferred stock, if any.

Other Matters

Holders of TPL Corporation common stock will not have preemptive or preferential rights. There are no redemption or sinking fund provisions applicable to TPL Corporation common stock.

Preferred Stock

Our amended and restated certificate of incorporation will authorize the TPL Corporation board, subject to any limitations prescribed by law and the rights of any series of preferred stock then outstanding, if any, without further stockholder approval, to authorize the issuance of preferred stock from time to time in one or more series, par value \$0.01 per share, covering up to an aggregate of 1,000,000 shares of preferred stock. The TPL Corporation board will be authorized under the amended and restated certificate of incorporation to fix the designations, powers, preferences, privileges, and relative, participating, optional, or special rights, and qualifications, limitations and restrictions relating to each such series of preferred stock, including, but not limited to, voting rights, the number of shares to constitute the series, restrictions on issuance, redemption rights, dividend rights, liquidation preferences and conversion rights. Except as provided by law or in a preferred stock designation, the holders of preferred stock will not be entitled to vote at any meeting of stockholders.

Anti-Takeover Effects of Delaware Law and Provisions of Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws

Some provisions of Delaware law contain, and our amended and restated certificate of incorporation and our amended and restated bylaws will contain, provisions that could make the following transactions more difficult: acquisitions of us by means of a tender offer, a proxy contest or removal of our incumbent officers and directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to negotiate with us first. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Law

TPL Corporation will be subject to the provisions of Section 203 of the DGCL (“Section 203”) regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation, including those whose securities are listed for trading on the NYSE, from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the transaction is approved by the TPL Corporation board before the date the interested stockholder attained that status;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of TPL Corporation outstanding at the time the transaction commenced; or
- on or after such time the business combination is approved by the TPL Corporation board and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Except as otherwise set forth in Section 203, an interested stockholder is defined to include: (a) any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three years immediately prior to the date of determination; and (b) the affiliates and associates of any such person.

Section 203 may make it more difficult for a person who would be an interested stockholder to effect various business combinations with a corporation for a three-year period. The provisions of Section 203 may encourage persons interested in acquiring us to negotiate in advance with the TPL Corporation board, because the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction that results in any such person becoming an interested stockholder. These provisions also may have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that our stockholders may otherwise deem to be in their best interests.

Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws

Certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws, which will be effective prior to the distribution, may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares or might otherwise deem to be in their best interest. Therefore, these provisions could adversely affect the price of TPL Corporation common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws will:

- establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely and given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received by our corporate secretary at our principal executive offices not earlier than the close of business on the 120th day before the one-year anniversary of the immediately preceding year's annual meeting (which anniversary, in the case of the first annual meeting of stockholders, will be deemed to be) and not later than the close of business on the 90th day before such anniversary. These requirements may preclude stockholders from bringing matters before the stockholders at an annual or special meeting;
- provide the TPL Corporation board the ability to authorize undesignated preferred stock. This ability makes it possible for the TPL Corporation board to issue, without stockholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company;
- provide that, subject to the rights of holders of any series of preferred stock, the authorized number of directors shall be fixed from time to time, within a range of seven to eleven directors, by a resolution of the majority of the authorized directors;
- provide that members of the TPL Corporation board will generally be elected by a majority of the votes cast with respect to the director at any meeting for the election of directors at which a quorum is present, provided that in the case of a contested election, the directors shall be elected by the vote of a plurality of the votes cast;
- provide that any newly created directorship that results from an increase in the number of directors or any vacancy that arises on the Board shall be filled by a majority of the directors then in office;
- provide that our bylaws can be amended or repealed by a majority of the TPL Corporation board;
- provide that, subject to the rights of holders of any series of preferred stock, any action required or permitted to be taken by our stockholders 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, except as otherwise authorized by the TPL Corporation board;
- provide that special meetings of our stockholders may be called only pursuant to a resolution adopted by the TPL Corporation board;
- provide for the TPL Corporation board to be divided into three classes of directors, with each class as nearly equal in number as possible, serving staggered three-year terms, other than directors that may be elected by holders of our preferred stock, if any. This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of the directors;
- provide that the affirmative vote of a majority of the voting power of the outstanding shares of stock of TPL Corporation shall be required to remove any or all of the directors from office, and such removal may only be for cause. The requirement to assert cause for any proposed removal of directors may tend to discourage stockholders from attempting to remove directors because it generally makes it more difficult for such a proposal to reach and pass a stockholder vote; and
- prohibit cumulative voting on all matters.

Forum Selection

Our amended and restated certificate of incorporation will provide that unless TPL Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if such court does not have jurisdiction, the U.S. District Court for the District of Delaware) or the U.S. District Court for the Northern District of Texas in Dallas, Texas (or if such court does not have jurisdiction, any district court in Dallas County in the State of Texas) will, to the fullest extent permitted by applicable law, be the sole and exclusive forums for: (a) any derivative action or proceeding brought on our behalf; (b) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, employees, agents or stockholders; (c) any action or proceeding asserting a claim against us or any of our directors, officers, 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 amended and restated certificate of incorporation or the amended and restated bylaws; or (d) any action or proceeding asserting a claim against us or any of our directors, officers, employees or agents governed by the internal affairs doctrine, in each such case, subject to the applicable court having personal jurisdiction over the indispensable parties named as defendants. Our amended and restated certificate of incorporation will also provide that unless TPL Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

Our amended and restated certificate of incorporation will also provide that any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of, and to have consented to, our forum selection provision. Although we believe these provisions will benefit us by providing increased consistency in the application of law for the specified types of actions and proceedings, this provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees and agents, which may discourage such lawsuits. If a court were to find that any of these provisions are inapplicable or unenforceable in an action, we could incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition and results of operations.

Limitation of Liability and Indemnification Matters

Our amended and restated certificate of incorporation will limit the liability of our directors for monetary damages for breach of their fiduciary duty as directors, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as it now exists. The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, except: (a) for any breach of their duty of loyalty to us or our stockholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) for unlawful payment of dividends or unlawful stock repurchases or redemptions, as provided under Section 174 of the DGCL; or (d) for any transaction from which the director derived an improper personal benefit. Any amendment, repeal or modification of these provisions in the amended and restated certificate of incorporation will be prospective only and will not affect any limitation on liability of a director for acts or omissions that occurred prior to any such amendment, repeal or modification.

Our amended and restated bylaws will also provide that we will indemnify and hold harmless to the fullest extent permitted by law any person who becomes involved in any legal proceeding by reason of the fact that they are or were a director, trustee or officer of TPL Corporation or any predecessor in interest to the assets of TPL Corporation a ("predecessor"). Our amended and restated bylaws will also provide that TPL Corporation will indemnify and advance expenses to any such covered person on the condition that such person will repay all amounts advanced if it is ultimately determined by a court that such person is not entitled to be indemnified.

Our amended and restated bylaws will permit us to purchase and maintain insurance, at our expense, to protect ourselves and any person who is or was serving as a director, trustee, officer, employee or agent of TPL Corporation or any predecessor, regardless of whether we could have the power to indemnify such person against such expense, liability or loss under the DGCL, the amended and restated bylaws or otherwise.

We intend to enter into indemnification agreements with each of our current and future directors and we may enter into indemnification agreements with our future officers. These agreements would require us to indemnify such individuals to the fullest extent permitted under Delaware law against liability that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We believe that the limitation of liability provision that will be in our amended and restated certificate of incorporation, the indemnification and insurance-related provisions that will be in our amended and restated bylaws and indemnification agreements will facilitate our ability to continue to attract and retain qualified individuals to serve TPL Corporation.

Sale of Unregistered Securities

On April 28, 2020, we issued 1,000 shares of TPL Corporation common stock, par value \$0.01 per share, to TPL Trust for total consideration of \$1,000 in cash. We did not register the issuance of these shares under the Securities Act because such issuance did not constitute a public offering and was exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

Transfer Agent and Registrar

The transfer agent and registrar for TPL Corporation common stock will be American Stock Transfer & Trust Company, LLC.

Listing

We intend to apply to have TPL Corporation common stock listed on the NYSE under the symbol "TPL."

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of TPL Corporation common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to TPL Corporation and TPL Corporation common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document filed as an exhibit to the registration statement include the material terms of such contract or other document. However, such statements are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, on the Internet website maintained by the SEC at www.sec.gov. **Information contained on or connected to any website referenced in this information statement is not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

As a result of the distribution, TPL Corporation will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of TPL Corporation common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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Presentation of Financial Information

Upon the consummation of the distribution, TPL Corporation, which is newly formed and has not conducted any business transactions or activities to date, will succeed to all of the assets and liabilities of TPL Trust and as such, TPL Trust will be the accounting predecessor of TPL Corporation for financial reporting purposes. Accordingly, this information statement contains the following historical financial statements:

- **TPL Corporation.** The inception balance sheet, dated as of May 15, 2020, of TPL Corporation; and
- **TPL Trust.** The historical consolidated financial information as of and for the periods ended December 31, 2019 and 2018 and September 30, 2020 and 2019 of TPL Trust and its subsidiaries.

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

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
	<u>(Unaudited)</u>	
Assets		
Cash and cash equivalents	\$ 315,759	\$ 303,645
Accrued receivables, net	41,172	62,995
Other assets	3,874	3,980
Property, plant and equipment, net of accumulated depreciation of \$21,619 and \$11,313 as of September 30, 2020 and December 31, 2019, respectively	82,330	88,323
Real estate acquired	109,733	107,075
Royalty interests acquired, net of accumulated depletion of \$582 and \$260 as of September 30, 2020 and December 31, 2019, respectively	45,683	29,060
Operating lease right-of-use assets	2,630	3,098
Real estate and royalty interests assigned through the 1888 Declaration of Trust, no value assigned:		
Land (surface rights)	—	—
1/16th nonparticipating perpetual royalty interest	—	—
1/128th nonparticipating perpetual royalty interest	—	—
Total assets	<u>\$ 601,181</u>	<u>\$ 598,176</u>
Liabilities And Capital		
Accounts payable and accrued expenses	\$ 15,846	\$ 19,193
Income taxes payable	2,716	5,271
Deferred taxes payable	40,741	40,827
Unearned revenue	19,669	17,381
Operating lease liabilities	2,982	3,367
Total liabilities	<u>81,954</u>	<u>86,039</u>
Commitments and contingencies	—	—
Capital:		
Certificates of Proprietary Interest, par value \$100 each; none outstanding	—	—
Sub-share Certificates in Certificates of Proprietary Interest, par value \$0.0333 each; outstanding 7,756,156 Sub-share Certificates as of September 30, 2020 and December 31, 2019	—	—
Accumulated other comprehensive loss	(1,421)	(1,461)
Net proceeds from all sources	520,648	513,598
Total capital	<u>519,227</u>	<u>512,137</u>
Total liabilities and capital	<u>\$ 601,181</u>	<u>\$ 598,176</u>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues:				
Oil and gas royalties	\$ 31,758	\$ 38,259	\$ 94,631	\$ 111,113
Easements and other surface-related income	18,936	33,911	69,970	87,635
Water sales and royalties	12,139	21,654	47,525	65,067
Land sales	11,463	4,621	15,855	113,020
Other operating revenue	87	85	269	329
Total revenues	74,383	98,530	228,250	377,164
Expenses:				
Salaries and related employee expenses	7,678	8,537	27,235	22,742
Water service-related expenses	2,260	5,122	11,205	15,423
General and administrative expenses	1,883	2,864	7,290	6,877
Legal and professional fees	1,987	5,558	6,955	15,198
Land sales expenses	67	—	2,773	225
Depreciation, depletion and amortization	3,760	2,631	10,773	5,286
Total operating expenses	17,635	24,712	66,231	65,751
Operating income	56,748	73,818	162,019	311,413
Other income, net	1,287	941	2,306	1,771
Income before income taxes	58,035	74,759	164,325	313,184
Income tax expense (benefit):				
Current	11,146	9,918	33,153	43,485
Deferred	614	4,819	(86)	20,093
Total income tax expense	11,760	14,737	33,067	63,578
Net income	\$ 46,275	\$ 60,022	\$ 131,258	\$ 249,606
Other comprehensive income — periodic pension costs, net of income taxes of \$4, \$2, \$11 and \$7, respectively				
	13	9	40	27
Total comprehensive income	\$ 46,288	\$ 60,031	\$ 131,298	\$ 249,633
Weighted average number of Sub-share Certificates outstanding	7,756,156	7,756,156	7,756,156	7,756,643
Net income per Sub-share Certificate — basic and diluted	\$ 5.97	\$ 7.74	\$ 16.92	\$ 32.18
Cash dividends per Sub-share Certificate	\$ —	\$ —	\$ 16.00	\$ 6.00

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2020	2019
Cash flows from operating activities:		
Net income	\$ 131,258	\$ 249,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred taxes	(86)	20,093
Depreciation, depletion and amortization	10,773	5,286
Land sales revenue recognized on land exchanges	(1,415)	—
Changes in operating assets and liabilities:		
Operating assets, excluding income taxes	24,878	(18,278)
Prepaid income taxes	—	9,398
Operating liabilities, excluding income taxes	(1,404)	15,361
Income taxes payable	(2,555)	2,757
Cash provided by operating activities	<u>161,449</u>	<u>284,223</u>
Cash flows from investing activities:		
Proceeds from sale of fixed assets	—	117
Acquisition of land	(3,966)	(74,410)
Acquisition of royalty interests	(16,945)	(5,017)
Purchase of fixed assets	(4,326)	(27,579)
Cash used in investing activities	<u>(25,237)</u>	<u>(106,889)</u>
Cash flows from financing activities:		
Purchase of Sub-share Certificates in Certificates of Proprietary Interest	—	(4,353)
Dividends paid	(124,098)	(46,546)
Cash used in financing activities	<u>(124,098)</u>	<u>(50,899)</u>
Net increase in cash, cash equivalents and restricted cash	12,114	126,435
Cash, cash equivalents and restricted cash, beginning of period	<u>303,645</u>	<u>123,446</u>
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 315,759</u>	<u>\$ 249,881</u>
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 35,719	\$ 31,337
Supplemental non-cash investing information:		
Operating lease right-of-use assets	\$ —	\$ 3,712
Land exchange	\$ 1,415	\$ —

See accompanying notes to condensed consolidated financial statements.

TEXAS PACIFIC LAND TRUST
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization and Description of Business Segments

Texas Pacific Land Trust (which, together with its subsidiaries as the context requires, may be referred to as “Texas Pacific”, the “Trust”, “our”, “we” or “us”) is one of the largest landowners in the State of Texas with approximately 880,000 acres of land in West Texas. Texas Pacific was 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, and to issue transferable Certificates of Proprietary Interest pro rata to the original holders of certain debt securities of the Texas and Pacific Railway Company.

The Trust is organized to manage land, including royalty interests, for the benefit of its owners. The Trust’s income is derived primarily from oil and gas royalties, sales of water and land, easements and commercial leases of the land.

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 the Trust and provide a framework for timely and rational allocation of resources within businesses. See Note 9. “Business Segment Reporting” for further information regarding our segments.

Corporate Reorganization

On March 23, 2020, we announced that our Trustees approved a plan for reorganizing the Trust from its current structure to a corporation formed under the laws of the State of Delaware. The Trustees made their determination following careful consideration of the recommendation of the Conversion Exploration Committee of the Trust.

COVID-19 Pandemic and Market Conditions

The uncertainty surrounding the severity and duration of the COVID-19 pandemic, as well as dramatic declines in crude oil prices due in part to the global spread of COVID-19, has caused volatility in the global financial markets including the oil and gas industry. The full impact of shut-in oil and gas wells, production curtailments and/or decreased investments in response to lower commodity prices and conservation of capital by the owners and operators of the oil and gas wells to which the Trust’s royalty interests relate, is unknown at this time. These events have negatively affected the Trust’s business and results of operations for the three and nine months ended September 30, 2020.

During these uncertain times, we have continued to generate positive operating results and remain focused on meeting the operational needs of our customers while maintaining a safe and healthy work environment for our employees. Our existing information technology infrastructure has afforded us the opportunity to allow our corporate employees to work remotely. We have deployed additional safety and sanitization measures, including quarantine facilities for our field employees, if needed.

In an effort to decrease ongoing operational costs, we have implemented certain cost reduction measures which include, but are not limited to, negotiated price reductions and discounts with certain vendors. We continue to monitor our customer base and outstanding accounts receivable balances as a means of minimizing any potential collection issues. As a royalty owner, we have no capital expenditure or operating expense burden for development of wells. Furthermore, our water operations currently have limited capital expenditure requirements, the amount and timing of which are entirely within our control.

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted on March 27, 2020. The Trust continues to assess the provisions and potential impacts of this legislation; however, there have been no significant impacts to the Company’s results of operations or financial position resulting from the CARES Act in the three and nine months ended September 30, 2020.

2. Summary of Significant Accounting Policies

Interim Unaudited Financial Information

The results for the interim periods shown in this report are not necessarily indicative of future financial results. The accompanying condensed consolidated financial statements include all adjustments necessary to present fairly the financial position of the Trust as of September 30, 2020 and the results of its operations for the three and nine months ended September 30, 2020 and 2019, respectively, and its cash flows for the nine months ended September 30, 2020 and 2019, respectively. Such adjustments are of a normal recurring nature.

Principles of Consolidation and 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 include our consolidated accounts and the accounts of our wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The accompanying condensed consolidated financial statements should be read in conjunction with the annual financial statements and notes thereto included in the Trust’s Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on February 27, 2020. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted from this report.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with GAAP 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 and reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain financial information on the condensed consolidated statements of income for the three and nine months ended September 30, 2019 have been revised to conform to the current year presentation. These revisions include a reclass of \$0.2 million of land sales expenses for the nine months ended September 30, 2019 previously included in general and administrative expenses to a separate financial statement line item within operating expenses. Land sales expenses include cost basis and closing costs associated with land sales.

Recently Adopted Accounting Guidance

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” The ASU amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The Trust adopted the guidance effective January 1, 2020. Due to the short-term nature of our trade accounts receivable, the adoption of this guidance had a minimal impact on our consolidated financial statements.

3. Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-14, “Compensation — Retirement Benefits — Defined Benefit Plans — General (Subtopic 715-20): Disclosure Framework — Changes to Disclosure Requirements for Defined Benefit Plans.” The ASU eliminates requirements for certain disclosures and requires additional disclosures under defined benefit pension plans and other post-retirement plans. The ASU is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The Trust is currently evaluating the impact that ASU 2018-14 will have on our consolidated financial statements and disclosures.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740) — Simplifying the Accounting for Income Taxes.” The ASU simplifies the accounting for income taxes by eliminating certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, hybrid taxes and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted in interim or annual periods with any adjustments reflected as of the beginning of the annual period that includes that interim period. The Trust is currently evaluating the impact that this guidance will have on our consolidated financial statements and disclosures.

4. Property, Plant and Equipment

Property, plant and equipment, net consisted of the following as of September 30, 2020 and December 31, 2019 (in thousands):

	September 30, 2020	December 31, 2019
Property, plant and equipment:		
Water service-related assets ⁽¹⁾	\$ 97,256	\$ 93,097
Furniture, fixtures and equipment	6,095	5,941
Other	598	598
Property, plant and equipment at cost	103,949	99,636
Less: accumulated depreciation	(21,619)	(11,313)
Property, plant and equipment, net	\$ 82,330	\$ 88,323

(1) Water service-related assets reflect assets related to water sourcing and water treatment projects.

Depreciation expense was \$3.5 million and \$2.6 million for the three months ended September 30, 2020 and 2019, respectively. Depreciation expense was \$10.3 million and \$5.2 million for the nine months ended September 30, 2020 and 2019, respectively.

5. Real Estate Activity

As of September 30, 2020 and December 31, 2019, the Trust owned the following land and real estate (in thousands, except number of acres):

	September 30, 2020		December 31, 2019	
	Number of Acres	Net Book Value	Number of Acres	Net Book Value
Land (surface rights)	823,485	\$ —	849,856	\$ —
Real estate acquired	57,850	109,733	51,931	107,075
Total real estate situated in 19 counties in Texas	881,335	\$ 109,733	901,787	\$ 107,075

No valuation allowance was necessary at September 30, 2020 and December 31, 2019.

Land Sales

For the nine months ended September 30, 2020, the Trust sold approximately 21,347 acres of land in Texas (Culberson, Hudspeth, Loving, Pecos and Reeves Counties) for an aggregate sales price of approximately \$14.5 million, an average of approximately \$676 per acre. Additionally, the Trust recognized land sales revenue of \$1.4 million for the nine months ended September 30, 2020 related to land exchanges where the Trust had no cost basis in the land conveyed.

For the nine months ended September 30, 2019, the Trust sold approximately 21,986 acres of land in Texas (Culberson, Glasscock, Hudspeth, Loving, Midland and Reeves Counties) for an aggregate sales price of approximately \$113.0 million, an average of approximately \$5,141 per acre.

Land Acquisitions

For the nine months ended September 30, 2020, the Trust acquired approximately 756 acres of land in Texas (Culberson and Reeves Counties) for an aggregate purchase price of approximately \$3.9 million, an average of approximately \$5,134 per acre (excludes land acquired through land exchanges discussed above).

For the nine months ended September 30, 2019, the Trust acquired approximately 21,671 acres of land in Texas (Culberson, Glasscock, Loving and Reeves Counties) for an aggregate purchase price of approximately \$74.4 million, an average of approximately \$3,434 per acre.

6. Royalty Interests

As of September 30, 2020 and December 31, 2019, the Trust owned the following oil and gas royalty interests (in thousands, except number of interests):

	Net Book Value	
	September 30, 2020	December 31, 2019
1/16th nonparticipating perpetual royalty interests	\$ —	\$ —
1/128th nonparticipating perpetual royalty interests	—	—
Royalty interests acquired	46,265	29,320
Total royalty interests, gross	46,265	29,320
Less: accumulated depletion	(582)	(260)
Total royalty interests, net	\$ 45,683	\$ 29,060

No valuation allowance was necessary at September 30, 2020 and December 31, 2019.

For the nine months ended September 30, 2020, the Trust acquired oil and gas royalty interests in approximately 1,017 net royalty acres (normalized to 1/8th) for an aggregate purchase price of \$16.9 million, an average price of approximately \$16,668 per net royalty acre.

For the nine months ended September 30, 2019, the Trust acquired oil and gas royalty interests in approximately 1,247 net royalty acres (normalized to 1/8th) for an aggregate purchase price of \$4.7 million, an average price of approximately \$3,800 per net royalty acre.

7. Income Taxes

For the nine months ended September 30, 2020 and 2019, income tax expense was \$33.1 million and \$63.6 million, respectively. The difference between the U.S. statutory tax rate of 21% and the current effective tax rate is primarily related to statutory depletion allowed on mineral royalty income.

In response to the COVID-19 pandemic, many governments have enacted measures to provide aid and economic stimulus. These measures include deferring the due dates of tax payments or other changes to their income and non-income-based tax laws. The CARES Act includes measures to assist companies, including temporary changes to income and non-income-based tax laws. For the nine months ended September 30, 2020, there were no material tax impacts to our condensed consolidated financial statements as it relates to COVID-19 measures. We continue to monitor additional guidance issued by the U.S. Treasury Department, the Internal Revenue Service and others.

8. Capital

The Sub-share Certificates ("Sub-shares") and the Certificates of Proprietary Interest are freely interchangeable in the ratio of one Certificate of Proprietary Interest for 3,000 Sub-shares or 3,000 Sub-shares for one Certificate of Proprietary Interest.

Dividends

On March 16, 2020, we paid \$124.1 million in dividends representing a regular cash dividend of \$10.00 per Sub-share and a special dividend of \$6.00 per Sub-share for sub-shareholders of record at the close of business on March 9, 2020.

On March 15, 2019, we paid \$46.5 million in dividends representing a regular cash dividend of \$1.75 per Sub-share and a special dividend of \$4.25 per Sub-share for sub-shareholders of record at the close of business on March 8, 2019.

Repurchases of Sub-shares

For the nine months ended September 30, 2020, there were no Sub-shares repurchased. During the nine months ended September 30, 2019, we purchased and retired 6,258 Sub-shares.

9. 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 strategies and objectives of the Trust 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 approximately 880,000 acres of land and related resources in West Texas owned by the Trust. 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 principally consist of revenue generated from sales of sourced and treated water as well as revenue from produced water royalties.

Segment financial results were as follows for the three and nine months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<i>Revenues:</i>				
Land and resource management	\$ 49,896	\$ 65,076	\$ 142,140	\$ 284,223
Water services and operations	24,487	33,454	86,110	92,941
Total consolidated revenues	<u>\$ 74,383</u>	<u>\$ 98,530</u>	<u>\$ 228,250</u>	<u>\$ 377,164</u>
<i>Net income:</i>				
Land and resource management	\$ 34,359	\$ 43,911	\$ 92,197	\$ 204,222
Water services and operations	11,916	16,111	39,061	45,384
Total consolidated net income	<u>\$ 46,275</u>	<u>\$ 60,022</u>	<u>\$ 131,258</u>	<u>\$ 249,606</u>
<i>Capital expenditures:</i>				
Land and resource management	\$ —	\$ 29	\$ 121	\$ 1,445
Water services and operations	353	4,949	4,205	26,134
Total capital expenditures	<u>\$ 353</u>	<u>\$ 4,978</u>	<u>\$ 4,326</u>	<u>\$ 27,579</u>
<i>Depreciation, depletion and amortization:</i>				
Land and resource management	\$ 505	\$ 257	\$ 1,192	\$ 695
Water services and operations	3,255	2,374	9,581	4,591
Total depreciation, depletion and amortization	<u>\$ 3,760</u>	<u>\$ 2,631</u>	<u>\$ 10,773</u>	<u>\$ 5,286</u>

The following table presents total assets and property, plant and equipment, net by segment as of September 30, 2020 and December 31, 2019 (in thousands):

	September 30, 2020	December 31, 2019
<i>Assets:</i>		
Land and resource management	\$ 490,026	\$ 467,758
Water services and operations	111,155	130,418
Total consolidated assets	<u>\$ 601,181</u>	<u>\$ 598,176</u>
<i>Property, plant and equipment, net:</i>		
Land and resource management	\$ 3,736	\$ 4,359
Water services and operations	78,594	83,964
Total consolidated property, plant and equipment, net	<u>\$ 82,330</u>	<u>\$ 88,323</u>

10. Oil and Gas Producing Activities

We measure the Trust's share of oil and gas produced in barrels of equivalency ("BOEs"). One BOE equals one barrel of crude oil, condensate, NGLs (natural gas liquids) or approximately 6,000 cubic feet of gas. As of September 30, 2020 and December 31, 2019, the Trust's share of oil and gas produced was approximately 15.7 and 13.7 thousand BOEs per day, respectively. Reserves related to the Trust's 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 the Trust has a royalty interest. The number of DUC wells is determined using uniform drilling spacing units with pooled interests for all wells awaiting completion. The Trust has identified 582 and 486 DUC wells subject to our royalty interest as of September 30, 2020 and December 31, 2019, respectively.

11. Subsequent Events

We evaluate events that occur after the balance sheet date but before consolidated financial statements are, or are available to be issued to determine if a material event requires our amending the consolidated financial statements or disclosing the event. We evaluated subsequent events through the filing date we issued these consolidated financial statements and did not identify any subsequent events requiring disclosure.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Certificate Holders
Texas Pacific Land Trust

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Texas Pacific Land Trust (the “Trust”) as of December 31, 2019 and 2018 and the related consolidated statements of income and total comprehensive income, net proceeds from all sources, and cash flows for each of the years in the three-year period ended December 31, 2019 and the related notes (collectively referred to as the “financial statements”). We also have audited the Trust’s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework (2013) issued by COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Trust changed its method of accounting for leases on January 1, 2019 due to the adoption of Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, as amended.

Basis for Opinion

The Trust’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Trust’s financial statements and an opinion on the Trust’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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Definition and Limitations of Internal Control over Financial Reporting

A trust's internal control over financial reporting is a process designed 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. A trust's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Trust; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Trust are being made only in accordance with authorizations of management and directors of the Trust; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Trust's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Accrual of Oil and Gas Royalties

As described in Note 2 to the financial statements, the Trust records an accrual, based on historical trends, for oil and gas royalty revenues not received during the month removed. At December 31, 2019, this oil and gas royalty accrual amounted to approximately \$18,325,000, and is included in accrued receivables in the accompanying balance sheet. The accrual is necessary due to the time lag between the production of oil and gas and the generation of the actual payment by operators, which is typically a time lag of one to two months. The determination of the oil and gas royalty accrual involves the analysis of historical payments, estimates of the timing of future payments, and consideration of recent market prices for oil and gas. The market prices for oil and gas are subject to national and international economic and political considerations and, in the past, have been subject to significant price fluctuations. As part of the Trust's internal control process related to estimating the accrual of oil and gas royalties, the oil and gas royalty estimate is prepared by a qualified member of the Trust's accounting department, and the estimate is reviewed and approved by a management-level member of the accounting department.

The principal considerations for our determination that performing procedures relating to the oil and gas royalty accrual is a critical audit matter are there are significant judgments by management when developing the estimate of the oil and gas royalty accrual. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence obtained related to the significant assumptions used by management, including the analysis of historical payments, estimates of the timing of future payments, and consideration of recent market prices for oil and gas.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the design and operating effectiveness of internal controls relating to management's calculation of the oil and gas royalty accrual. These procedures also included, among others, (1) evaluating the appropriateness of the overall methodology used by management in developing the estimate, (2) testing the historical payments used to calculate the expected timing of future payments, (3) testing the completeness, accuracy, and relevance of underlying data used in management's estimate, and (4) evaluating the significant assumptions used by management in developing the estimate. Evaluating the significant assumptions relating to the estimate of the oil and gas royalty accrual also involved obtaining evidence to support the reasonableness of the assumptions, including whether the assumptions used were reasonable considering the past performance of the Trust, and whether they were consistent with evidence obtained in other areas of the audit.

LANE GORMAN TRUBITT, LLC

We have served as the Trust's auditor since 2005.

Dallas, Texas
February 27, 2020

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

	December 31, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 303,645	\$ 119,647
Accrued receivables	62,995	48,750
Tax like-kind exchange escrow	—	3,799
Other assets	3,980	3,884
Prepaid income taxes	—	9,398
Property, plant and equipment, net of accumulated depreciation of \$11,313 and \$3,012 as of December 31, 2019 and 2018, respectively	88,323	64,802
Real estate acquired	107,075	10,492
Royalty interests acquired, net of accumulated depletion of \$260 and \$0 as of December 31, 2019 and 2018, respectively	29,060	24,303
Operating lease right-of-use assets	3,098	—
Real estate and royalty interests assigned through the 1888 Declaration of Trust, no value assigned:		
Land (surface rights)	—	—
1/16th nonparticipating perpetual royalty interest	—	—
1/128th nonparticipating perpetual royalty interest	—	—
Total assets	\$ 598,176	\$ 285,075
LIABILITIES AND CAPITAL		
Accounts payable and accrued expenses	\$ 19,193	\$ 10,505
Income taxes payable	5,271	1,607
Deferred taxes payable	40,827	14,903
Unearned revenue	17,381	13,369
Operating lease liabilities	3,367	—
Total liabilities	86,039	40,384
Commitments and contingencies	—	—
Capital:		
Certificates of Proprietary Interest, par value \$100 each; none outstanding as of December 31, 2019 and 2018, respectively	—	—
Sub-share Certificates of Proprietary Interest, par value \$0.0333 each; outstanding 7,756,156 and 7,762,414 as of December 31, 2019 and 2018, respectively	—	—
Accumulated other comprehensive loss	(1,461)	(1,078)
Net proceeds from all sources	513,598	245,769
Total capital	512,137	244,691
Total liabilities and capital	\$ 598,176	\$ 285,075

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,		
	2019	2018	2017
Revenues:			
Oil and gas royalties	\$ 154,729	\$ 123,834	\$ 58,418
Easements and other surface-related income	115,362	88,739	69,957
Water sales and royalties	84,949	63,913	25,536
Sale of oil and gas royalty interests	—	18,875	—
Land sales	135,020	4,367	220
Other operating revenue	436	492	503
Total revenues	490,496	300,220	154,634
Expenses:			
Salaries and related employee expenses	35,041	18,433	3,774
Water service-related expenses	20,808	11,168	491
General and administrative expenses	9,765	4,704	1,523
Legal and professional fees	16,403	2,498	3,523
Depreciation, depletion and amortization	8,906	2,583	376
Total operating expenses	90,923	39,386	9,687
Operating income	399,573	260,834	144,947
Other income	2,682	916	114
Income before income taxes	402,255	261,750	145,061
Income tax expense:			
Current	57,492	37,200	46,864
Deferred	26,035	14,814	966
Total income tax expense	83,527	52,014	47,830
Net income	\$ 318,728	\$ 209,736	\$ 97,231
Amortization of net actuarial costs, net of income taxes of \$10, \$14, and \$38 for the years ended December 31, 2019, 2018 and 2017, respectively			
	36	50	70
Net actuarial (loss) gain on pension plan net of income taxes of \$(111), \$(38), and \$46 as of December 31, 2019, 2018 and 2017, respectively			
	(419)	(144)	86
Total other comprehensive (loss) gain	(383)	(94)	156
Total comprehensive income	\$ 318,345	\$ 209,642	\$ 97,387
Net income per Sub-share Certificate - basic and diluted	\$ 41.09	\$ 26.93	\$ 12.38
Weighted average number of Sub-share Certificates outstanding	7,756,437	7,787,407	7,854,705

See accompanying notes to consolidated financial statements.

TEXAS PACIFIC LAND TRUST
CONSOLIDATED STATEMENTS OF NET PROCEEDS FROM ALL SOURCES
(in thousands, except shares and per share amounts)

	Sub-share Certificates of Proprietary Interest	Accumulated Other Comprehensive Income (Loss)	Net Proceeds From All Sources	Total Capital
Balances at December 31, 2016	7,927,314	\$ (960)	\$ 53,619	\$ 52,659
Net income	—	—	97,231	97,231
Periodic pension costs, net of income taxes of \$84	—	156	—	156
Repurchase and retirement of Sub-share Certificates of Proprietary Interest	(105,715)	—	(34,267)	(34,267)
Regular dividends paid — \$0.35 per Sub-share Certificate	—	—	(2,769)	(2,769)
Special dividends paid — \$1.00 per Sub-share Certificate	—	—	(7,912)	(7,912)
Balances at December 31, 2017	7,821,599	(804)	105,902	105,098
Net income	—	—	209,736	209,736
Periodic pension costs, net of income taxes of \$(24)	—	(274)	180	(94)
Repurchase and retirement of Sub-share Certificates of Proprietary Interest	(59,185)	—	(38,397)	(38,397)
Regular dividends paid — \$1.05 per Sub-share Certificate	—	—	(8,206)	(8,206)
Special dividends paid — \$3.00 per Sub-share Certificate	—	—	(23,446)	(23,446)
Balances at December 31, 2018	7,762,414	(1,078)	245,769	244,691
Net income	—	—	318,728	318,728
Periodic pension costs, net of income taxes of \$(101)	—	(383)	—	(383)
Repurchase and retirement of Sub-share Certificates of Proprietary Interest	(6,258)	—	(4,353)	(4,353)
Regular dividends paid — \$1.75 per Sub-share Certificate	—	—	(13,576)	(13,576)
Special dividends paid — \$4.25 per Sub-share Certificate	—	—	(32,970)	(32,970)
Balances at December 31, 2019	7,756,156	\$ (1,461)	\$ 513,598	\$ 512,137

See accompanying notes to consolidated financial statements.

TEXAS PACIFIC LAND TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	\$ 318,728	\$ 209,736	\$ 97,231
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred taxes	25,924	14,789	1,100
Depreciation, depletion and amortization	8,906	2,583	376
Land sale revenue recognized on land exchange	(22,000)	—	—
Changes in operating assets and liabilities:			
Accrued receivables and other assets	(13,802)	(34,027)	(12,026)
Income taxes payable	3,664	756	(986)
Prepaid income taxes	9,398	(8,196)	(1,202)
Unearned revenue	4,012	5,024	4,399
Accounts payable, accrued expenses and other liabilities	7,960	4,783	4,938
Cash provided by operating activities	<u>342,790</u>	<u>195,448</u>	<u>93,830</u>
Cash flows from investing activities:			
Proceeds from sale of fixed assets	117	25	27
Acquisition of real estate	(74,583)	(9,377)	—
Acquisition of royalty interests	(5,017)	(24,303)	—
Purchase of fixed assets	(32,209)	(47,878)	(18,747)
Cash used in investing activities	<u>(111,692)</u>	<u>(81,533)</u>	<u>(18,720)</u>
Cash flows from financing activities:			
Purchase of Sub-share Certificates of Proprietary Interest	(4,353)	(38,397)	(34,267)
Dividends paid	(46,546)	(31,652)	(10,681)
Cash used in financing activities	<u>(50,899)</u>	<u>(70,049)</u>	<u>(44,948)</u>
Net increase in cash, cash equivalents and restricted cash	180,199	43,866	30,162
Cash, cash equivalents and restricted cash, beginning of period	<u>123,446</u>	<u>79,580</u>	<u>49,418</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 303,645</u>	<u>\$ 123,446</u>	<u>\$ 79,580</u>
Supplemental cash flow information:			
Income taxes paid	\$ 44,439	\$ 45,876	\$ 49,002
Supplemental non-cash investing information:			
Land exchange	\$ 22,000	\$ —	\$ —
Operating lease right-of-use assets	\$ 3,712	\$ —	\$ —

See accompanying notes to consolidated financial statements.

TEXAS PACIFIC LAND TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business Segments

Texas Pacific Land Trust (which, together with its subsidiaries as the context requires, may be referred to as “Texas Pacific”, the “Trust”, “our”, “we” or “us”) is one of the largest landowners in the State of Texas with approximately 900,000 acres of land in West Texas. Texas Pacific was 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, and to issue transferable Certificates of Proprietary Interest pro rata to the original holders of certain debt securities of the Texas and Pacific Railway Company.

The Trust announced the formation of Texas Pacific Water Resources LLC (“TPWR”) in June 2017. TPWR, a single member LLC and wholly owned subsidiary of the Trust, provides full-service water offerings to operators in the Permian Basin. These services include, but are not limited to, water sourcing, produced-water gathering/treatment, infrastructure development, disposal solutions, water tracking, analytics and well testing services.

The Trust is organized to manage land, including royalty interests, for the benefit of its owners. The Trust’s income is derived primarily from oil and gas royalties, sales of water and land, easements and commercial leases of the land.

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 the Trust and provide a framework for timely and rational allocation of resources within businesses. See Note 10, “Business Segment Reporting” for further information regarding our segments.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include our consolidated accounts and the accounts of our wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Change in Accounting Estimate

Management evaluates its estimates on a routine basis. Effective July 1, 2019, the Trust revised the estimated useful lives of certain water service-related assets after its disaggregation of water service-related projects into sub classifications. The Trust purchased these water service-related assets from July 1, 2017 through June 30, 2019. Based on information gained from operations over this time period, management believes that these water service-related assets will benefit periods ranging from three to 30 years, beginning at the point the water service-related assets were originally placed in service.

The net book value of these water service-related assets at June 30, 2019, was not modified and is depreciated over the revised estimated useful lives of these assets. The effect of the change in estimated useful lives resulted in an additional \$2.4 million of depreciation expense for the year ended December 31, 2019.

Revenue Recognition

Oil and Gas Royalties

Oil and gas royalties are received in connection with royalty interests owned by the Trust. Oil and gas royalties are reported net of production taxes and are recognized as revenue when crude oil and gas products are removed from the respective mineral reserve locations. Oil and gas royalty payments are generally received one to two months after the crude oil and gas products are removed. An accrual is included in accrued receivables for amounts not received during the month removed based on historical trends.

The oil and gas royalties which the Trust receives are dependent upon the market prices for oil and gas. The market prices for oil and gas are subject to national and international economic and political conditions and, in the past, have been subject to significant price fluctuations.

The Trust has analyzed public reports of drilling activities by the oil companies operating where the Trust has an oil and gas royalty interest in an effort to identify unpaid royalties associated with royalty interests owned by the Trust. Rights to certain oil and gas royalties believed by the Trust to be due and payable may be subject to dispute with the oil company involved as a result of disagreements with respect to drilling and related engineering information. Disputed oil and gas royalties are recorded when these contingencies are resolved.

Easements and Other Surface-Related Income

Easement contracts represent contracts which permit companies to install pipe lines, electric lines and other equipment on land owned by the Trust. When the Trust receives a signed contract and payment, the Trust makes available the respective parcel of land to the grantee. Easement income is recognized upon the execution of the easement agreement, or in the event of a renewal upon receipt of the renewal payment, as at that point in time, the Trust has satisfied its performance obligation and the customer has right of use.

Other surface-related income includes commercial lease income related to leasing arrangements to companies in a wide array of industries, including: agricultural, oil and gas, construction, wind power, solar farms and other industries. Commercial lease income is recognized when earned. These leases generally require fixed annual payments or royalties and lease terms are typically ten years. Lease cancellations are allowed under certain circumstances, but initial lease payments are generally nonrefundable. Advance lease payments are deferred and amortized over the appropriate accounting period. Lease payments not received are included in accrued receivables. Additionally, other surface-related income includes permit income and material sales. Revenue from these sources is recognized when earned.

Water Sales and Royalties

Water sales and royalty revenue encompasses sales of water to operators and other customers and royalties received pursuant to legacy agreements with operators. The earnings cycle for both revenue streams is complete upon delivery of water. Water sales and royalty revenue is recognized as earned.

Land Sales and Exchanges

The Trust considers purchasers of land to be customers as land management, leasing and sales are a normal operating activity of the Trust. Revenue is recognized on land sales when the performance obligation to the purchaser (customer) is complete. Revenue from land exchanges is recognized based upon the estimated fair value of the consideration exchanged.

Sales of Oil and Gas Royalty Interests

Income is recognized on sales of oil and gas royalty interests when earned.

Cash, Cash Equivalents and Restricted Cash

The Trust considers investments in bank deposits, money market funds and highly-liquid cash investments with original maturities of three months or less to be cash equivalents. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows (in thousands):

	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 303,645	\$ 119,647
Tax like-kind exchange escrow	—	3,799
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 303,645</u>	<u>\$ 123,446</u>

Accrued Receivables

Accrued receivables consist primarily of amounts due under oil and gas royalty leases, water sales or royalty agreements and commercial leases. Accrued receivables are reflected at their net realizable value based on historical royalty and lease receipt information and other factors anticipated to affect valuation. A valuation allowance is recorded if amounts expected to be received are considered impaired. No allowance was considered necessary at December 31, 2019 and 2018.

Property, Plant and Equipment

Property, plant and equipment is carried at cost less accumulated depreciation. Maintenance and repair costs are expensed as incurred. Costs associated with our development of infrastructure for sourcing and treating water are capitalized. We account for depreciation of property, plant and equipment on the straight-line method over the estimated useful lives of the assets. Depreciable lives by category are as follows:

	Range of Estimated Useful Lives (in years)
Water wells and other water-related assets	3 to 30
Furniture, fixtures and equipment	5 to 7

Real Estate Acquired

Real estate acquired is recorded at cost and carried at the lower of cost or market. Valuations are periodically performed or obtained by management whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments, if any, are recorded by a charge to net income and a valuation allowance if the carrying value of the property exceeds its estimated fair value. Minimal real estate improvements are made to land. No impairments were recorded for the years ended December 31, 2019 and 2018.

Royalty Interests Acquired

Royalty interests acquired are carried at the lower of cost or market. Valuations are periodically performed or obtained by management whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments, if any, are recorded by a charge to net income and a valuation allowance if the carrying value of the royalty interest exceeds its estimated fair value. Depletion is recorded based upon a units of production basis. Depletion expense was approximately \$0.3 million for the year ended December 31, 2019. There was no significant depletion activity for the year ended December 31, 2018. There was no depletion expense for the year ended December 31, 2017, as the Trust had no depletable royalty interests.

Real Estate and Royalty Interests Assigned Through the 1888 Declaration of Trust

The fair market value of the Trust's land and royalty interests that were assigned through the 1888 Declaration of Trust, (the "Assigned") land and royalty interests, was not determined in 1888 when the Trust was formed; therefore, no value is assigned in the accompanying consolidated balance sheets to the Assigned land and royalty interests, Certificates of Proprietary Interest, and Sub-share Certificates of Proprietary Interest ("Sub-shares"). Consequently, in the consolidated statements of income and total comprehensive income, no allowance is made for depletion and no cost is deducted from the proceeds of sales of the Assigned land and royalty interests. Even though the 1888 value of real properties cannot be precisely determined, it has been concluded that the effect of this matter can no longer be significant to the Trust's financial position or results of operations. For Federal income tax purposes, however, deductions are made for depletion, computed on the statutory percentage basis of income received from royalties. Minimal real estate improvements are made to land.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The liability for unrecognized tax benefits is zero at December 31, 2019 and 2018.

Concentrations of Credit Risk

We invest our cash and cash equivalents (which include U.S. Treasury bills and commercial paper with maturities of three months or less) among four major financial institutions in an attempt to minimize exposure to risk from any one of these entities. As of December 31, 2019 and 2018, we had cash and cash equivalents deposited in our financial institutions in excess of federally-insured levels. We regularly monitor the financial condition of these financial institutions and believe that we are not exposed to any significant credit risk in cash and cash equivalents.

Net Income per Sub-share Certificate

Net income per Sub-share is based on the weighted average number of Sub-shares and equivalent Sub-shares outstanding during each period.

Purchases and Retirements of Sub-share Certificates

The costs of Sub-shares purchased and retired are charged to net proceeds from all sources.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income and other gains and losses affecting capital that, under GAAP, are excluded from net income.

Significant Customers

Two customers represented, in the aggregate, 36.5%, 31.3% and 26.5% of the Trust's total revenues (prior to any revenue deferral) for the years ended December 31, 2019, 2018 and 2017, respectively.

Reclassifications

Certain financial information on the consolidated balance sheet and consolidated statements of income and cash flows as of and for the year ended December 31, 2018 have been revised to conform to the current year presentation. These revisions include, but are not limited to, the classification of the tax like-kind exchange escrow from other assets to a separate balance sheet line item and certain expense items from one expense line item to another expense line item. Total assets and expenses were not affected by these reclassifications. Additionally, the tax like-kind exchange escrow was presented as restricted cash in the statement of cash flows.

Recently Adopted Accounting Guidance

Leases

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, “*Leases (Topic 842)*” which amended the existing lease accounting guidance to require lessees to recognize a right of use asset and lease liability on the balance sheet for all leases with terms greater than twelve months. We adopted the new leasing standard and all related amendments on January 1, 2019. We elected the optional transition method provided by ASU No. 2018-11, “*Leases (Topic 842): Targeted Improvements*” and as a result, have not restated our condensed consolidated financial statements for prior periods presented. We also elected the practical expedients permitted under the transition guidance that retain the lease classification and initial direct costs for any leases that existed prior to adoption of the standard. In addition, we have not reassessed the accounting treatment of contracts entered into prior to adoption of the new lease guidance. For further information regarding the adoption of the new lease standard, see Note 8, “Lease Commitments”.

Implementation Costs Incurred in Cloud Computing Arrangements

In August 2018, the FASB issued ASU 2018-15, “*Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.*” The ASU requires a customer in a cloud computing arrangement that is a service contract to follow existing internal-use software guidance to determine which implementation costs to capitalize as an asset. The ASU is effective for fiscal years and interim periods beginning after December 15, 2019, with early adoption permitted, and may be applied retrospectively or as of the beginning of the period of adoption. The Trust adopted the guidance effective January 1, 2019. The adoption of the guidance did not have a significant impact on our consolidated financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, “*Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.*” The ASU amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. Upon adoption, we will be required to evaluate our trade accounts receivables for expected future credit losses. The ASU is effective for fiscal years beginning after December 31, 2019, including interim periods within those fiscal years. The Trust will adopt the ASU as of January 1, 2020. Due to the short-term nature of our trade accounts receivable, we anticipate the impact upon adoption of this ASU will be minimal to the Trust.

In August 2018, the FASB issued ASU 2018-14, “*Compensation — Retirement Benefits — Defined Benefit Plans — General (Subtopic 715-20): Disclosure Framework — Changes to Disclosure Requirements for Defined Benefit Plans.*” The ASU eliminates requirements for certain disclosures and requires additional disclosures under defined benefit pension plans and other post-retirement plans. The ASU is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The Trust is currently evaluating the impact that ASU 2018-14 will have on our consolidated financial statements and disclosures.

In December 2019, the FASB issued ASU 2019-12, “*Income Taxes (Topic 740) — Simplifying the Accounting for Income Taxes*” The ASU simplifies the accounting for income taxes by eliminating certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, hybrid taxes and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted in interim or annual periods with any adjustments reflected as of the beginning of the annual period that includes that interim period. We are currently evaluating the impact that this guidance will have on our consolidated financial statements and disclosures.

3. Property, Plant and Equipment

Property, plant and equipment, net consisted of the following at December 31, 2019 and 2018 (in thousands):

	December 31, 2019	December 31, 2018
Property, plant and equipment, at cost:		
Water service-related assets ⁽¹⁾	\$ 93,097	\$ 62,919
Furniture, fixtures and equipment	5,941	4,297
Other	598	598
Total property, plant and equipment, at cost	99,636	67,814
Less: accumulated depreciation	(11,313)	(3,012)
Property, plant and equipment, net	<u>\$ 88,323</u>	<u>\$ 64,802</u>

(1) Water service-related assets reflect assets related to water sourcing and water treatment projects.

Depreciation expense was \$8.5 million, \$2.6 million and \$0.4 million for the years ended December 31, 2019, 2018 and 2017, respectively.

4. Real Estate Activity

As of December 31, 2019 and 2018, the Trust owned the following land and real estate (in thousands, except number of acres):

	December 31, 2019		December 31, 2018	
	Number of Acres	Net Book Value	Number of Acres	Net Book Value
Land (surface rights) ⁽¹⁾	849,856	\$ —	877,462	\$ —
Real estate acquired	51,931	107,075	24,715	10,492
Total real estate situated in 19 counties in Texas	<u>901,787</u>	<u>\$ 107,075</u>	<u>902,177</u>	<u>\$ 10,492</u>

(1) Real estate assigned through the 1888 Declaration of Trust.

No valuation allowance was necessary at December 31, 2019 and December 31, 2018.

Land Sales

The Assigned land held by the Trust was recorded with no value at the time of acquisition. See Note 2, "Summary of Significant Accounting Policies — Real Estate and Royalty Interests Assigned Through the 1888 Declaration of Trust" for further information regarding the Assigned land. Real estate acquired includes land parcels which have either been acquired through foreclosure or transactions with third parties.

For the year ended December 31, 2019, the Trust sold approximately 21,986 acres (Culberson, Glasscock, Hudspeth, Loving, Midland and Reeves Counties) of land in Texas for an aggregate sales price of approximately \$113.0 million, an average of approximately \$5,141 per acre. Additionally, the Trust conveyed approximately 5,620 acres of land in exchange for approximately 5,545 acres of land, all in Culberson County. As the Trust had no cost basis in the land conveyed, the Trust recognized land sales revenue of \$22.0 million for the fourth quarter ended December 31, 2019.

For the year ended December 31, 2018, the Trust sold approximately 171 acres (Culberson, El Paso, Loving and Reeves Counties) of land in Texas for an aggregate sales price of approximately \$4.4 million, an average of approximately \$25,464 per acre.

For the year ended December 31, 2017, the Trust sold approximately 11 acres (Loving County) of land in Texas for an aggregate sales price of approximately \$0.2 million, an average of approximately \$20,000 per acre.

Land Acquisitions

For the year ended December 31, 2019, the Trust acquired approximately 21,671 acres (Culberson, Glasscock, Loving and Reeves Counties) of land in Texas for an aggregate purchase price of approximately \$74.4 million, an average of approximately \$3,434 per acre (excludes land acquired through the land exchange as discussed above).

For the year ended December 31, 2018, the Trust acquired approximately 14,650 acres (Concho, Hudspeth, Mitchell and Upton Counties) of land in Texas for an aggregate purchase price of approximately \$9.4 million, an average of approximately \$640 per acre.

There were no land acquisitions for the year ended December 31, 2017.

5. Royalty Interests

As of December 31, 2019 and 2018, the Trust owned the following oil and gas royalty interests (in thousands, except number of interests):

	Net Book Value	
	December 31, 2019	December 31, 2018
1/16th nonparticipating perpetual royalty interests ⁽¹⁾	\$ —	\$ —
1/128th nonparticipating perpetual royalty interests ⁽²⁾	—	—
Royalty interests acquired ⁽³⁾	29,320	24,303
Total royalty interests, gross	\$ 29,320	\$ 24,303
Less: accumulated depletion	(260)	—
Total royalty interests, net	\$ 29,060	\$ 24,303

(1) Nonparticipating perpetual royalty interests in approximately 370,737 gross royalty acres as of December 31, 2019 and 2018, respectively.

(2) Nonparticipating perpetual royalty interests in approximately 84,934 gross royalty acres as of December 31, 2019 and 2018, respectively.

(3) Royalty interests in approximately 3,074 net royalty acres and approximately 1,826 net royalty acres as of December 31, 2019 and 2018, respectively.

No valuation allowance was necessary at December 31, 2019 and 2018.

Real Estate and Royalty Interests Assigned Through the 1888 Declaration of Trust

The fair market value of the Trust's Assigned royalty interests was not determined in 1888 when the Trust was formed, and accordingly, these Assigned royalty interests were recorded with no value. See Note 2, "Summary of Significant Accounting Policies — Real Estate and Royalty Interests Assigned Through the 1888 Declaration of Trust" for further information regarding the Assigned royalty interests. The Assigned royalty interests include 1/16th and 1/128th royalty interests.

Royalty Interests Transactions

For the year ended December 31, 2019, the Trust acquired oil and gas royalty interests in approximately 1,247 net royalty acres (normalized to 1/8th) for an aggregate purchase price of \$4.7 million, an average price of approximately \$3,800 per net royalty acre.

For the year ended December 31, 2018, the Trust sold nonparticipating perpetual oil and gas royalty interests in approximately 812 net royalty acres (1/8th interest) for approximately \$18.9 million, an average price of approximately \$23,234 per net royalty acre. In conjunction with this sale, the Trust acquired oil and gas royalty interests in approximately 1,480 net royalty acres for an aggregate purchase price of \$20.6 million, an average of approximately \$13,949 per net royalty acre.

Additionally, for the year ended December 31, 2018, the Trust acquired oil and gas royalty interests in approximately 346 net royalty acres for an aggregate purchase price of \$3.7 million, an average price of approximately \$10,555 per net royalty acre.

There were no oil and gas royalty interest transactions for the year ended December 31, 2017.

6. Employee Benefit Plans

The Trust has a defined contribution plan available to all regular employees having one or more years of continuous service. Contributions are at the discretion of the Trustees of the Trust. The Trust contributed approximately \$0.3 million for the year ended December 31, 2019 and \$0.1 million for the years ended December 31, 2018 and 2017, respectively.

The Trust has a noncontributory pension plan (the "Plan") available to all regular employees having one or more years of continuous service. The Plan provides for normal retirement at age 65. Contributions to the Plan reflect benefits attributed to employees' services to date, as well as services expected in the future.

The following table sets forth the Plan's changes in benefit obligation, changes in fair value of plan assets, and funded status as of December 31, 2019 and 2018 using a measurement date of December 31 (in thousands):

	December 31, 2019	December 31, 2018
Change in projected benefits obligation:		
Projected benefit obligation at beginning of year	\$ 4,745	\$ 5,032
Service cost	666	157
Interest cost	197	183
Actuarial (gain) loss	1,208	(369)
Benefits paid	(239)	(258)
Projected benefit obligation at end of year	<u>\$ 6,577</u>	<u>\$ 4,745</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 5,313	\$ 5,356
Actual return on plan assets	1,041	(185)
Contributions by employer	500	400
Benefits paid	(239)	(258)
Fair value of plan assets at end of year	<u>6,615</u>	<u>5,313</u>
Funded (unfunded) status at end of year	<u>\$ 38</u>	<u>\$ 568</u>

Amounts recognized in the balance sheets as of December 31, 2019 and 2018 consist of (in thousands):

	December 31, 2019	December 31, 2018
Assets	\$ 38	\$ 568
Liabilities	—	—
	<u>\$ 38</u>	<u>\$ 568</u>

Amounts recognized in accumulated other comprehensive income (loss) consist of the following as of December 31, 2019 and 2018 (in thousands):

	December 31, 2019	December 31, 2018
Net actuarial loss	\$ (1,849)	\$ (1,365)
Amounts recognized in accumulated other comprehensive income (loss), before taxes	(1,849)	(1,365)
Income tax benefit	388	287
Amounts recognized in accumulated other comprehensive income (loss), after taxes	<u>\$ (1,461)</u>	<u>\$ (1,078)</u>

Net periodic benefit cost for the years ended December 31, 2019, 2018 and 2017 include the following components (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Components of net periodic benefit cost:			
Service cost	\$ 666	\$ 157	\$ 147
Interest cost	197	183	201
Expected return on plan assets	(364)	(367)	(339)
Amortization of net loss	46	64	108
Net periodic benefit cost	<u>\$ 545</u>	<u>\$ 37</u>	<u>\$ 117</u>

Service cost, a component of net periodic benefit cost, is reflected in our consolidated statements of income within salaries and related employee expenses. The other components of net periodic benefit cost are included in other income (expense) on the consolidated statements of income.

Other changes in plan assets and benefit obligations recognized in other comprehensive income for the years ended December 31, 2019, 2018 and 2017 (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Net actuarial (gain) loss	\$ 530	\$ 183	\$ (132)
Recognized actuarial loss	(46)	(64)	(108)
Total recognized in other comprehensive income, before taxes	\$ 484	\$ 119	\$ (240)
Total recognized in net benefit cost and other comprehensive income, before taxes	\$ 1,029	\$ 156	\$ (123)

The Trust reclassified less than \$0.1 million (net of income tax expense of less than \$0.1 million) out of accumulated other comprehensive income (loss) for net periodic benefit cost to other income (expense) for each of the years ended December 31, 2019, 2018 and 2017, respectively. The estimated net actuarial loss for the Plan that will be amortized from accumulated other comprehensive income (loss) to other income (expense) over the next fiscal year is less than \$0.1 million.

The following table summarizes the Plan assets in excess of projected benefit obligation and accumulated benefit obligation at December 31, 2019 and 2018 (in thousands):

	December 31, 2019	December 31, 2018
Plan assets in excess of projected benefit obligation:		
Projected benefit obligation	\$ 6,577	\$ 4,745
Fair value of plan assets	\$ 6,615	\$ 5,313
Plan assets in excess of accumulated benefit obligation:		
Accumulated benefit obligation	\$ 5,056	\$ 4,173
Fair value of plan assets	\$ 6,615	\$ 5,313

The following are weighted-average assumptions used to determine benefit obligations and costs at December 31, 2019, 2018 and 2017:

	Years Ended December 31,		
	2019	2018	2017
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	3.25%	4.25%	3.75%
Rate of compensation increase	7.29%	7.29%	7.29%
Weighted average assumptions used to determine benefit costs for the years ended December 31:			
Discount rate	4.25%	3.75%	4.25%
Expected return on plan assets	7.00%	7.00%	7.00%
Rate of compensation increase	7.29%	7.29%	7.29%

The expected return on Plan assets assumption of 7.0% was selected by the Trust based on historical real rates of return for the current asset mix and an assumption with respect to future inflation. The rate was determined based on a long-term allocation of about two-thirds fixed income and one-third equity securities; historical real rates of return of about 2.5% and 8.5% for fixed income and equity securities, respectively; and assuming a long-term inflation rate of 2.5%.

The Plan has a formal investment policy statement. The Plan's investment objective is balanced income, with a moderate risk tolerance. This objective emphasizes current income through a 30% to 80% allocation to fixed income securities, complemented by a secondary consideration for capital appreciation through an equity allocation in the range of 20% to 60%. Diversification is achieved through investment in mutual funds and bonds. The asset allocation is reviewed annually with respect to the target allocations and rebalancing adjustments and/or target allocation changes are made as appropriate. The Trust's current funding policy is to maintain the Plan's fully funded status on an ERISA minimum funding basis.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

The fair value accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect our assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs used in measuring fair value, as follows:

Level 1 – Inputs are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Since inputs are based on quoted prices that are readily and regularly available in an active market, Level 1 inputs require the least judgment.

Level 2 – Inputs are based on quoted prices for similar instruments in active markets, or are observable either directly or indirectly. Inputs are obtained from various sources including financial institutions and brokers.

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement. The degree of judgment exercised by us in determining fair value is greatest for fair value measurements categorized in Level 3.

The fair values of plan assets by major asset category at December 31, 2019 and 2018, respectively, are as follows (in thousands):

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<i>As of December 31, 2019:</i>				
Cash and cash equivalents — money markets	\$ 528	\$ 528	\$ —	\$ —
Equities	1,133	1,133	—	—
Equity funds	1,939	1,939	—	—
Fixed income funds	465	465	—	—
Taxable bonds	2,550	2,550	—	—
Total	<u>\$ 6,615</u>	<u>\$ 6,615</u>	<u>\$ —</u>	<u>\$ —</u>
<i>As of December 31, 2018:</i>				
Cash and cash equivalents — money markets	\$ 407	\$ 407	\$ —	\$ —
Equities	813	813	—	—
Equity funds	2,448	2,448	—	—
Fixed income funds	1,645	1,645	—	—
Total	<u>\$ 5,313</u>	<u>\$ 5,313</u>	<u>\$ —</u>	<u>\$ —</u>

Management intends to at least fund the minimum ERISA amount for 2020. The Trust may make some discretionary contributions to the Plan, the amounts of which have not yet been determined.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid for the following ten-year period (in thousands):

<u>Year ending December 31,</u>	<u>Amount</u>
2020	\$ 258
2021	254
2022	250
2023	246
2024	240
2025 to 2029	1,252

7. Income Taxes

The income tax provision charged to operations for the years ended December 31, 2019, 2018 and 2017 was as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Current:			
U.S. Federal	\$ 55,562	\$ 35,593	\$ 46,013
State and local	1,930	1,607	851
	57,492	37,200	46,864
Deferred expense	26,035	14,814	966
	\$ 83,527	\$ 52,014	\$ 47,830

The Trust is taxed as if it were a corporation. Total income tax expense differed from the amounts computed by applying the U.S. Federal income tax rate of 21% for the years ended December 31, 2019 and 2018 and 35% for the year ended 2017 to income before Federal income taxes as a result of the following (in thousands):

	Years Ended December 31,		
	2019	2018	2017
Computed tax expense at the statutory rate	\$ 84,473	\$ 54,968	\$ 50,771
Reduction in income taxes resulting from:			
Statutory depletion	(5,163)	(4,185)	(3,378)
State taxes	1,657	1,243	530
Executive compensation	1,302	—	—
Prior year tax adjustments	755	—	—
Effect of change in statutory tax rate ⁽¹⁾	—	—	(103)
Other, net	503	(12)	10
	\$ 83,527	\$ 52,014	\$ 47,830

(1) The effect of the change in statutory income tax rate from 35% to 21% effective January 1, 2018 which was anticipated as of December 31, 2017.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2019 and 2018 are as follows (in thousands):

	December 31, 2019	December 31, 2018
Unearned revenue	\$ 3,741	\$ 2,878
Total deferred tax assets	3,741	2,878
Property, plant and equipment	17,030	10,723
§1031 tax exchanges	26,638	6,791
Deferred credits	748	—
Real estate acquired through foreclosure	142	142
Other	10	125
Total deferred tax liability	44,568	17,781
Net deferred tax liability	\$ (40,827)	\$ (14,903)

The Trust files a U. S. Federal income tax return. With few exceptions, the Trust is no longer subject to U.S. Federal income tax examination by tax authorities for years before 2016.

8. Lease Commitments

As of December 31, 2019, we have recorded right-of-use assets of \$3.1 million and lease liabilities for \$3.4 million primarily related to operating leases in connection with our administrative offices located in Dallas and Midland, Texas. The office lease agreements require monthly rent payments and expire in December 2025 and August 2022, respectively. Operating lease expense is recognized on a straight-line basis over the lease term. Operating lease cost for the year ended December 31, 2019 was \$0.7 million.

Future minimum lease payments were as follows at December 31, 2019 (in thousands):

Year ending December 31,	Amount
2020	\$ 696
2021	796
2022	697
2023	537
2024	551
Thereafter	516
Total lease payments	3,793
Less: imputed interest	(426)
Total operating lease liabilities	<u>\$ 3,367</u>

Rent expense for these lease agreements amounted to approximately \$0.7 million, \$0.2 million and \$0.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

9. Capital

Certificates of Proprietary Interest (“Certificates”) and Sub-shares are exchangeable in the ratio of one Certificate to 3,000 Sub-shares. No Certificates were exchanged for Sub-shares for the years ended December 31, 2019 and 2018.

The number of Certificates authorized for issuance at a given date is the number then outstanding plus one/three-thousandth of the number of Sub-shares then outstanding. The number of Sub-shares authorized for issuance at a given date is the number then outstanding plus three thousand times the number of Certificates then outstanding.

The Declaration of Trust was executed and delivered in New York. In the opinion of counsel for the Trust, under the laws of the State of New York, the Certificate and Sub-share Certificate holders are not subject to any personal liability for the acts or obligations of the Trust.

The assets of the Trust are located in Texas. In the opinion of Texas counsel, under the laws of the State of Texas, the Certificate and sub-shareholders may be held personally liable with respect to claims against the Trust, but only after the assets of the Trust first have been exhausted.

Dividends

On March 15, 2019, we paid \$46.5 million in dividends representing a cash dividend of \$1.75 per Sub-share and a special dividend of \$4.25 per Sub-share for sub-shareholders of record at the close of business on March 8, 2019.

On March 16, 2018, we paid \$31.7 million in dividends representing a cash dividend of \$1.05 per Sub-share and a special dividend of \$3.00 per Sub-share for sub-shareholders of record at the close of business on March 9, 2018.

Repurchases of Sub-shares

During the years ended December 31, 2019, 2018 and 2017, we purchased and retired 6,258, 59,185 and 105,715 Sub-shares, respectively.

10. 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 strategies and objectives of the Trust 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 approximately 900,000 acres of land and related resources in West Texas owned by the Trust. 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 full-service water offerings to operators in the Permian Basin. The revenue streams of this segment consist of revenue generated from sales of sourced and treated water as well as revenue from royalties on water service-related activity.

Segment financial results were as follows (in thousands):

	Years Ended December 31,		
	2019	2018	2017
<i>Revenues:</i>			
Land and resource management	\$ 363,328	\$ 211,476	\$ 123,340
Water services and operations	127,168	88,744	31,294
Total consolidated revenues	\$ 490,496	\$ 300,220	\$ 154,634
<i>Net income:</i>			
Land and resource management	\$ 258,366	\$ 159,611	\$ 78,468
Water services and operations	60,362	50,125	18,763
Total consolidated net income	\$ 318,728	\$ 209,736	\$ 97,231
<i>Capital Expenditures:</i>			
Land and resource management	\$ 1,603	\$ 2,790	\$ 920
Water services and operations	30,606	45,088	17,827
Total capital expenditures	\$ 32,209	\$ 47,878	\$ 18,747
<i>Depreciation, depletion and amortization:</i>			
Land and resource management	\$ 1,201	\$ 506	\$ 136
Water services and operations	7,705	2,077	240
Total depreciation, depletion and amortization	\$ 8,906	\$ 2,583	\$ 376

The following table presents total assets and property, plant and equipment, net by segment (in thousands):

	December 31, 2019	December 31, 2018
<i>Assets:</i>		
Land and resource management	\$ 467,758	\$ 198,922
Water services and operations	130,418	86,153
Total consolidated assets	\$ 598,176	\$ 285,075
<i>Property, plant and equipment, net:</i>		
Land and resource management	\$ 4,359	\$ 3,720
Water services and operations	83,964	61,082
Total consolidated property, plant and equipment, net	\$ 88,323	\$ 64,802

11. Subsequent Events

The Trust 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

At their February 2020 meeting, the Trustees declared a cash dividend of \$10.00 per Sub-share, payable March 16, 2020 to sub-shareholders of record at the close of business on March 9, 2020. Additionally, the Trustees declared a special dividend of \$6.00 per Sub-share, payable March 16, 2020 to sub-shareholders of record at the close of business on March 9, 2020.

Acquisition of Land and Royalty Interest

On February 21, 2020, the Trust acquired approximately 671 surface acres of land and approximately 755 net royalty acres in Culberson County for a combined purchase price of approximately \$14.9 million.

12. Oil and Gas Producing Activities (Unaudited)

We measure the Trust's share of oil and gas produced in barrels of equivalency ("BOEs"). One BOE equals one barrel of crude oil, condensate, NGLs (natural gas liquids) or approximately 6,000 cubic feet of gas. As of December 31, 2019, December 31, 2018 and December 31, 2017, the Trust's share of oil and gas produced was approximately 13.7, 8.8 and 5.1 thousand BOEs per day, respectively. Reserves related to the Trust's 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 the Trust has a royalty interest. The number of DUC wells are determined using uniform drilling spacing units with pooled interests for all wells awaiting completion. The Trust has identified 486, 362 and 319 DUC wells subject to our royalty interest as of December 31, 2019, 2018 and 2017, respectively.

13. Selected Quarterly Financial Data (Unaudited)

The following tables present unaudited financial data of the Trust for each quarter of December 31, 2019 and 2018 (in thousands, except per share amounts):

	Quarters ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Revenues	\$ 113,332	\$ 98,530	\$ 87,310	\$ 191,324
Income before income taxes	\$ 89,071	\$ 74,759	\$ 62,879	\$ 175,546
Net income	\$ 69,122	\$ 60,022	\$ 49,586	\$ 139,998
Net income per Sub-share Certificate - basic and diluted	\$ 8.91	\$ 7.74	\$ 6.39	\$ 18.04

	Quarters ended			
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Revenues	\$ 93,201	\$ 73,168	\$ 73,844	\$ 60,007
Income before income taxes	\$ 78,279	\$ 63,195	\$ 65,665	\$ 54,611
Net income	\$ 62,680	\$ 50,762	\$ 52,503	\$ 43,791
Net income per Sub-share Certificate - basic and diluted	\$ 8.06	\$ 6.52	\$ 6.73	\$ 5.60



LANE GORMAN TRUBITT, LLC
Accountants & Advisors

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder
Texas Pacific Land Corporation

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Texas Pacific Land Corporation (the “Company”) as of May 15, 2020 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of May 15, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there were no critical audit matters.

Lane Gorman Trubitt, LLC

We have served as the Company’s auditor since 2020.

Dallas, Texas
May 19, 2020

A member of the Leading Edge Alliance.

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TEXAS PACIFIC LAND CORPORATION

BALANCE SHEET
AS OF MAY 15, 2020

(In whole dollars)

	<u>May 15, 2020</u>
ASSETS	
Cash	\$ 1,000
Total current assets	<u>1,000</u>
Total assets	<u>\$ 1,000</u>
LIABILITIES AND STOCKHOLDER'S EQUITY	
Total liabilities	<u>\$ —</u>
Commitments and contingencies	<u>—</u>
Stockholder's equity:	
Common stock, \$0.01 par value; 1,000 shares authorized, issued and outstanding	10
Additional paid in capital	990
Total stockholder's equity	<u>1,000</u>
Total liabilities and stockholder's equity	<u>\$ 1,000</u>

See accompanying notes to balance sheet.

TEXAS PACIFIC LAND CORPORATION
NOTES TO BALANCE SHEET

1. Organization and Background of Business

Texas Pacific Land Corporation (“TPL Corporation”) was incorporated on April 28, 2020 in the State of Delaware.

TPL Corporation was formed for the purpose of effecting the corporate reorganization of Texas Pacific Land Trust (“TPL Trust”) (“Corporate Reorganization”) to ultimately convert it from a trust into a Delaware corporation.

The balance sheet has been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Separate Statements of Operations, Changes in Stockholders’ Equity and of Cash Flows have not been presented because TPL Corporation had no business transactions or activities as of May 15, 2020, except for the initial capitalization of TPL Corporation which was funded by TPL Trust. In this regard, general and administrative costs associated with the formation and daily management of TPL Corporation have been determined by TPL Corporation to be insignificant.

2. Summary of Significant Accounting Policies

Use of Estimates in the Preparation of Financial Statements

The preparation of the balance sheet, in accordance with GAAP, requires management to make estimates and assumptions that affect the amounts reported in the balance sheet and accompanying notes. Actual results could differ from those estimates.

Income Taxes

TPL Corporation is a corporation and is subject to U.S. federal and state income taxes. Income taxes are accounted for under the asset and liability method. TPL Corporation recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for the taxing jurisdiction in which TPL Corporation operates for the year in which those temporary differences are expected to be recovered or settled. TPL Corporation recognizes the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. Net deferred tax assets are then reduced by a valuation allowance if TPL Corporation believes it more-likely-than-not such net deferred tax assets will not be realized. As of May 15, 2020, there are no income tax related balances reflected in our balance sheet.

3. Stockholder’s Equity

TPL Corporation has authorized share capital of 1,000 common shares with \$0.01 par value. On April 28, 2020, all 1,000 shares were issued and acquired by TPL Trust for consideration of \$1,000. Each share has one voting right. Upon the corporate reorganization of TPL Trust into a corporation, the outstanding shares of TPL Corporation common stock will be distributed to sub-share certificate holders of TPL Trust on a pro rata basis in accordance with their interests in TPL Trust. Following the distribution of TPL Corporation common stock, the sub-share certificates will cease to be traded on the New York Stock Exchange and will be cancelled.

4. Subsequent Events

TPL Corporation has evaluated events that occurred after the balance sheet date through the date the financial statements were available to be issued, noting no events that would require additional adjustments to or disclosure in TPL Corporation’s financial statements.