



# Investor Presentation

December 2021

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In addition to amounts presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"), this presentation includes certain supplemental non-GAAP measurements. These non-GAAP measurements are not to be considered more relevant or accurate than the measurements presented in accordance with GAAP. In compliance with requirements of the SEC, our non-GAAP measurements are reconciled to net income, the most directly comparable GAAP performance measure. In this presentation, TPL utilizes earnings before interest, taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA and free cash flow ("FCF"). TPL believes that EBITDA, Adjusted EBITDA and FCF are useful supplements as an indicator of operating and financial performance. EBITDA, Adjusted EBITDA and FCF are not presented as an alternative to net income and they should not be considered in isolation or as a substitute for net income. See Appendix for a reconciliation of these non-GAAP measures to net income, the most directly comparable financial measure calculated in accordance with GAAP.

# The Permian Basin “ETF”

NYSE: TPL



## “2nd Best Year in TPL History”



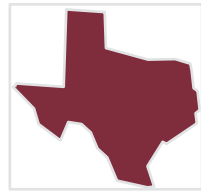
Performance  
Through the Cycle  
**\$303 Million**  
2020 Revenue



**\$200mm+**  
Dividends Paid in 2020  
**17 Year**  
History of Increasing  
Dividends



Balance Sheet  
Strength<sup>(1)</sup>  
**No Debt**  
Cash Balance of  
**\$373 Million**



**100% Texas  
Permian  
Exposure**



**Diversified  
Revenue  
Streams:**  
Royalties, Water, and  
Surface



**~23,700**  
Core Permian Net  
Royalty Acres<sup>(2)</sup>  
**~880,000**  
Surface Acres



**~190%**  
Production Growth  
since 2018<sup>(3)</sup>



**~21 Years**  
Inventory Below  
\$40/bbl Breakeven<sup>(4)</sup>



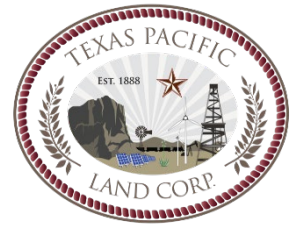
Robust Inventory<sup>(5)</sup> of  
**508 DUCs**  
and  
**462 Permits**

Source: Company data and Enverus.  
(1) Balance sheet as of 9/30/21.  
(2) Net royalty acres defined as gross royalty acres (533,260) in-basin multiplied by the average royalty per acre (4.4%).  
(3) Increase in daily average net well production from 1Q'18 to 3Q'21.  
(4) Based on total inventory with a breakeven oil price less than \$40/bbl divided by 2020 average net spud count.  
(5) As of 9/30/21 per Enverus and internal TPL estimates.

# An Unmatched Oil and Gas Investment



## 10-year Average Annual Total Return<sup>(1)</sup>

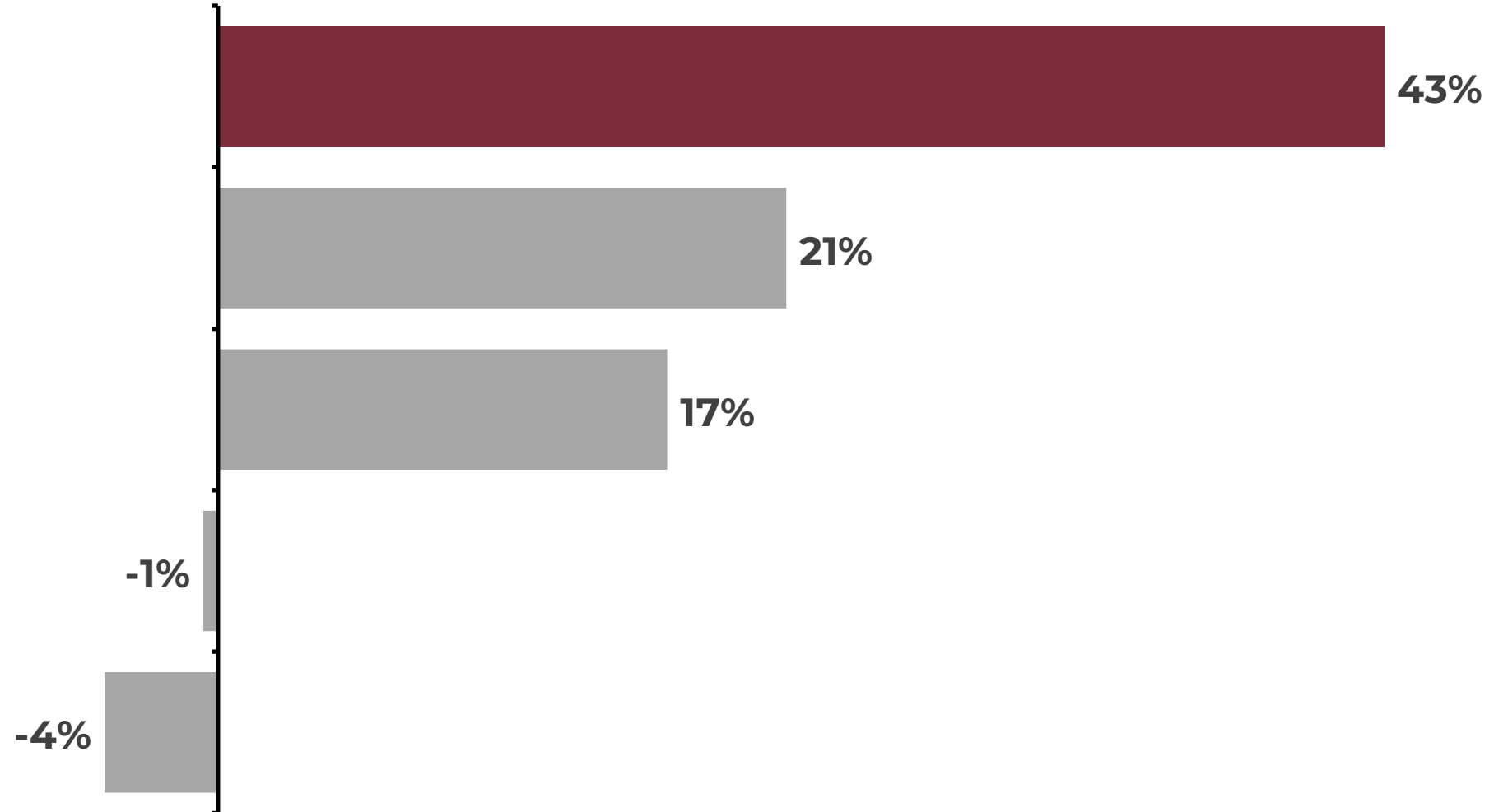


**Nasdaq**  
(Composite)

**S&P 500®**

**WTI Oil**

**S&P Oil & Gas  
E&P Index**



Source: FactSet.  
(1) Based on FactSet compounded total shareholder return from October 2011 to September 2021.

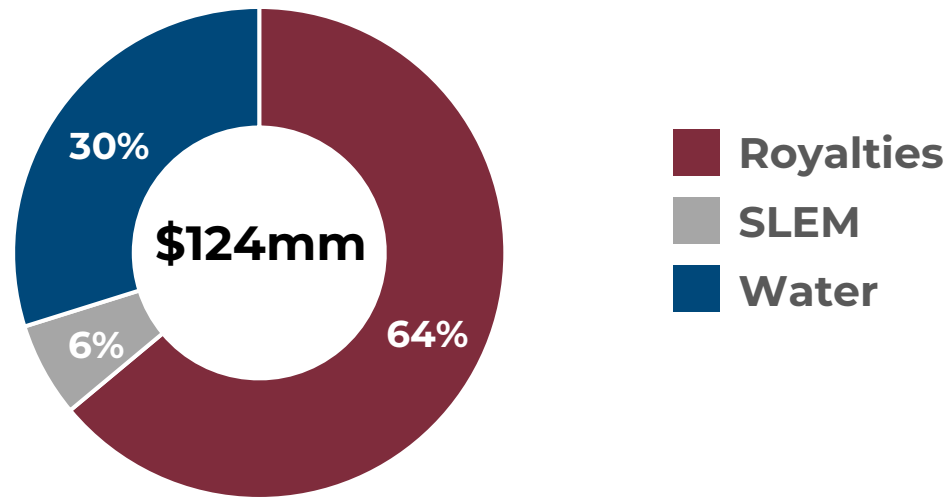
# Unique Exposure to Full Permian Development Chain



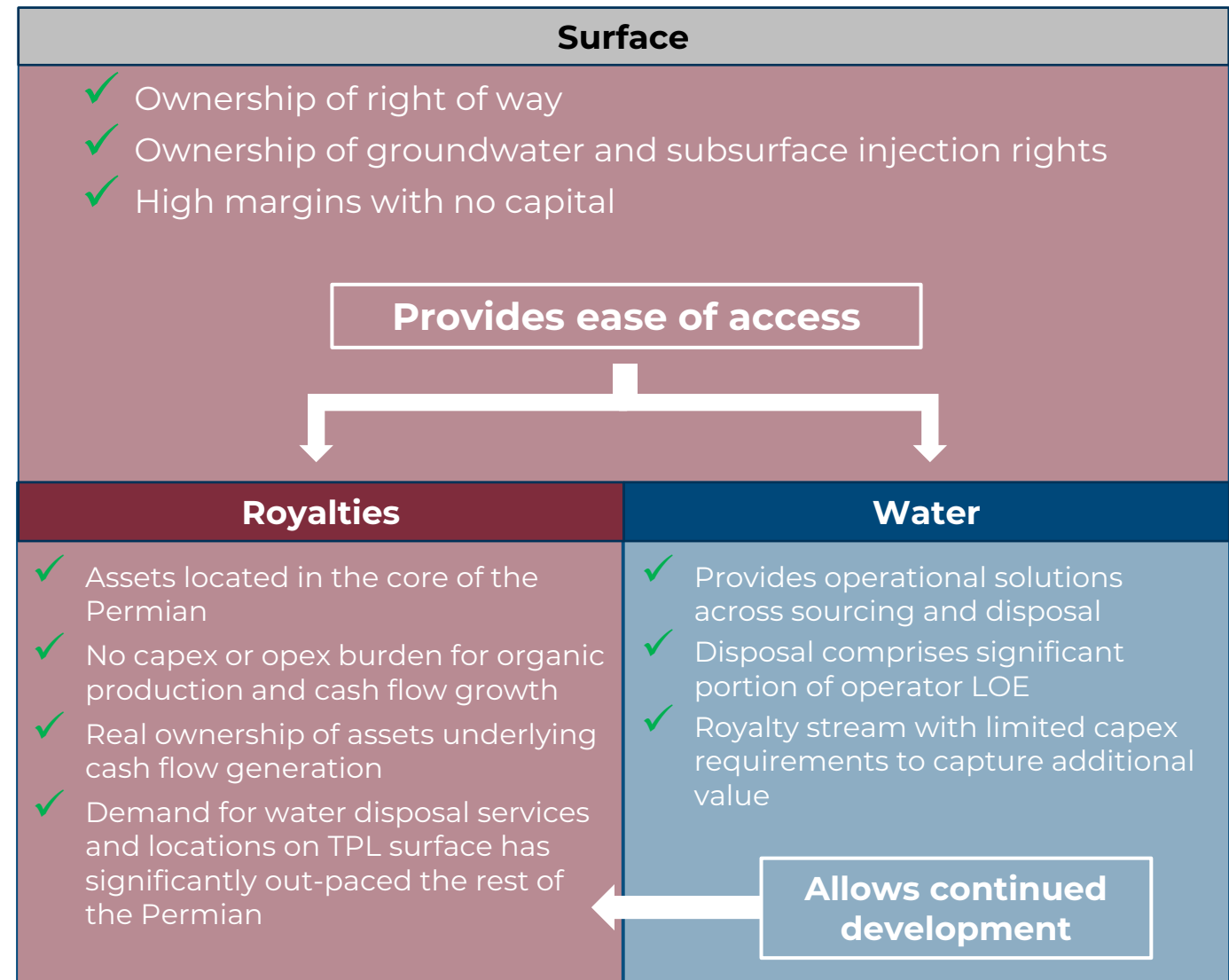
## TPL Business Overview

- SLEM**
  - TPL surface generates multiple income streams from Oil & Gas activities, Renewables, Grazing and Hunting leases
- Royalties**
  - TPL owns an average 4.4% revenue interest across ~533,260 gross royalty acres in the Permian Basin
- TPWR**
  - TPWR provides brackish and treated water for well completions and facilitates produced water disposal

## 3Q21 TPL Revenue



## Business Flow Overview



Maximize Surface Ownership to Operate Profitable Water Business that Facilitates Development of Royalty Acreage

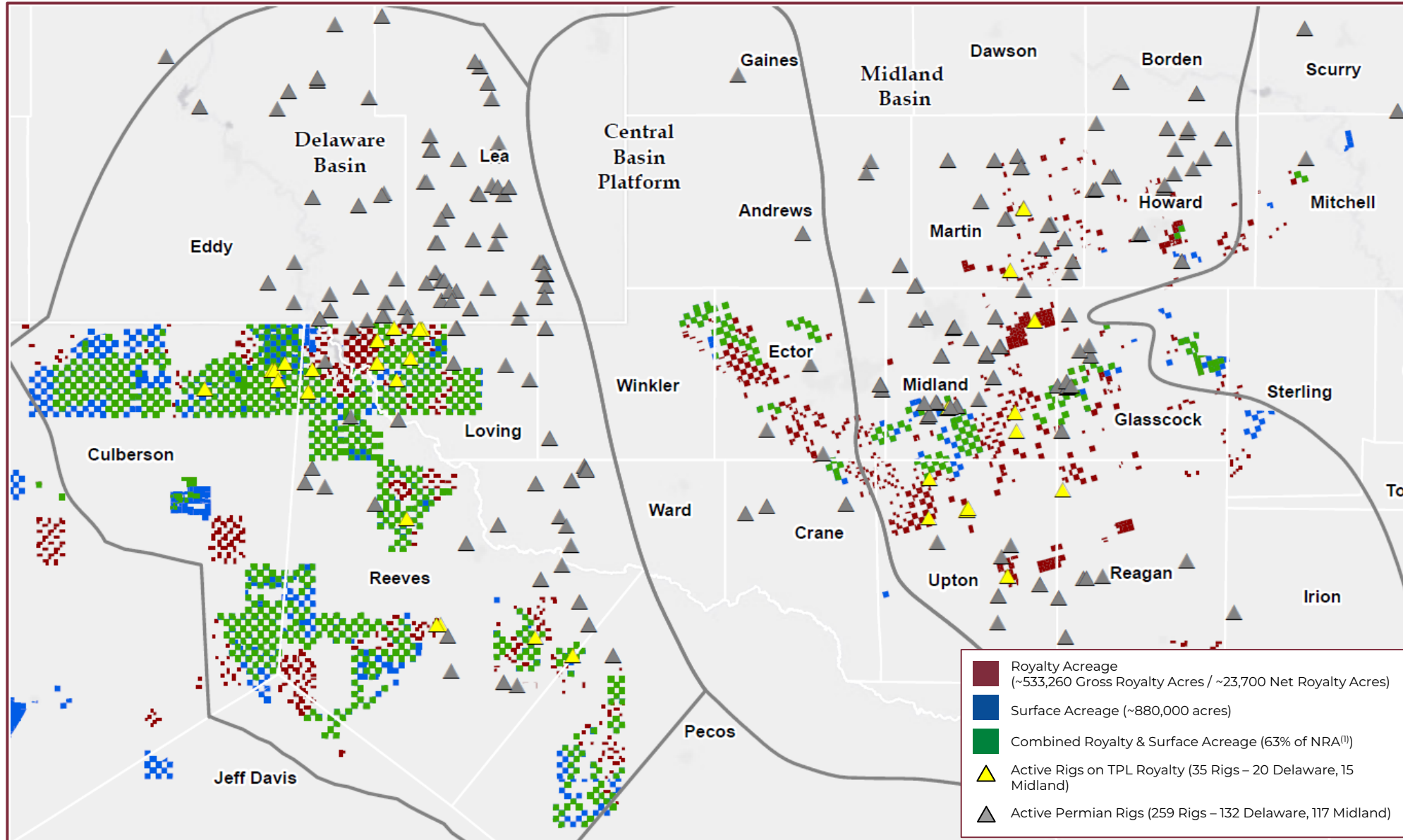
Source: Company data.

# Royalty Interest Overview

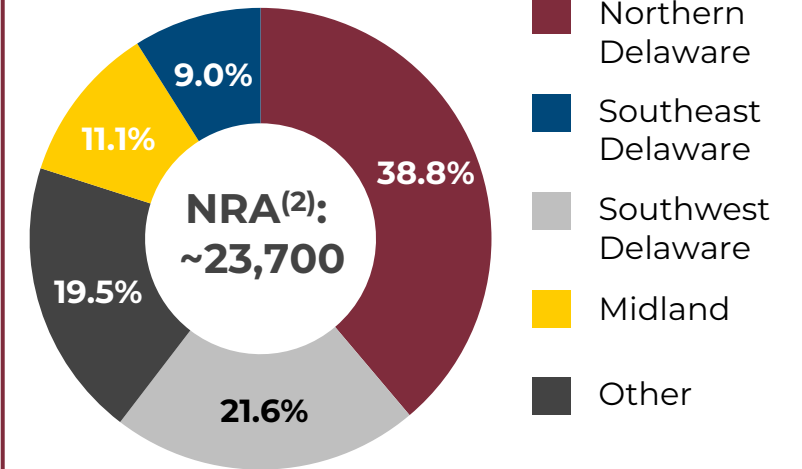
## Land and Resource Management



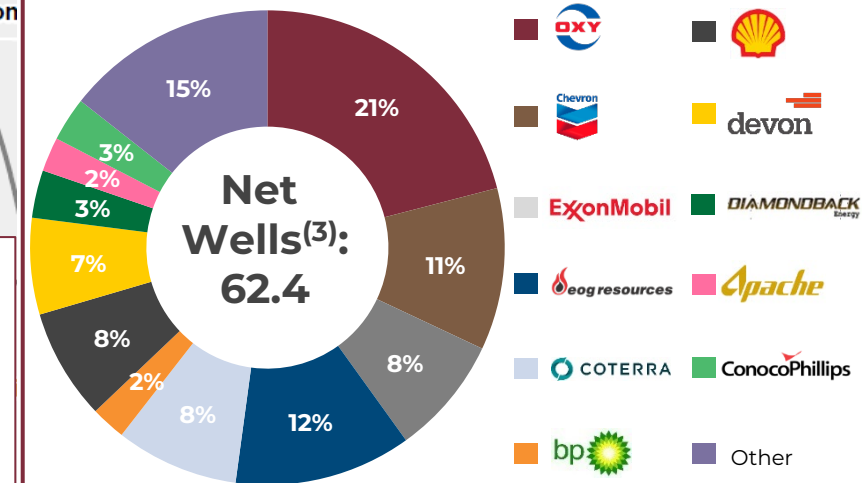
### Net Royalty Position and Rigs Running on Core TPL Acreage



### Net Royalty Acres Distribution



### Key Operators with a Permian Focus



Source: Company data, and Enverus data as of 9/30/21.  
 Note: Rigs on TPL based on intersect of well-lateral centroid on TPL Royalty Acreage DSUs. Rig counts include active Horizontal, Directional and Unclassified rigs per Enverus Rig Analytics.  
 (1) Based on 754,080 combined surface and gross royalty acres and 441,013 gross royalty only acres.  
 (2) Net royalty acres defined as gross royalty acres (~533,260) multiplied by the average royalty per acre (4.4%) as of 3Q'21.  
 (3) Includes net 45.5 PDP, 7.8 DUCs, 1.9 Completed and 7.3 Permitted wells (represents only horizontal locations).

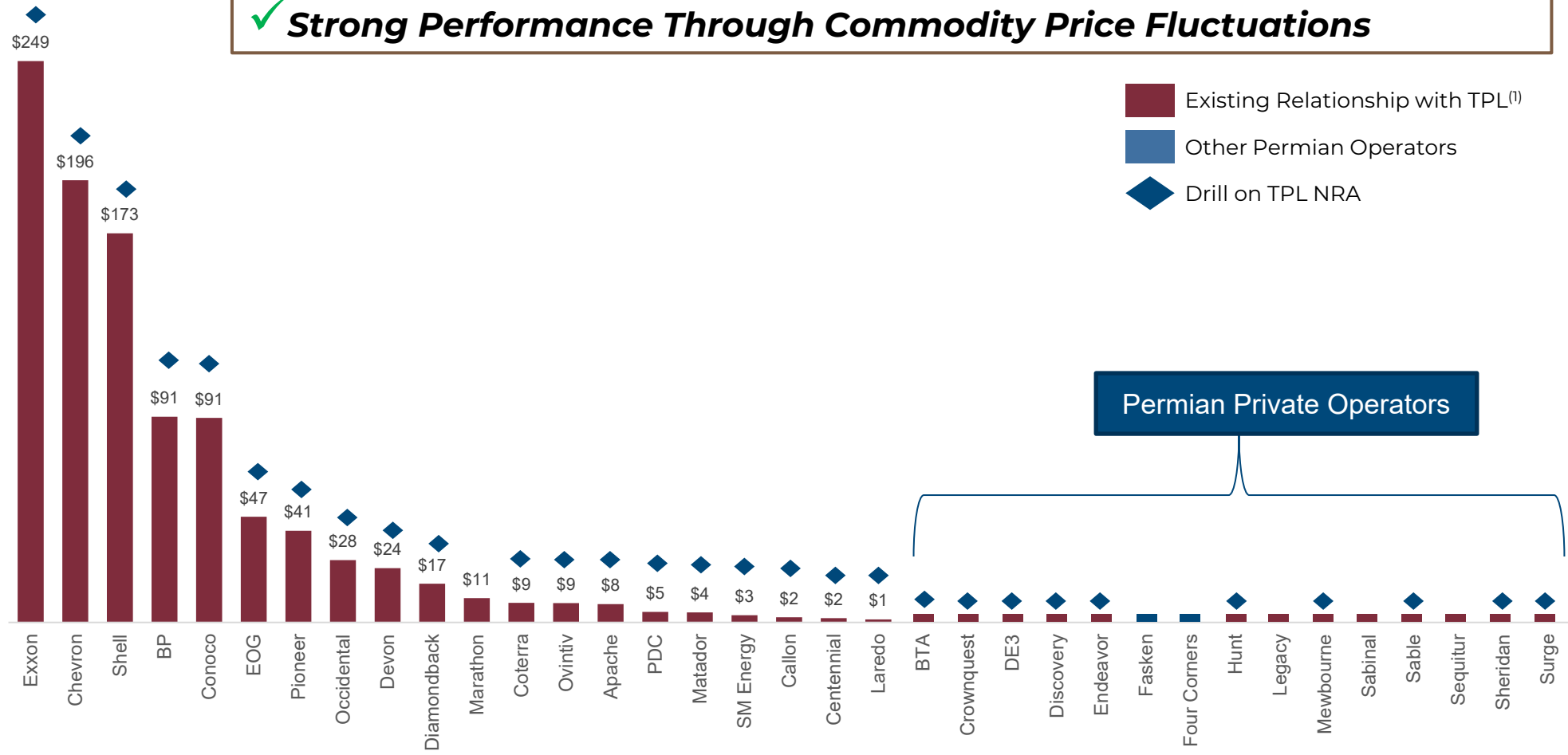
# Exposed to Diverse Client Base Required to Utilize TPL Surface / Water



## E&P Companies on TPL

Market Cap (in \$ billions) as of 9/30/2021

- ✓ **High Margin, Fixed-fee Revenue Streams**
- ✓ **Strong Performance Through Commodity Price Fluctuations**



## Midstream Companies on TPL



**TPL has Existing Relationships with Over 85% of the Top E&P and also Blue-Chip Midstream Companies**

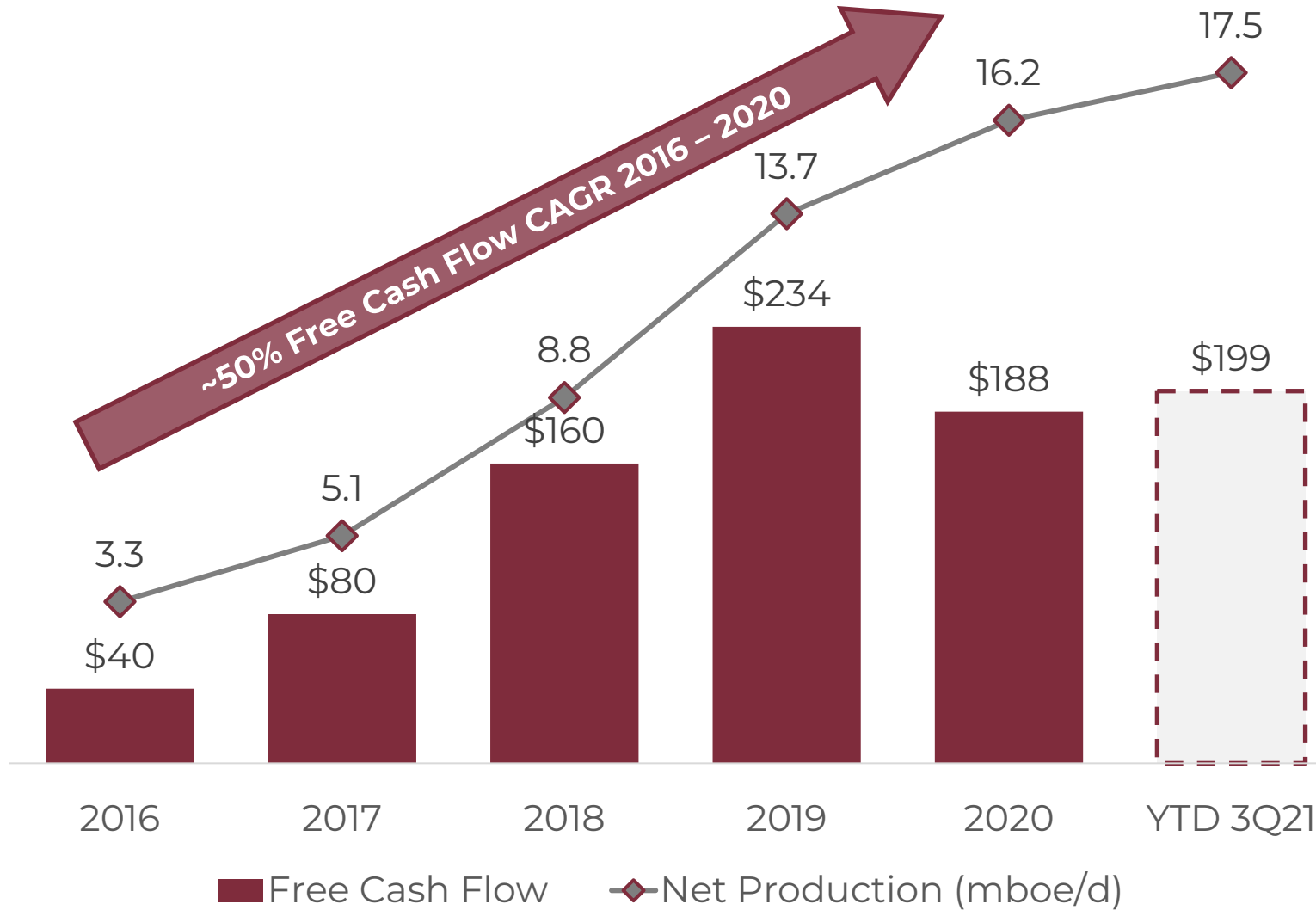
Source: Company data and Bloomberg as of 9/30/21.  
 (1) Relationships established through surface operations and/or water sourcing / produced water.

# Business Segments Overview



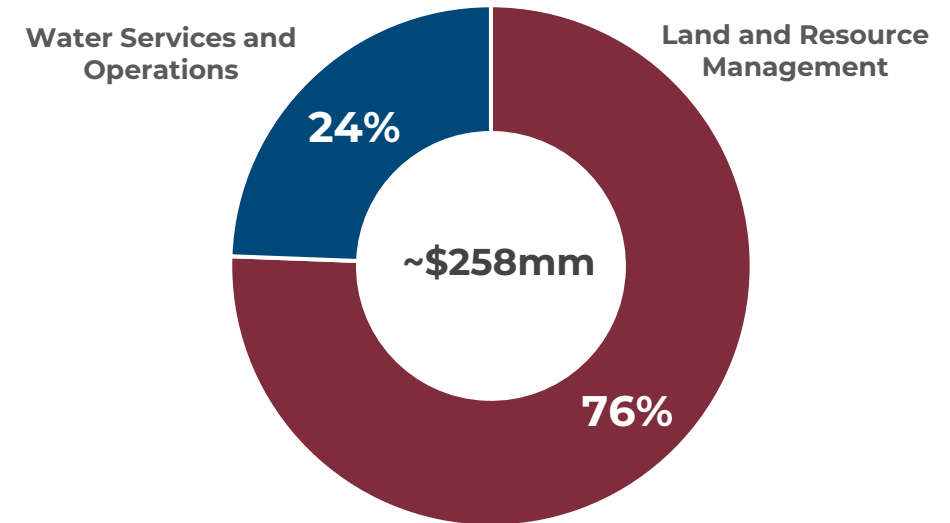
## Production and Free Cash Flow Growth

(\$ in millions, unless specified)

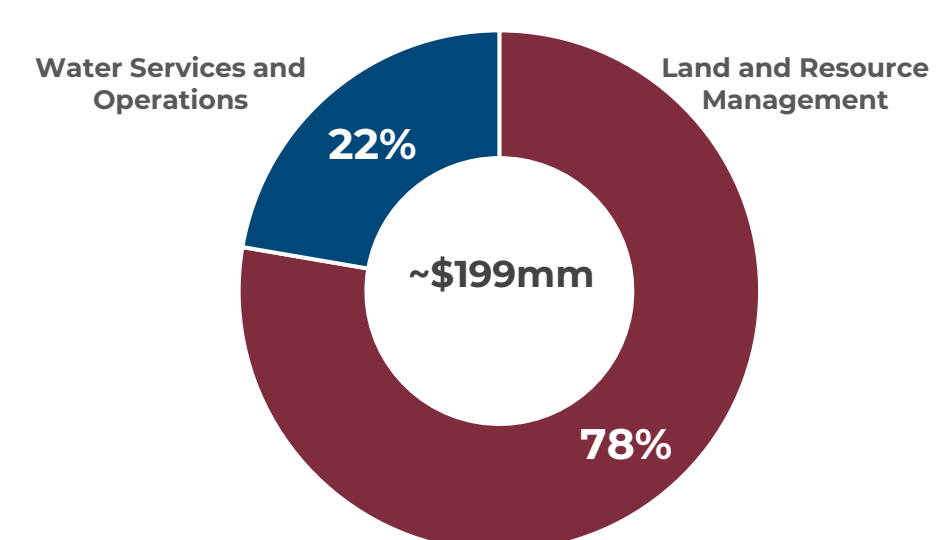


## YTD 3Q21

Adjusted EBITDA



Free Cash Flow



Source: Company data.  
 Note: Free Cash Flow and Adjusted EBITDA are non-GAAP measures. See Appendix for reconciliations of these non-GAAP measures to net income.  
 Land and Resource Management values inclusive of land-related surface and easement income. Water Services and Operations values inclusive of water-related surface and easement income.



# History of TPL



**1888**  
Texas & Pacific Railway bankruptcy leads to the formation of Texas Pacific Land Trust, where all land assets were placed.

**1927**  
TPL listed on NYSE. TPL is among the few Depression Era companies that continue trading today, almost a century later.

**1954**  
The mineral estate under TPL's land was spun-off to its shareholders under a new company named TXL Oil. TPL reserved an NPRI under certain tracts of land<sup>(1)</sup>.

**2001**  
Chevron acquired Texaco for \$36 billion, and now performs as an operator across a large portion of TPL's Permian position.

**2015**  
Rapid development across much of TPL's acreage leads to increased royalty revenues for the Trust.

**2019**  
Conversion Committee formed to evaluate if the Trust should convert into a C-corporation.

## 1871 - 1888

## 1889 - 2010

## 2011 - Present

**1871**  
Texas & Pacific Railway is created and was granted ~3.5 million acres of land from the State of Texas.

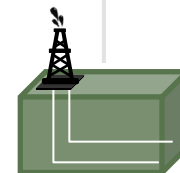
**1920's**  
Texas and Pacific Abrams #1 becomes the first well to produce oil from the Permian Basin, and a few years later, the first oil pipeline is built in the basin.

**1962**  
Texaco purchased TXL Oil which at the time held over 2 million undeveloped acres in west Texas.

**2010's**  
The Permian Basin begins to grow production as unconventional development unlocks tremendous additional reserves.

**2017**  
TPL announces formation of Texas Pacific Water Resources LLC ("TPWR")<sup>(2)</sup>.

**2021**  
TPL's reorganization to a C-Corp is completed



Source: Company data.  
 (1) A fixed 1/16 NPRI was reserved under all lands held by the primary term of an oil and gas lease and a fixed 1/128 NPRI under all lands held by production.  
 (2) TPWR is a 100% wholly owned subsidiary of TPL.

# Key Investment Highlights



## Performance Through the Cycle

- ~\$108 million in Adjusted EBITDA<sup>(1)</sup> for 3Q'21 was the highest in company history
- ~17.5 mboe/d YTD 3Q'21 average daily royalty production
- ~\$303 million in total revenue for YE2020 - second highest in company history
- ~\$51 million in 2020 revenue from disposal royalties and water related easements – highest in company history

## ETF of the Permian Basin

- Largest royalty company with 100% of acreage located in Texas Permian Basin
- Three high-margin revenue streams linked to the development intensity of the Permian – multiple “ways to win”
- Unparalleled position consisting of ~23,700 net royalty acres (“NRAs”)<sup>(2)</sup> and ~880,000 surface acres
- TPL interest is focused in the Delaware where rig count represents ~28% of total horizontal rigs across the U.S.

## Synergistic Business Segments

- Ownership of surface provides right-of-way for continued development across TPL's footprint
- Rights to water and ability to promote operational solutions promotes further growth of the royalty business
- Upside exposure to water disposal revenues as Delaware Basin production growth persists

## Focus on Return On and Of Capital

- Despite challenged oil and gas markets, TPL returned over \$200mm to shareholders during 2020
- Most recent quarterly dividend of \$2.75/share
- Announced stock repurchase program up to an aggregate \$20 million through YE2021

## Sustained Profitability and Pristine Balance Sheet

- Robust YTD 3Q'21 Adjusted EBITDA<sup>(1)</sup> margin of 85%
- No capex for organic royalty or land business growth; minimal for water
- No debt and cash balance of ~\$373 million as of 3Q'21

## Significant Upside

- Significant undeveloped potential: only ~11% of royalty acreage is developed with ~21,400 gross undeveloped locations<sup>(3)</sup>
- High concentration in what TPL believes is best part of Permian, with ~21 years of inventory under \$40/bbl breakeven<sup>(4)</sup>
- Water business continues to capitalize on opportunities to expand market share leading to future long-term growth
- Surface in frontier areas provides upside as development core expands with enhanced D&C and technology

Source: Company data, FactSet and Enverus as of 9/30/21.

(1) See Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures.

(2) Net royalty acres defined as gross royalty acres (~533,260) multiplied by the average royalty per acre (4.4%).

(3) As of 9/30/21 per Enverus and TPL internal estimates. Gross drilling locations based on an average lateral length of 6,930 as per the expected DSU.

(4) Based on total inventory with a breakeven oil price less than \$40/bbl divided by average 2020 net spud count.

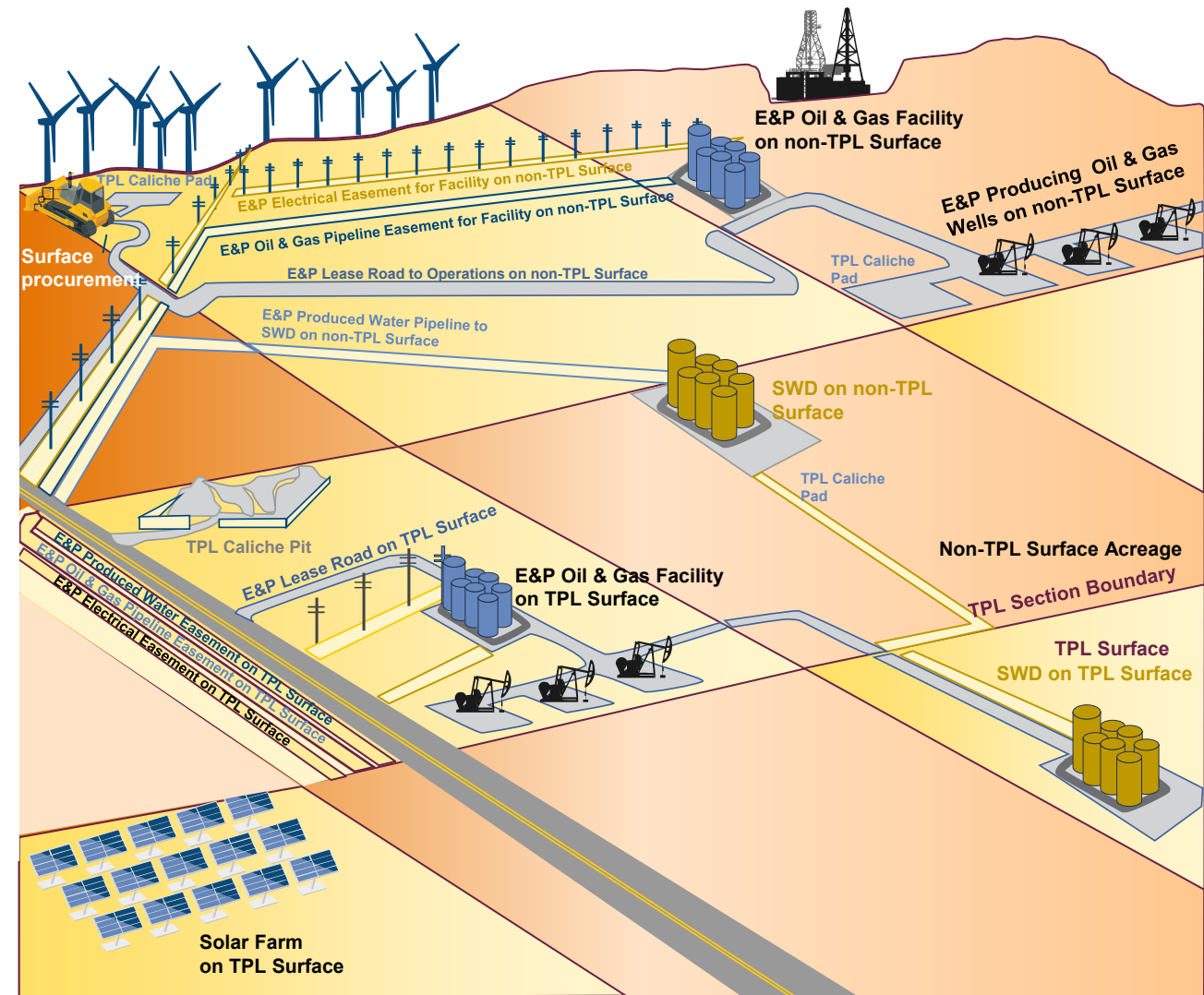
# Surface Leases, Easements and Material Sales (“SLEM”)



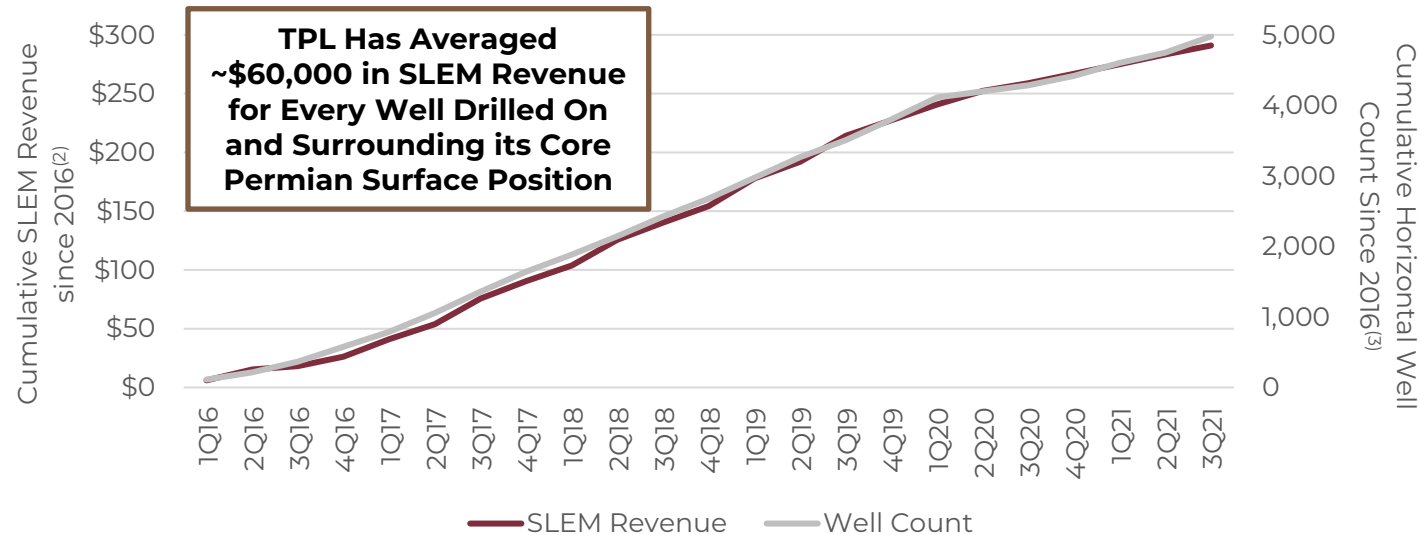
## ~880,000 Surface Acres With a Concentration in Core Permian Areas

- ✓ Extensive position allows our surface to benefit from development occurring on and adjacent to TPL land
  - Since 2018, SLEM revenue has represented ~17% of total TPL revenues<sup>(1)</sup>
  - Generates majority of its surface revenue from easements related to pipeline infrastructure
  - Generates lease and material (caliche) sale revenues in addition
- ✓ Majority of easements have 30+ year term but subsequently renew every ten years with an additional payment (initial fee plus ~15%)

## Generates Multiple Long-Term Income Streams with No Opex



## TPL SLEM Revenue Tracks the Region’s Well Count



## The TPL Surface Position Can’t be Replicated Amongst Royalty and Water Companies

Source: Company data and Enverus.

(1) Total revenue adjusted to exclude one-time land swap of \$22mm in 2019 and one-time land / royalty sales of \$100mm and \$19mm in 2019 and 2018, respectively.

(2) SLEM revenue represents TPL’s cumulative easements and other surface related income from 1/1/16 through 9/30/21 for Land and Resource management segment.

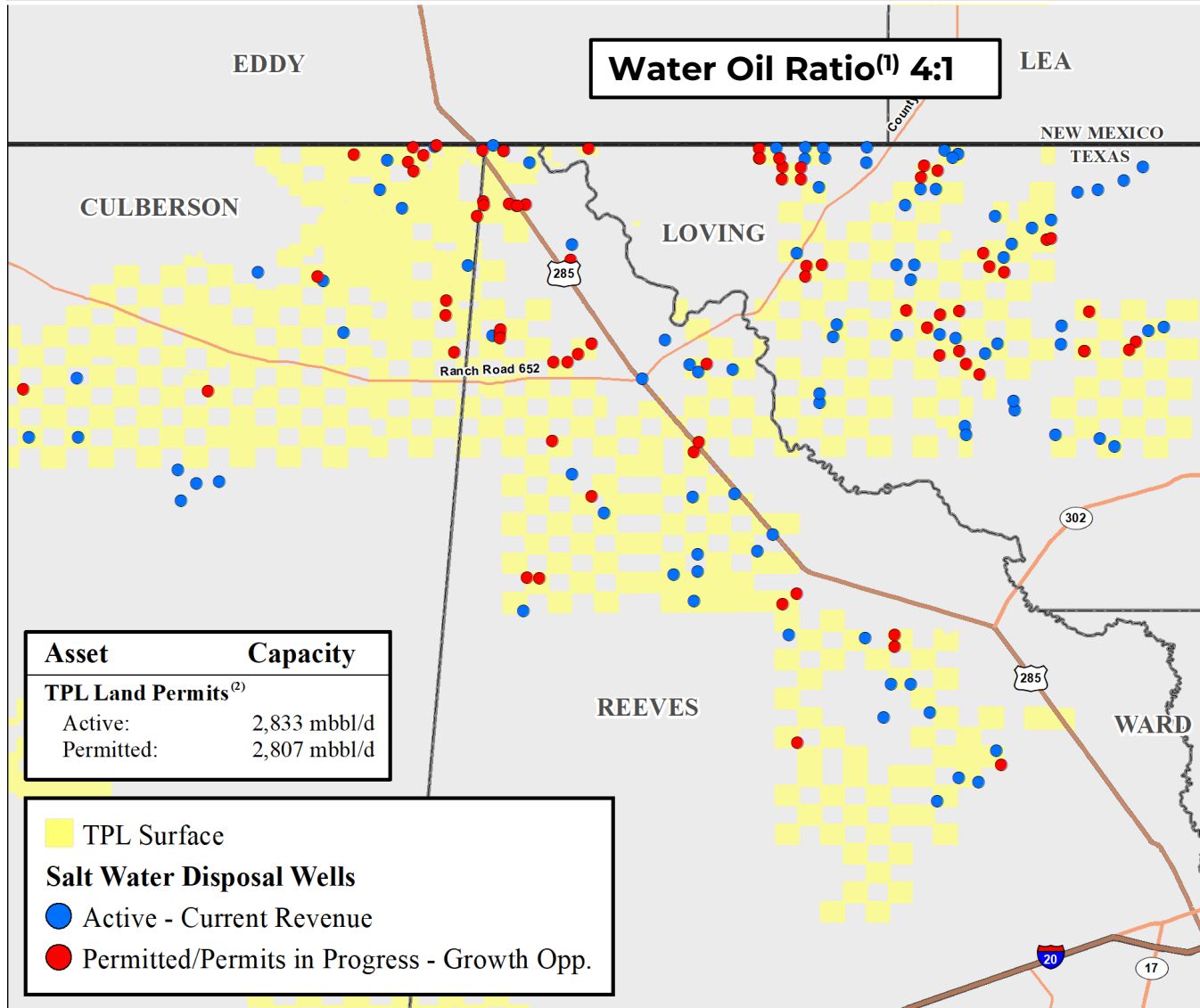
(3) Cumulative horizontal well count per Enverus in TPL’s Northern Delaware Region (~950,000 acres) and TPL’s Midland Region (~250,000 acre region around TPL’s surface in East Ector, Midland, Upton and Glasscock Counties).

# Water Resources Asset Overview

## Water Services and Operations

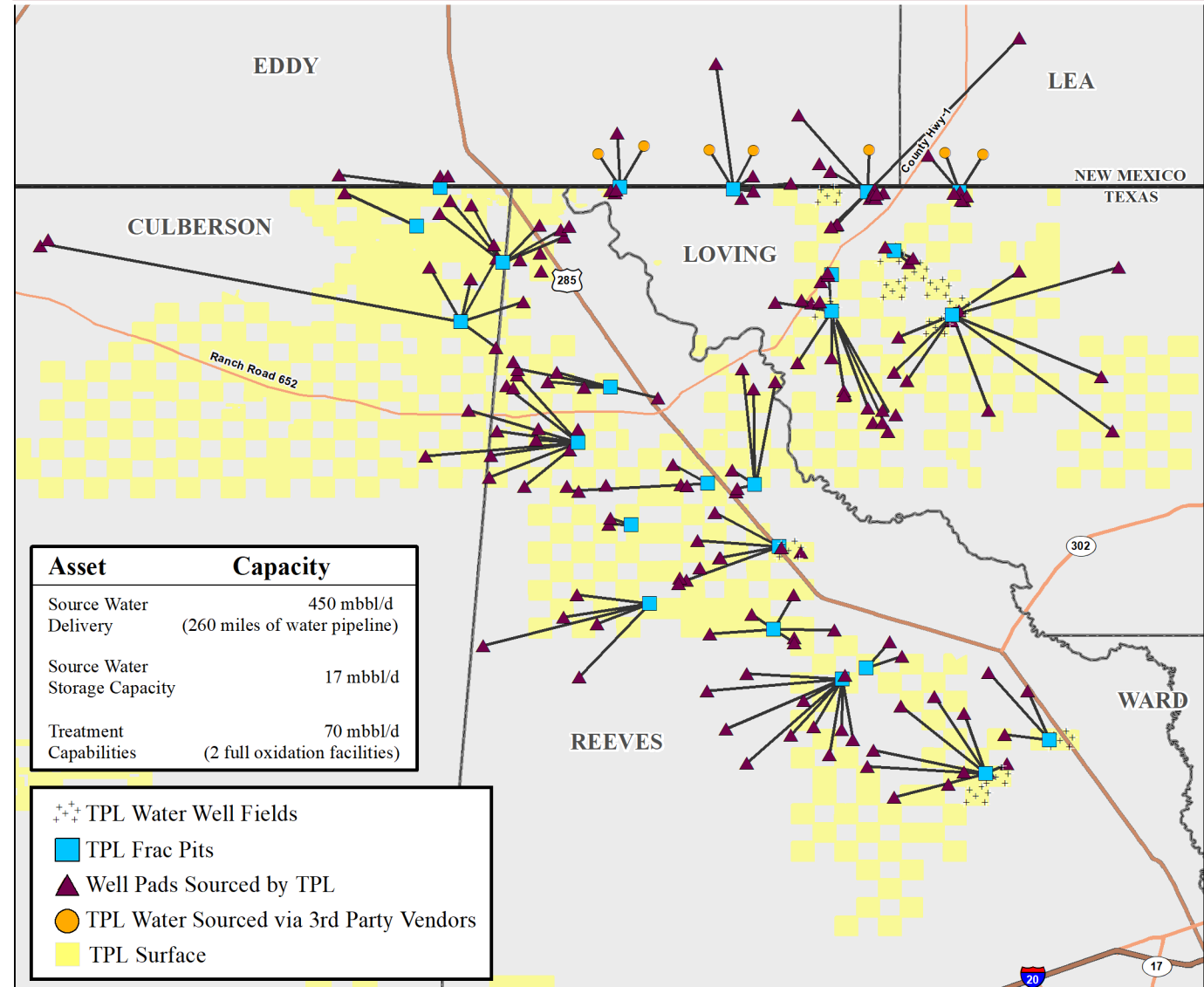


### Salt Water Disposal Wells



**Disposed Water Volume Growth Sustained by Highest WOR Areas**

### TPL Water Sourcing Infrastructure



**Sourced Water Business Driven by High Fluid Intensity Areas**

Source: Company data and RSEG.  
 Note: TPL does not operate any water disposal wells.  
 (1) Water oil ratio ("WOR") defined as the ratio of 12-month cumulative water production to 12-month cumulative oil production.  
 (2) Revenue received both on and off TPL surface based on existing contracts.

# Growth Strategy and Competitive Advantage

## Water Services and Operations

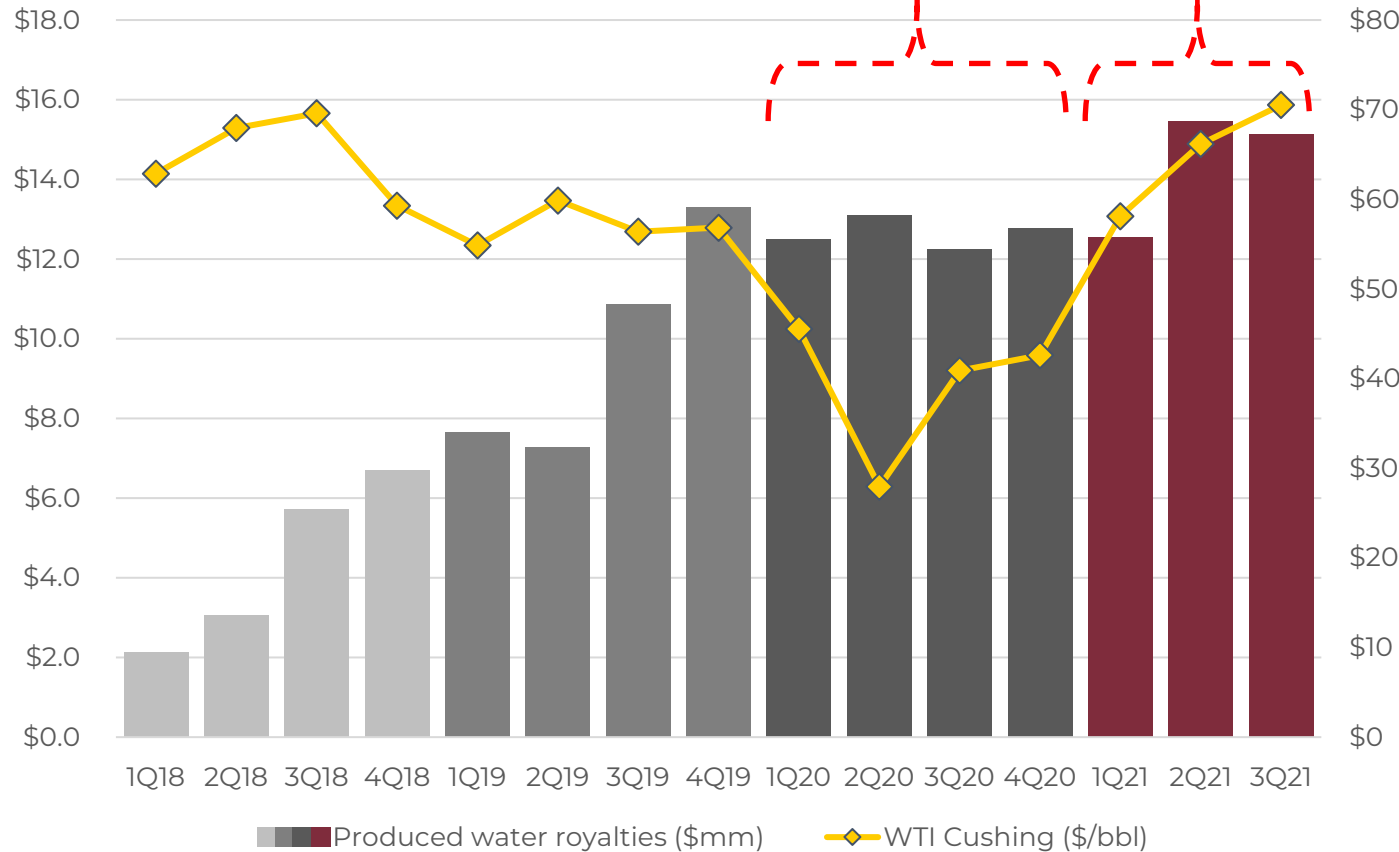


### Produced Water Royalties Stability Through the Cycle

(\$ in millions)

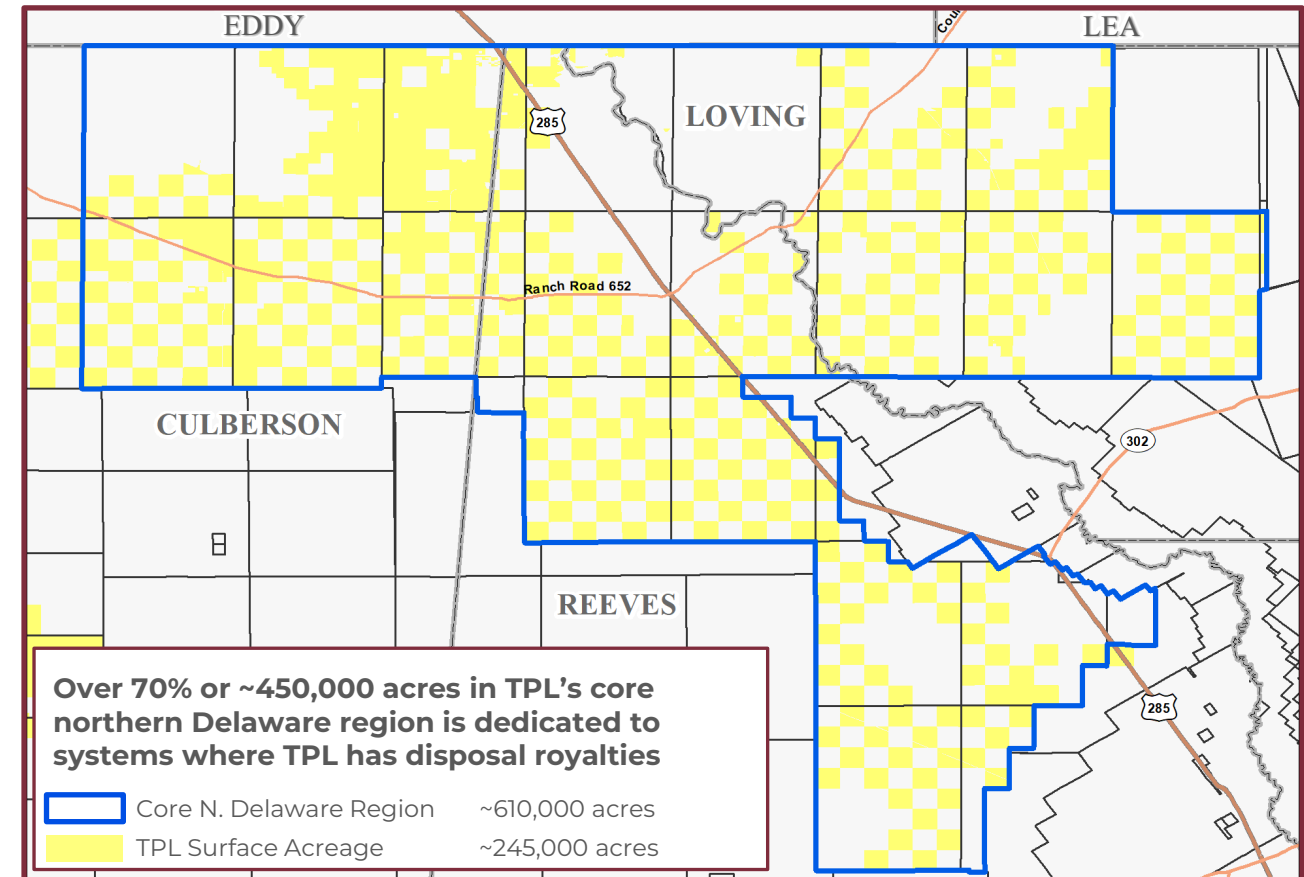
Despite 2020's challenging backdrop of COVID-19 and oil price weakness, TPL's produced water royalty business generated its highest ever annual revenue

Strong YTD 3Q21 performance



### Significant Acreage Dedicated to TPL Disposal Royalties

- Current and future wells drilled within TPL's ~450,000-acre dedication provide a significant base for disposal royalty growth in the future
- In addition, TPL collects royalties on significant disposal volumes that are produced outside the contracted acreage but brought into TPL's associated systems for disposal providing additional growth opportunities in the future



## Royalty Based Business Model Captures Increased Disposal Volumes in Northern Delaware Focus Area

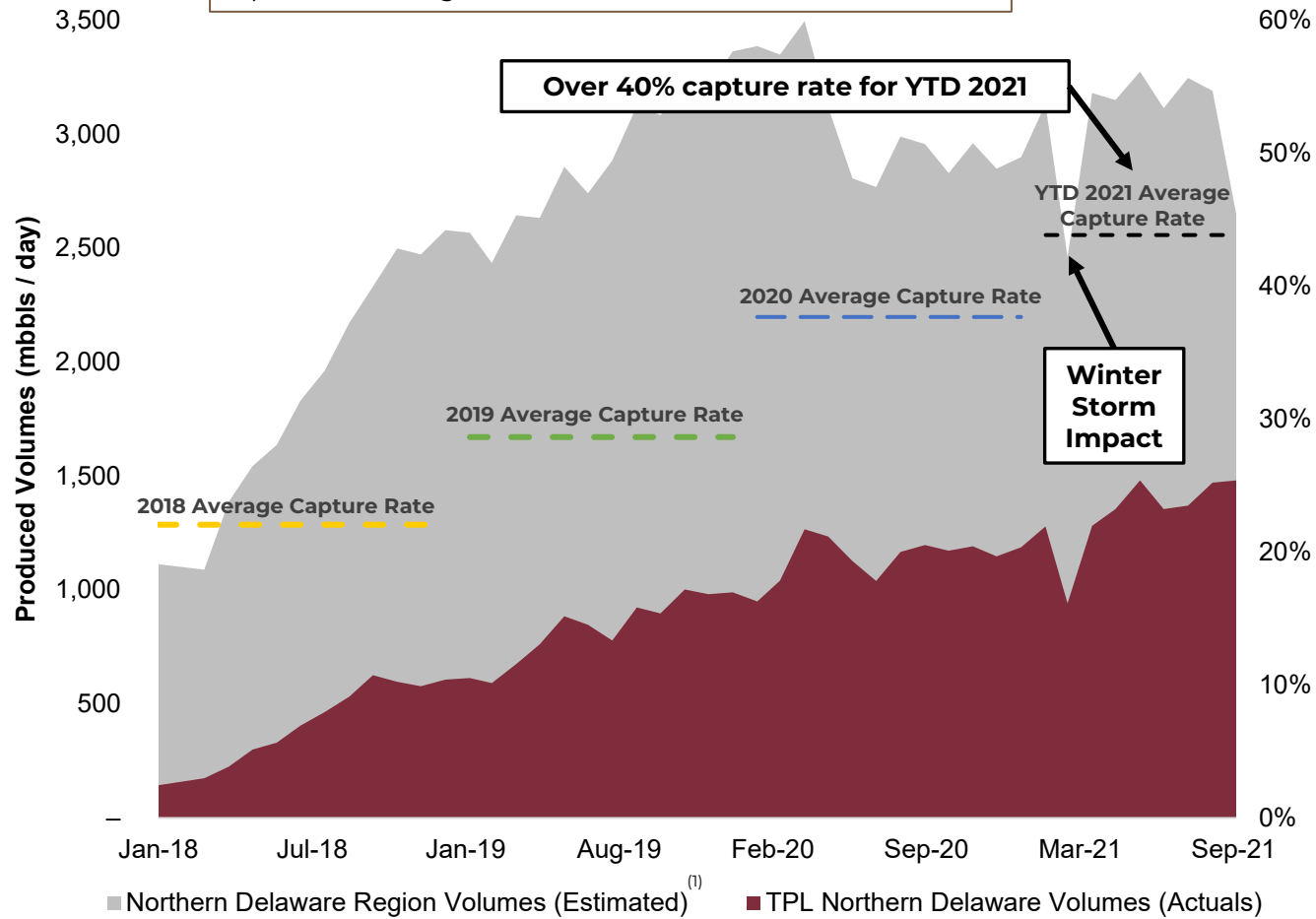
# TPL is a Market Leader for Water in the Northern Delaware Water Services and Operations



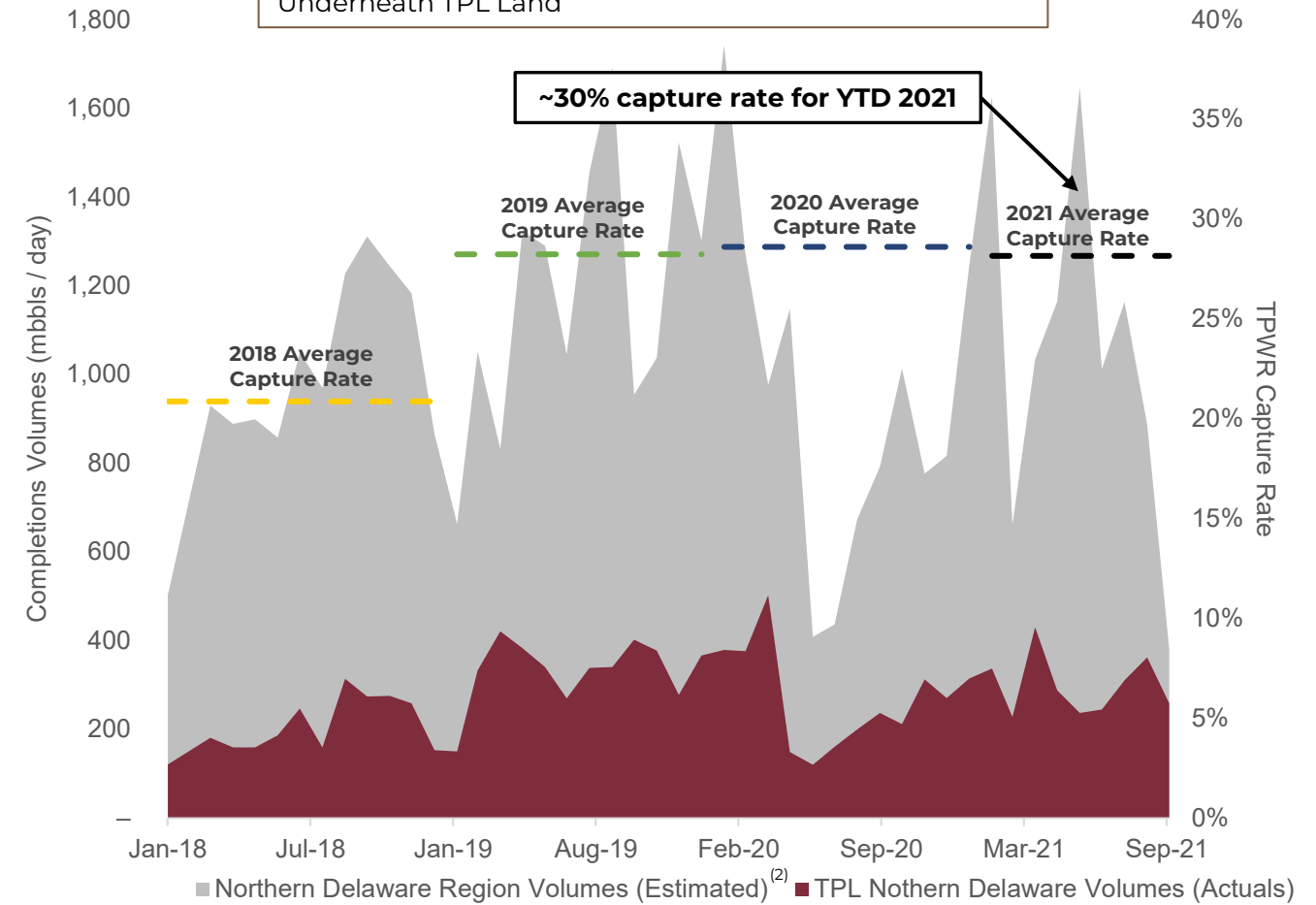
**Delaware Produced Water Volumes of ~1,430 mbbbls/d at ~\$0.11/bbl<sup>(1)</sup>**  
**Total Produced Water Volumes of ~1,520 mbbbls/d at ~\$0.11/bbl<sup>(1)</sup>**

**Delaware Sourced Water Volumes of ~310 mbbbls/d at ~\$0.54/bbl<sup>(2)</sup>**  
**Total Sourced Water Volumes of ~455 mbbbls/d at ~\$0.52 / bbl<sup>(2)</sup>**

TPL's Established Footprint Allows Optionality with SWD Operators to Negotiate Increased Economics



Provides Irreplaceable Additional Upside as Aquifer Runs Underneath TPL Land



## Royalty Based Business Model Captures Increased Sourcing and Disposal Volumes in Northern Delaware Focus Area

Source:  
Note:

Company data and Enverus as of 9/30/21.  
 Northern Delaware Region is defined as approximately 1,400,000 acres surrounding TPL's Northern Delaware Surface position including ~900,000 acres in Texas and ~500,000 acres in Southern New Mexico.  
 Capture rate defined as TPL volumes as a percentage of total volumes in the Northern Delaware Region. Regional water volumes based on Enverus estimated WOR, historic oil production and Enverus oil type curves. Historic volumes represent horizontal wells drilled since TPWR formation in Jun. 2017.  
 In our Northern Delaware Region since our last presentation released in February 2020, approximately 200 completion records occurring in 2018 and 2019 were backfilled via state and Enverus data sources. This update has resulted in a lower reported capture rate for TPL sourced water during historic periods.  
<sup>(1)</sup> TPL data is the average for 3Q21; Regional produced water volumes based on Enverus estimated water production from wells drilled since TPWR formation (Jun. 2017) shown through 3Q21 based on available data.  
<sup>(2)</sup> TPL data is the average sourced + treated volumes for 3Q21. Regional sourced /treated water demand based on Enverus reported well fluid intensity volumes for wells completed in the Northern Delaware Region shown through 3Q21 based on available data.

NYSE: TPL

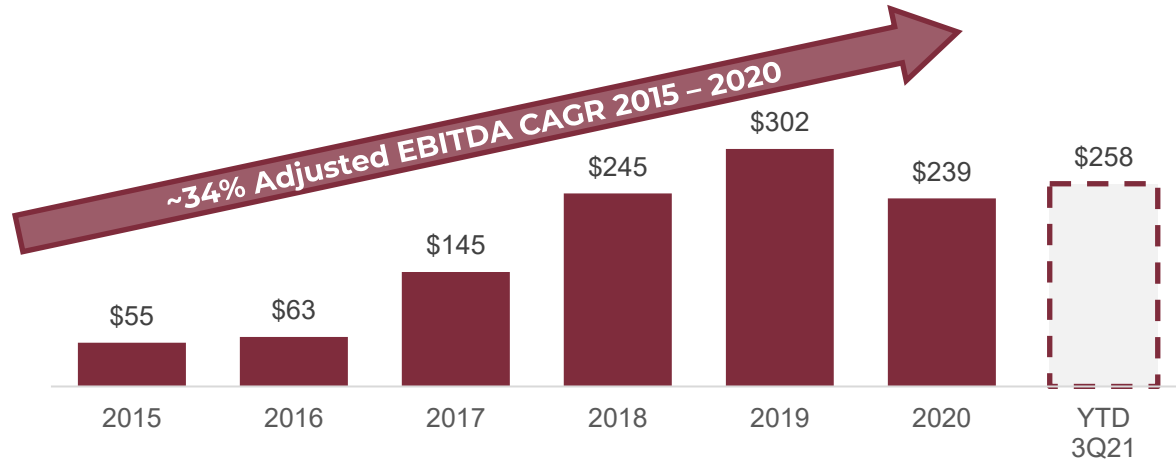
# Summary of Financials



## Adjusted EBITDA

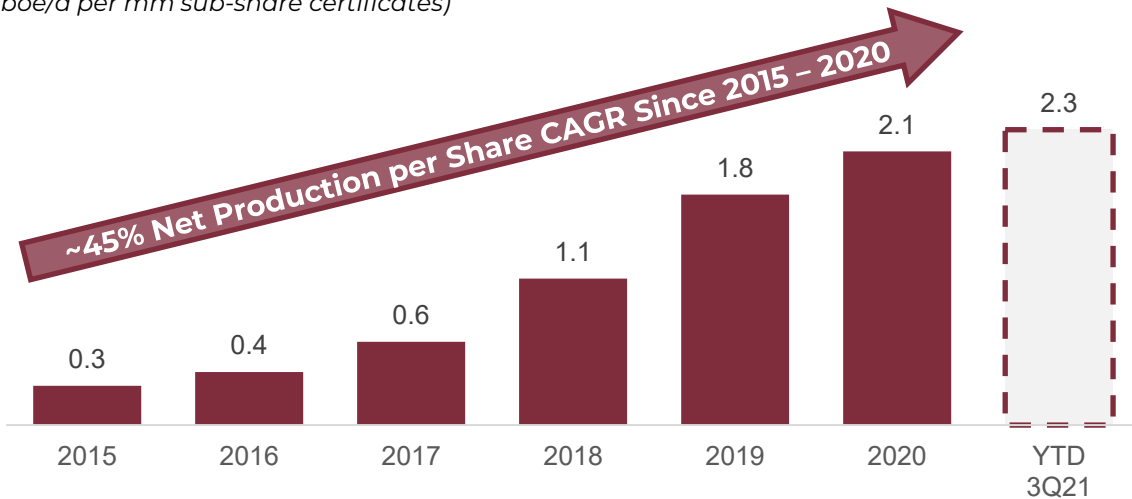
(\$ in millions)

Margin: **95%** **95%** **94%** **87%** **82%** **79%** **85%**



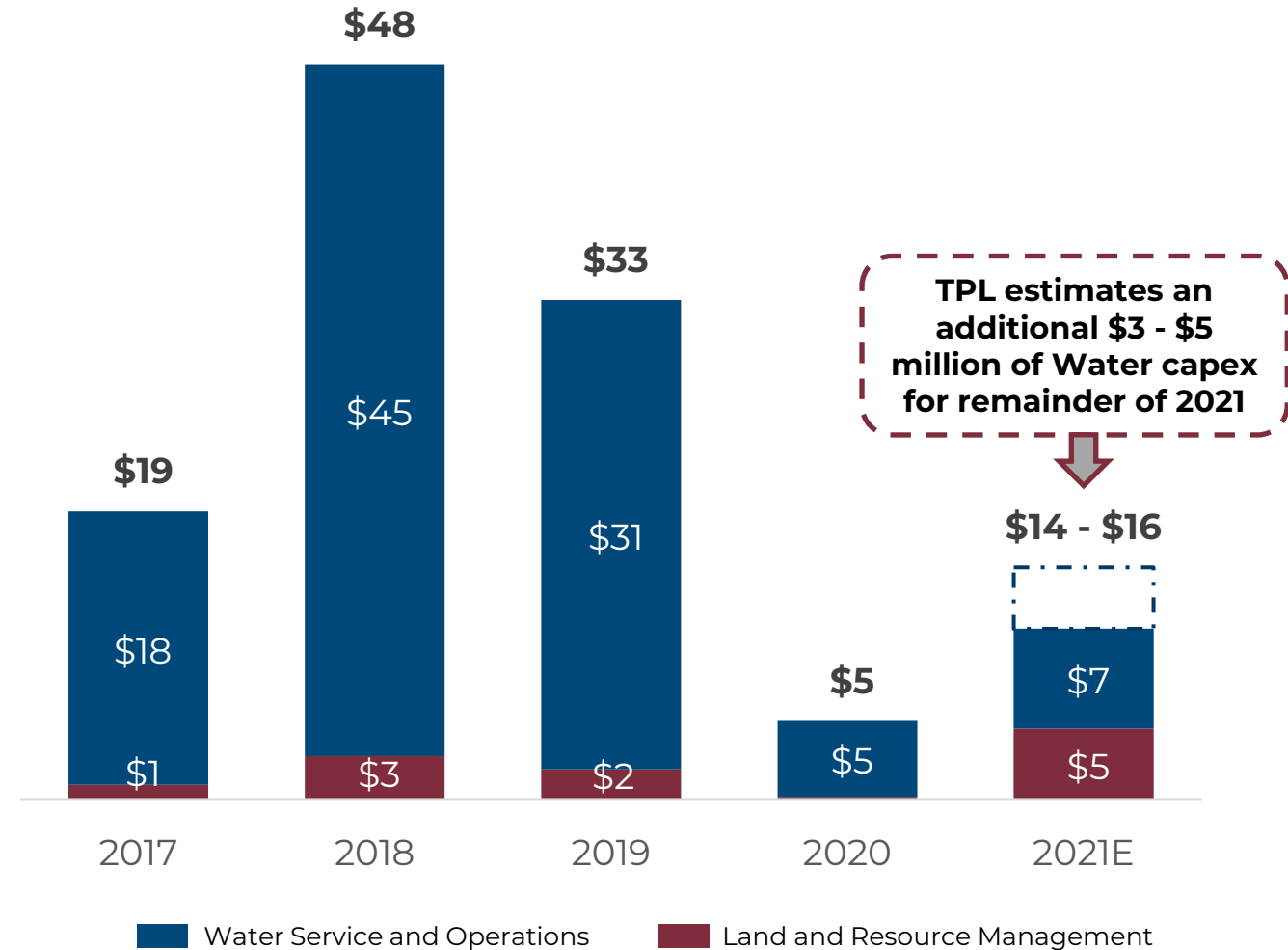
## Net Production per Share<sup>(1)</sup>

(mboe/d per mm sub-share certificates)



## Capex by Business Segment

(\$ in millions)



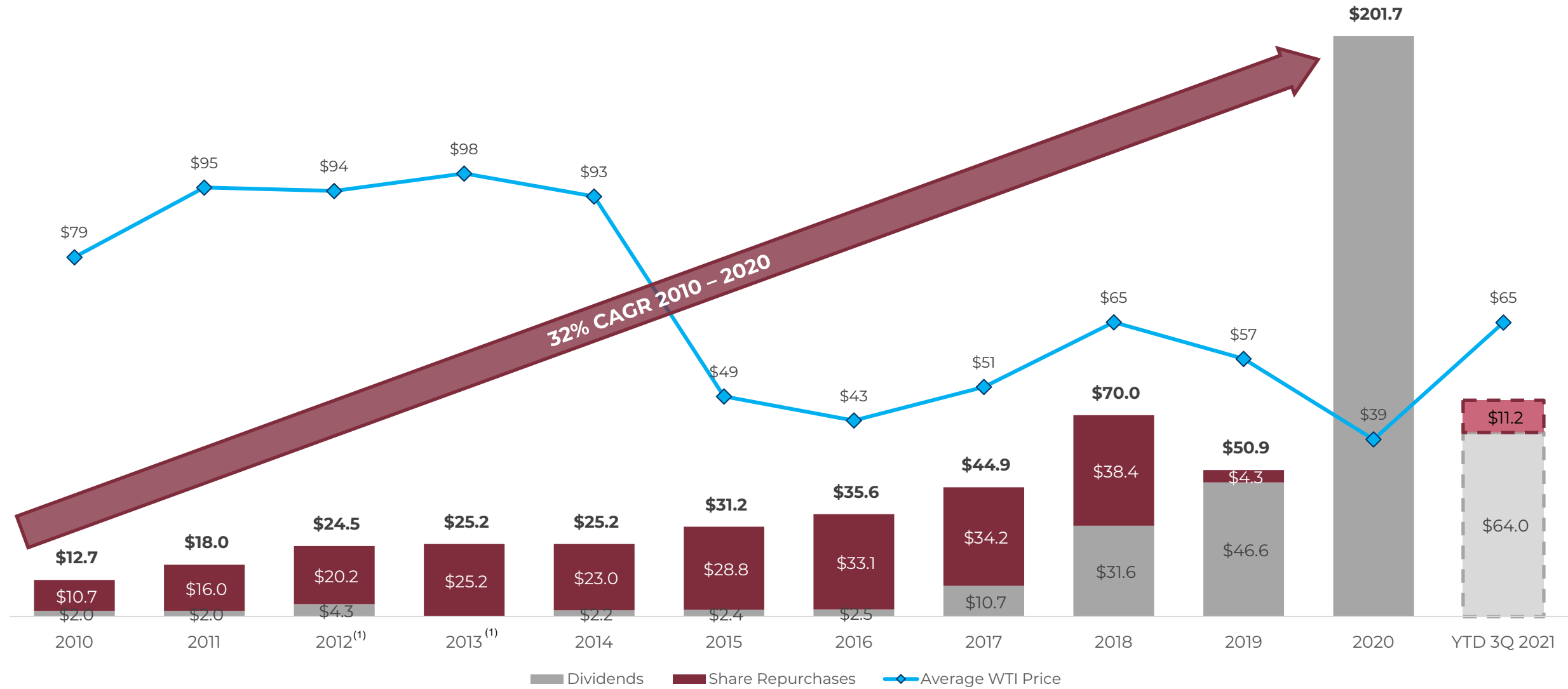
Source: Company data.  
 Note: Revenue was restated retrospectively upon adoption of new revenue recognition guidance on 1/1/18. CAGR defined as the compounded annual growth rate from 2015 to 2020. See Appendix for reconciliations of non-GAAP financial measures to their most directly comparable GAAP measures.  
 (1) Calculated as average daily net production during the year divided by the average number of shares outstanding during year.

# Return of Capital to Shareholders



## Cumulative Return of Capital

(\$ in millions, except average WTI prices)



Source: Company data and FactSet  
 (1) Dividends for 2012 includes \$2.2 million of dividends for 2013 which were paid in the fourth quarter of 2012.



# An Unmatched Oil and Gas Investment



## Summary Investment Highlights

Performance Through the Cycle

ETF of the Permian Basin

Synergistic Business Segments

Focus on Return On and Of Capital

Sustained Profitability and Pristine Balance Sheet

Significant Upside

## 10-year Average Annual Total Return<sup>(1)</sup>

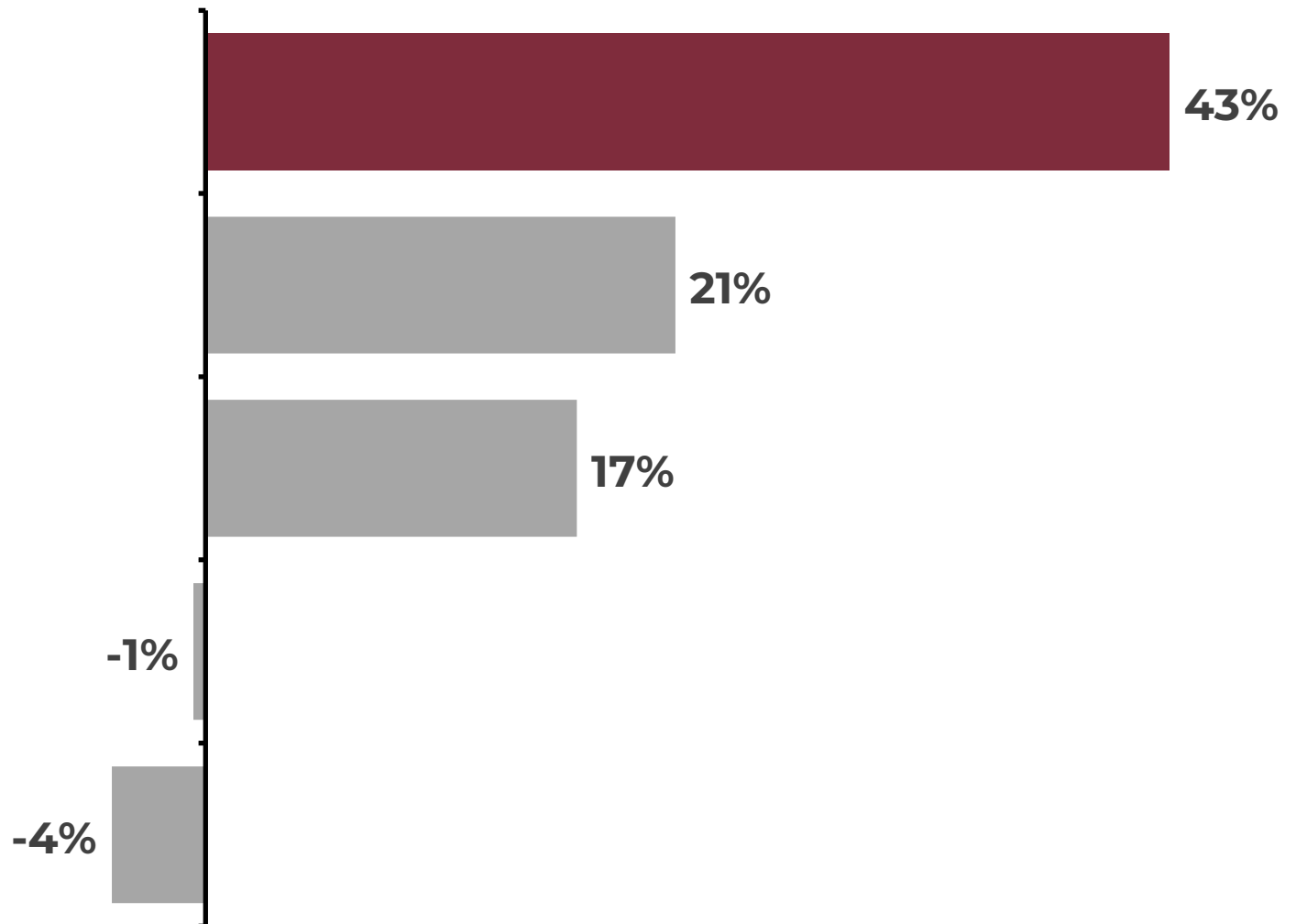


Nasdaq  
(Composite)

S&P 500®

WTI Oil

S&P Oil & Gas  
E&P Index



Source: FactSet.  
(1) Based on FactSet compounded total shareholder return from October 2011 to September 2021.



# Appendix

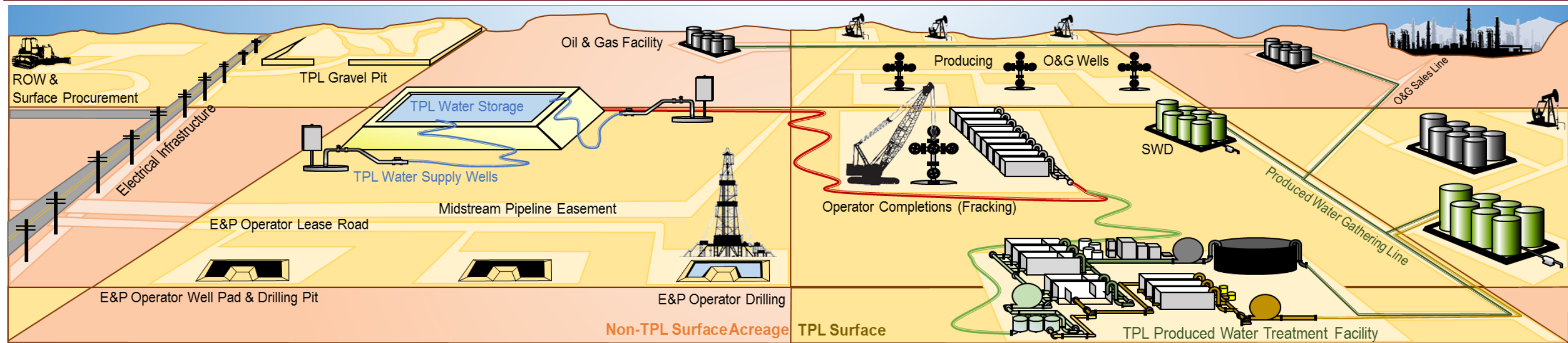
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# TPL Revenue Streams Through the Life Cycle of a Well

## 1 Initial Development Phase      2 Drilling and Completion Phase      3 Production Phase

Typical Activities	Initial Development Phase	Drilling and Completion Phase	Production Phase
	<ul style="list-style-type: none"> <li>Infrastructure for oil &amp; gas development</li> </ul>	<ul style="list-style-type: none"> <li>Sourced / Treated water volumes<sup>(1)</sup></li> <li>Development of gathering, transportation and processing infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Significant produced water volumes (gathering, treating and reuse, and disposing back into the ground)</li> </ul>
TPL Revenue Sources	<ul style="list-style-type: none"> <li><b>Fixed fee payments</b> for use of TPL's surface to build infrastructure</li> <li>Sale of materials (caliche) used in the construction of infrastructure</li> </ul>	<ul style="list-style-type: none"> <li><b>Fixed price per barrel</b> for providing brackish groundwater and / or treated produced water</li> <li><b>Fixed fee payments</b> for the use of TPL's surface for a variety of midstream infrastructure requirements</li> </ul>	<ul style="list-style-type: none"> <li><b>Royalty interest</b> on the oil &amp; gas produced</li> <li><b>Royalty per barrel</b> (injection fee) for allowing saltwater disposal (SWD) on TPL lands</li> </ul>

**Majority of Stable Revenue Streams are Royalty, or Fixed-Fee Payments, with Limited-to-No Capital Expenditure Burden**



**Surface and Royalty Ownership Allow Steady Revenue Generation Through the Entire Life Cycle of Oil & Gas Development**

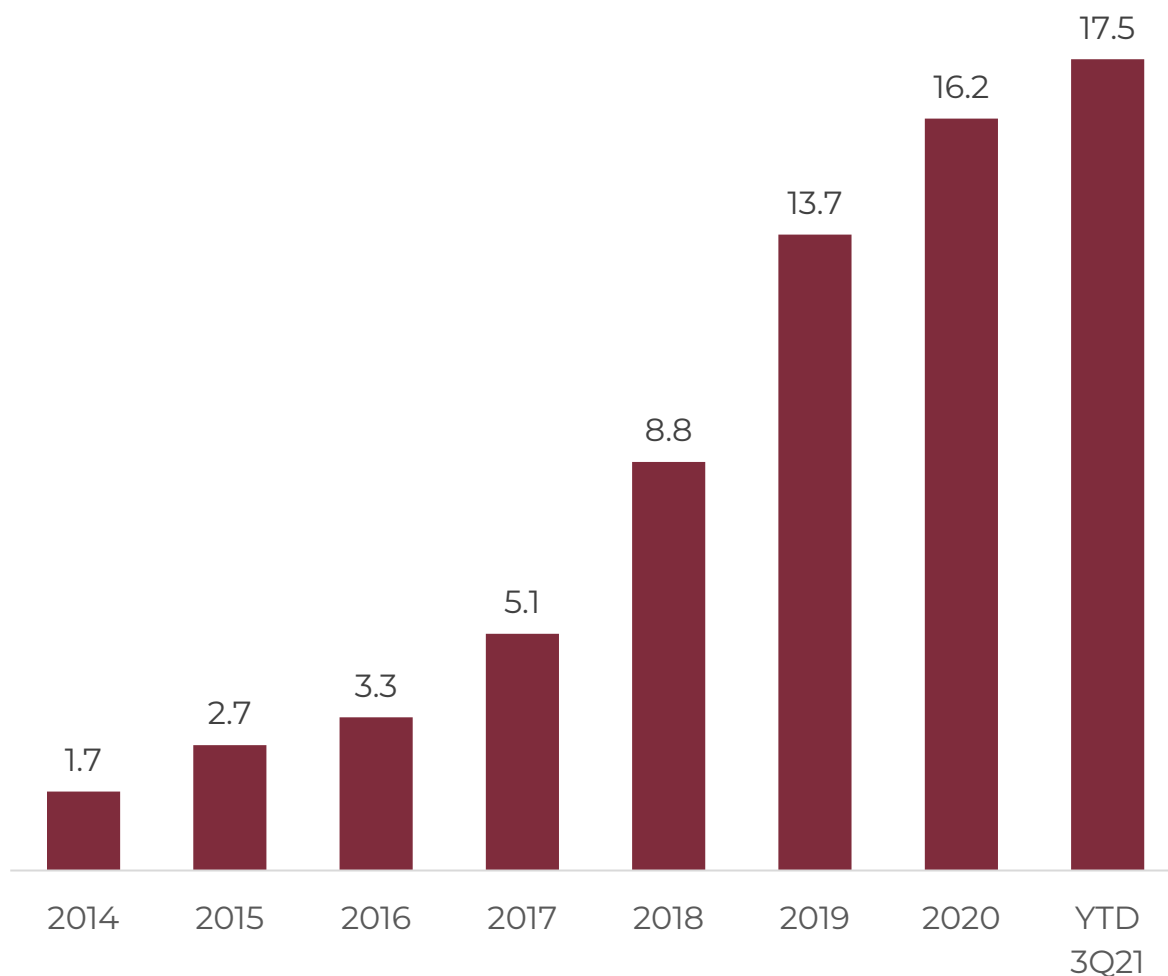
(1) Sourced and Treated water is water used for oil and gas development (i.e. drilling and completions).

# Well Positioned Assets Attract Increasing Development Focus

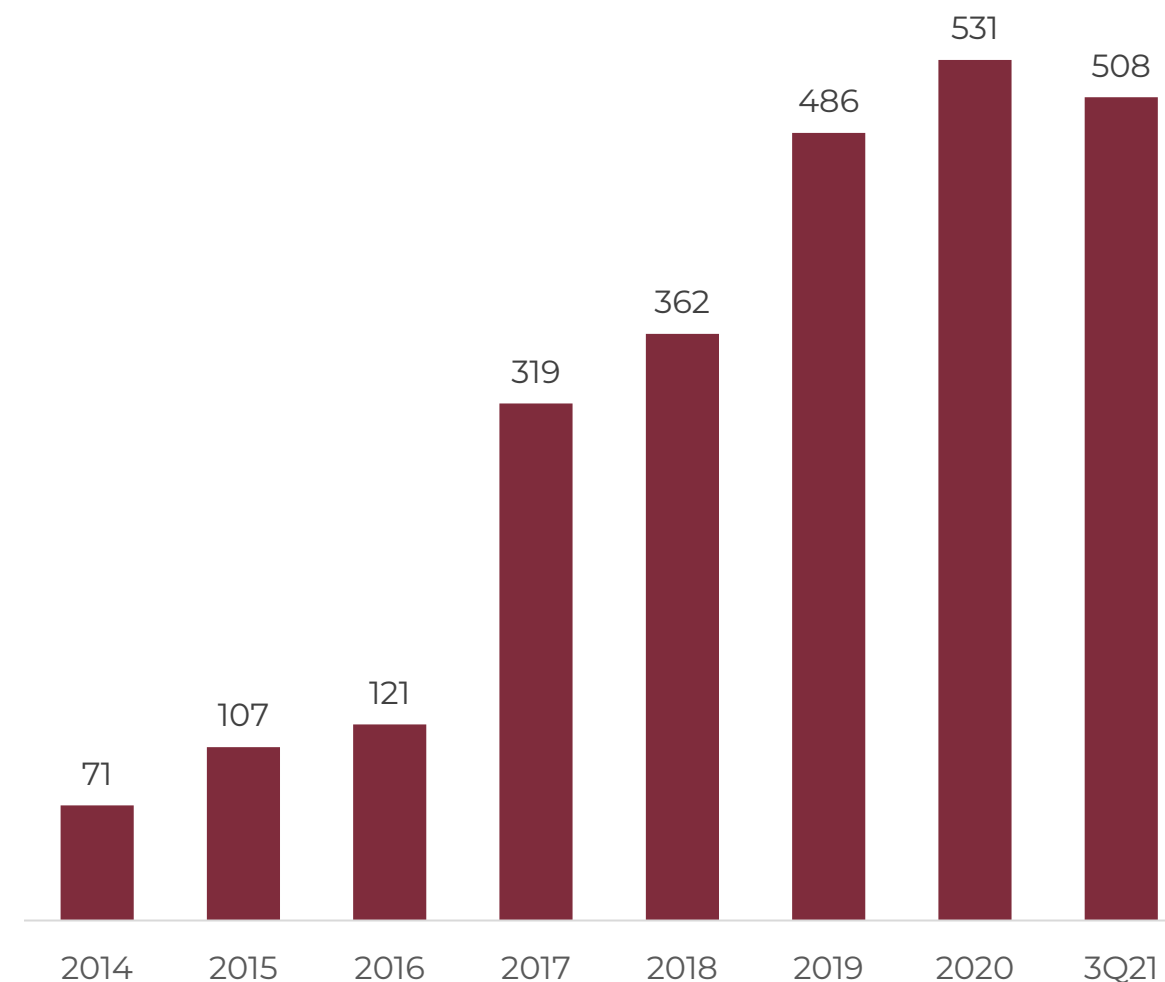
## Land and Resource Management



**Average Net Production (mboed)**



**Gross DUC Inventory<sup>(1)</sup>**



**Near-term Royalty Production is Supported by Robust DUC Inventory Held by Well Capitalized E&P Operators**

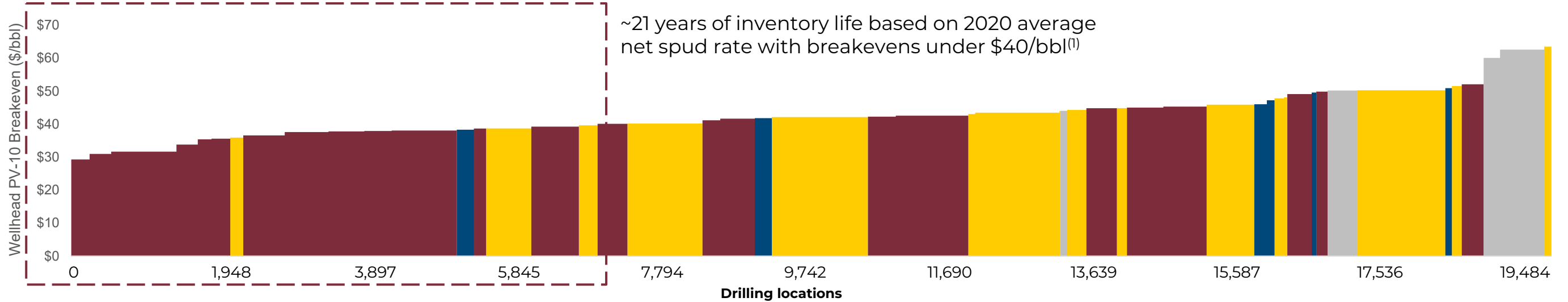
Source: Company data and Enverus.  
 Note: TPL production growth giving effect to our portfolio of ~23,700 net royalty acres in the Permian Basin as of 9/30/21 as if it had been owned since 1/1/14.  
 (1) DUCs considered to be all wells awaiting completion. DUC values shown as of period end date. Horizontal wells only.

# Significant Undeveloped Resource in Core Areas

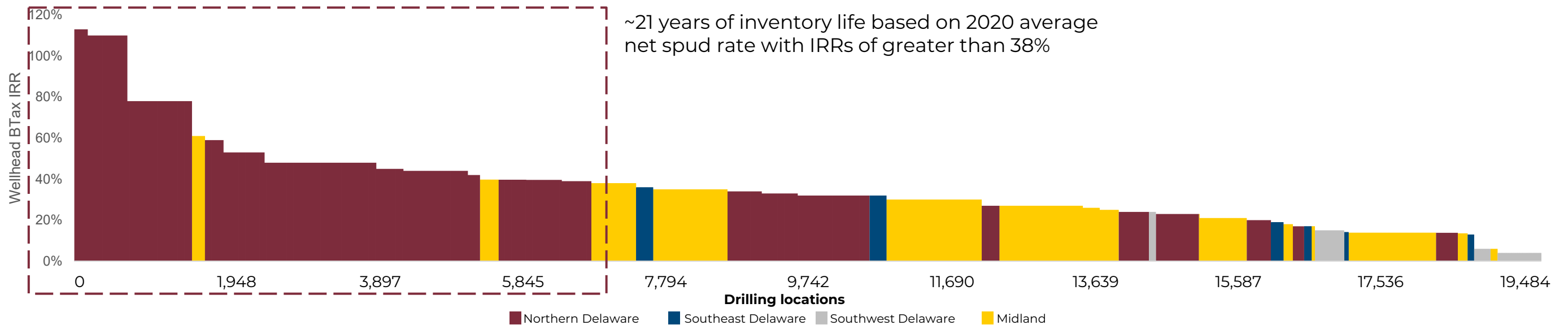
## Land and Resource Management



### TPL Inventory by Breakeven to Working Interest Operator



### TPL Inventory by IRR to Working Interest Operator<sup>(2)</sup>



Source: Company data and Enverus.

Note: Enverus assumes no differential for oil and NGL, a \$0.70 differential for gas, and NGL pricing at 25% of WTI. Excluding areas to be considered outside of basin. Excludes DUCs and Permits. Not showing locations with negative IRRs.

(1) Based on total inventory with a breakeven oil price less than \$40/bbl divided by 2020 average net spud count.

(2) IRRs calculated at a flat price of \$55.00/bbl and \$2.75/mcf of oil and gas respectively.

# Summary of Highest-Visibility Inventory

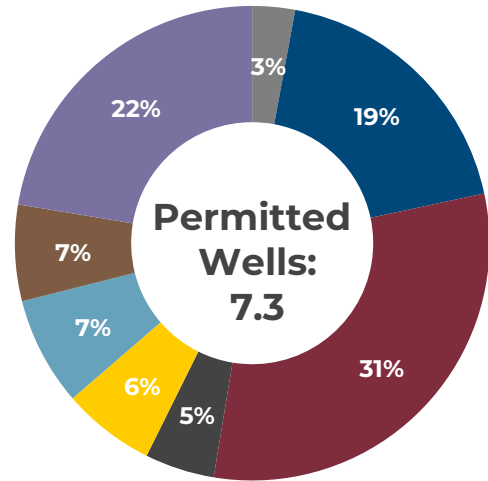
## Land and Resource Management



### 100% NRI Permitted Wells

~70% of Permits are drilled within 6 months<sup>(1)</sup>  
 ~77% of Permits are drilled within 12 months<sup>(1)</sup>

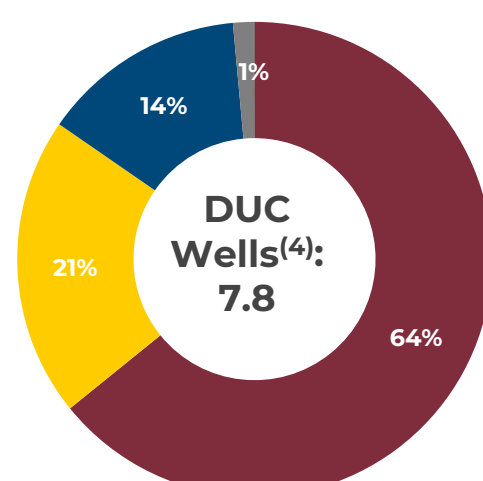
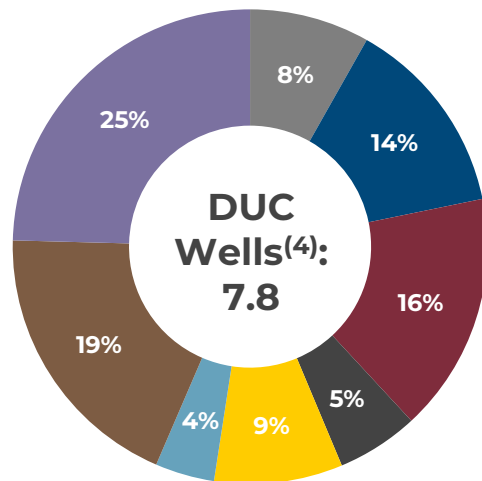
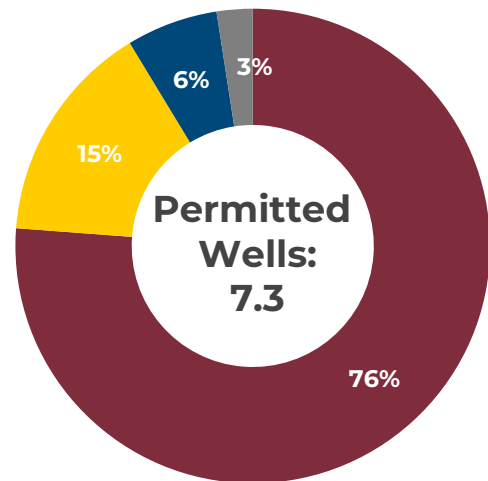
NRI by Operator



### 100% NRI DUC Wells

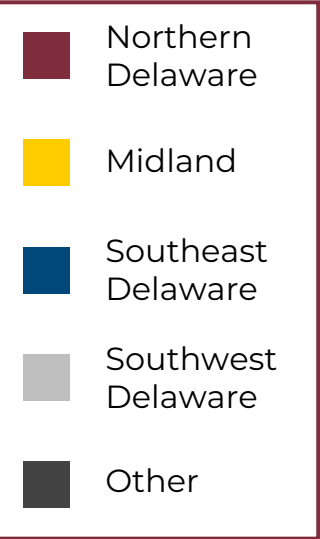
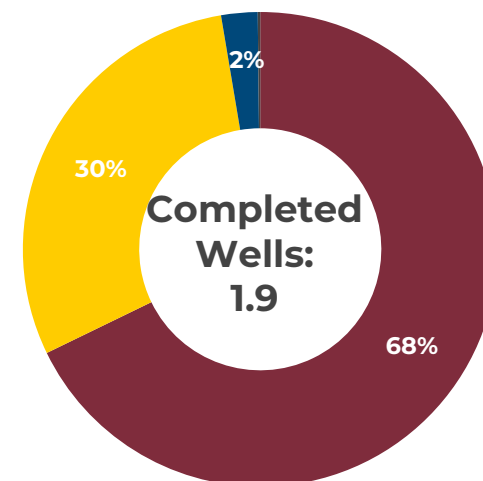
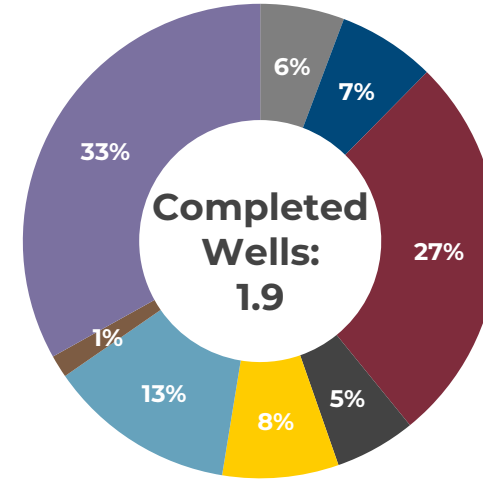
~21% of DUCs are completed within 6 months<sup>(2)</sup>  
 ~60% of DUCs are completed within 12 months<sup>(2)</sup>

NRI by Region



### 100% NRI Completed Wells

~96% of Completed Wells are listed as producing within ~1 month<sup>(3)</sup>



Highest-Visibility Inventory with Top Operators Validates TPL's Near-Term Production Outlook

Source: Company data and Enverus.  
 Note: Permian Basin horizontal locations only as of 9/30/21.  
 (1) Permitted well conversion rate based on wells permitted from 10/1/19 through 9/30/20 and then drilled through 9/30/21.  
 (2) DUC well conversion rate based on wells drilled from 10/1/19 through 9/30/20 and then completed through 9/30/21.  
 (3) Completed well conversion rates based on wells completed between 10/1/19 and 9/30/20.  
 (4) DUCs considered to be all wells awaiting completion.

# Summary of Full Inventory Land and Resource Management



Sub-region	Average NRI <sup>(1)</sup>	NRA <sup>(2)</sup>	DSUs	PDP	Completed	DUCs <sup>(3)</sup>	Permits	Additional Undeveloped	Total Locations	PDP + Total Locations	Gross Undeveloped Resource (Mmboe) <sup>(4)</sup>	PDP + Total Locations / DSU	Average Lat. Length (ft.)
Northern Delaware	2.3%	9,206	510	1,426	80	253	259	9,973	10,565	11,991	17,136	24	6,312
Southeast Delaware	2.1%	2,126	102	123	3	51	22	828	904	1,027	653	10	6,553
Southwest Delaware	3.0%	5,112	132	7	–	6	9	1,856	1,871	1,878	1,967	14	5,336
<b>Delaware</b>	<b>2.4%</b>	<b>16,444</b>	<b>744</b>	<b>1,556</b>	<b>83</b>	<b>310</b>	<b>290</b>	<b>12,657</b>	<b>13,340</b>	<b>14,896</b>	<b>19,756</b>	<b>20</b>	<b>6,205</b>
<b>Midland</b>	<b>0.5%</b>	<b>2,640</b>	<b>344</b>	<b>1,031</b>	<b>113</b>	<b>197</b>	<b>171</b>	<b>6,836</b>	<b>7,317</b>	<b>8,348</b>	<b>5,728</b>	<b>24</b>	<b>8,483</b>
Other	1.8%	4,631	128	73	1	1	1	754	757	830	337	6	6,054
<b>Total</b>	<b>1.7%</b>	<b>23,715</b>	<b>1,216</b>	<b>2,660</b>	<b>197</b>	<b>508</b>	<b>462</b>	<b>20,247</b>	<b>21,414</b>	<b>24,074</b>	<b>25,821</b>	<b>20</b>	<b>6,975</b>

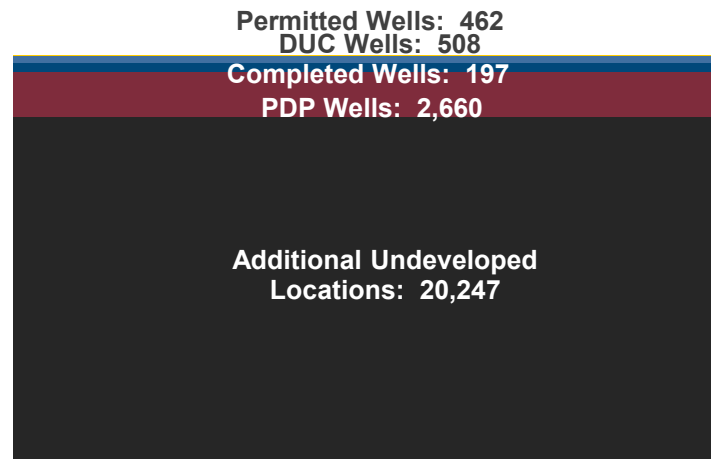
Established Production Base

High Near-Term Cash Flow

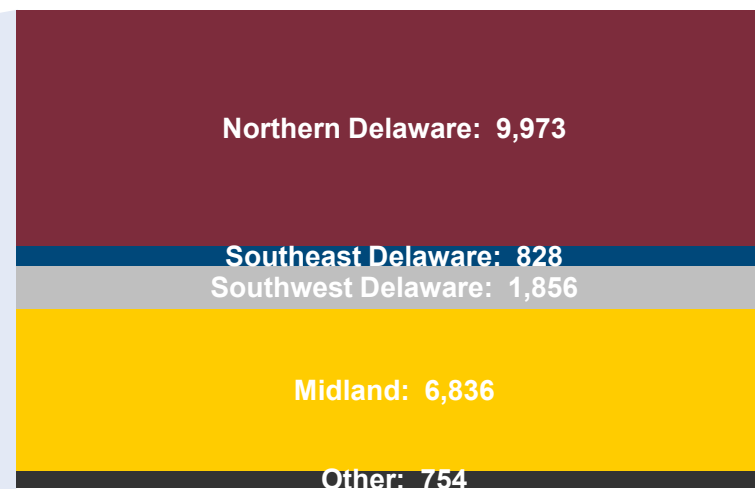
Outstanding Organic Resource

Grounded in Conservative Assumptions

## Total Gross Locations



## Undeveloped Gross Locations



Source:

Company data and Enverus.

Note:

Permian Basin horizontal locations only, shown on a gross location basis. 1,943 vertical wells excluded. Other areas include Eastern Shelf, Western Delaware, and Central Basin Platform. Proved developed locations inclusive of PDP locations and completed locations.

(1) Calculated as 100% Net Royalty Acres divided by DSU Acres.

(2) Net royalty acres defined as gross royalty acres (533,260) multiplied by the average royalty per acre (4.4%).

(3) As of 9/30/21 per Enverus. DUCs considered to be all wells awaiting completion.

(4) Gross undeveloped resource is based on average EUR for each sub-region multiplied by the total location count in the sub-region grossed up by weighted average lateral length for region compared to Enverus type curve, which is normalized to 7,500' ft. well. Additional volumes from vertical wells not captured in gross undeveloped resource.

# Royalty Key Terms

## Land and Resource Management



Focus Area <sup>(1)</sup>	Gross Royalty Acres	Net Royalty Acres	Average Royalty	Gross DSU Acres	Implied Average Net Revenue Interest per Well
Northern Delaware	155,364	9,206	5.9%	399,860	2.3%
Southeast Delaware	34,285	2,126	6.2%	101,993	2.1%
Southwest Delaware	81,795	5,112	6.2%	168,459	3.0%
<b>Delaware</b>	<b>271,444</b>	<b>16,444</b>	<b>6.1%</b>	<b>670,312</b>	<b>2.4%</b>
<b>Midland</b>	<b>150,888</b>	<b>2,640</b>	<b>1.7%</b>	<b>499,709</b>	<b>0.5%</b>
Other	110,928	4,631	4.2%	258,617	1.8%
<b>Total</b>	<b>533,260</b>	<b>23,715</b>	<b>4.4%</b>	<b>1,428,638</b>	<b>1.7%</b>

### Description

### How's It Calculated

#### Gross Royalty Acres

- An undivided ownership of the oil, gas, and minerals underneath one acre of land

- Total Texas Pacific Land Corporation acreage  
533,260

#### Net Royalty Acres (Normalized to 1/8)

- Gross Royalty Acres standardized to 12.5% (or 1/8) oil and gas lease royalty

- Gross Royalty Acres \* Avg. royalty / (1/8)  
 $189,720 = 533,260 * 4.4\% / (1/8)$

#### Net Royalty Acres

- Gross Royalty Acres standardized on a 100% (or 8/8) oil and gas lease royalty basis

- Gross Royalty Acres \* Avg. royalty  
 $23,715 = 533,260 * 4.4\%$

#### Drilling Spacing Units ("DSUs")

- Areas designated in a spacing order or unit designation as a unit and within which operators drill wellbores to develop our oil and natural gas rights

- Total number of gross DSU acres  
1,428,638

#### Implied Average Net Revenue Interest per Well

- Number of 100% oil and gas lease royalty acres per gross DSU acre

- Net Royalty Acres / Gross DSU Acres  
 $1.7\% = 23,715 / 1,428,638$

Source: Company data and Enverus.  
 Note: Other areas include Eastern Shelf, Western Delaware, and Central Basin Platform.  
 (1) Excluding acres which are considered to be outside of Basin.



# Historical Financial Summary



(\$ in millions)	Year ended December 31,		Three months ended,		
	2019	2020	3Q20	2Q21	3Q21
<b>Total Acres</b>	901,787	880,523	881,335	880,501	880,501
<b>Revenues:</b>					
Oil and gas royalties	\$154.7	\$137.9	\$31.8	\$58.2	\$79.1
Water sales	85.0	54.9	12.1	12.5	19.6
Produced water royalties	39.1	50.6	12.2	15.5	15.1
Easements and other surface-related income	76.3	41.4	6.7	9.0	9.8
Land sales	135.0	17.4	11.5	0.7	–
Sale of oil and gas royalty interests	–	–	–	–	–
Other operating revenue	0.4	0.3	0.1	0.1	0.1
<b>Total Revenues</b>	<b>\$490.5</b>	<b>\$302.6</b>	<b>\$74.4</b>	<b>\$95.9</b>	<b>\$123.7</b>
<b>Expenses:</b>					
Salaries and related employee benefits	35.0	32.2	7.7	13.3	8.5
Water service related expenses	20.8	14.2	2.3	3.6	3.6
General and administrative expenses	9.6	9.8	1.9	2.8	2.8
Legal and professional fees	16.4	10.8	2.0	1.1	1.6
Land sales expenses	0.2	4.0	0.1	0.0	–
Depreciation, depletion and amortization	8.9	14.4	3.8	3.9	3.9
<b>Total operating expenses</b>	<b>\$90.9</b>	<b>\$85.3</b>	<b>\$17.6</b>	<b>\$24.7</b>	<b>\$20.5</b>
<b>Operating income (loss)</b>	<b>\$399.6</b>	<b>\$217.3</b>	<b>\$56.7</b>	<b>\$71.3</b>	<b>\$103.2</b>
Margin (%)	81.5%	71.8%	76.3%	74.3%	83.5%
Other income (expense)	2.7	2.4	1.3	0.4	0.5
<b>Income before income taxes</b>	<b>\$402.3</b>	<b>\$219.7</b>	<b>\$58.0</b>	<b>\$71.7</b>	<b>\$103.8</b>
Income tax expense	83.6	43.6	11.8	14.6	19.9
<b>Net income</b>	<b>\$318.7</b>	<b>\$176.1</b>	<b>\$46.3</b>	<b>\$57.0</b>	<b>\$83.8</b>
Margin (%)	65.0%	58.2%	62.2%	59.5%	67.8%
<b>Key balance sheet items:</b>	<b>2019</b>	<b>2020</b>	<b>3Q20</b>	<b>2Q21</b>	<b>3Q21</b>
Cash and cash equivalents	\$303.6	\$281.0	\$315.8	\$329.1	\$372.8
Total debt	–	–	–	–	–
Total capital	512.1	485.2	519.2	547.2	601.0
Total assets	598.2	571.6	601.2	633.8	695.6
Total liabilities	86.0	86.5	82.0	86.7	94.6

Source: Company data.  
Note: Numbers may not foot due to immaterial rounding.

# Non-GAAP Reconciliations



(\$ in millions)	Year ended December 31,						Three months ended				Land and Resource Management	Water Services Operations	Total	
	2015	2016	2017	2018	2019	2020	4Q20	1Q21	2Q21	3Q21	Nine months ended September 30, 2021			
<b>Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Free Cash Flow</b>														
<b>Net income</b>	\$50.0	\$42.3	\$97.2	\$209.7	\$318.7	\$176.1	\$44.8	\$50.1	\$57.0	\$83.8	\$150.2	\$40.7	\$190.9	
Adjustments:														
Income taxes	25.2	20.6	47.8	52.0	83.6	43.6	10.5	12.0	14.6	19.9	35.2	11.3	46.5	
Depreciation, depletion and amortization	0.0	0.0	0.4	2.6	8.9	14.4	3.6	3.8	3.9	3.9	1.3	10.3	11.6	
<b>EBITDA</b>	<b>\$75.3</b>	<b>\$62.9</b>	<b>\$145.4</b>	<b>\$264.3</b>	<b>\$411.2</b>	<b>\$234.1</b>	<b>\$59.0</b>	<b>\$65.9</b>	<b>\$75.5</b>	<b>\$107.6</b>	<b>\$186.7</b>	<b>\$62.3</b>	<b>\$249.0</b>	
Revenue	\$78.1	\$66.1	\$154.6	\$300.2	\$490.5	\$302.6	\$74.3	\$84.2	\$95.9	\$123.7	\$211.8	\$92.0	\$303.8	
<b>EBITDA Margin</b>	<b>96.4%</b>	<b>95.2%</b>	<b>94.0%</b>	<b>88.0%</b>	<b>83.8%</b>	<b>77.4%</b>	<b>79.3%</b>	<b>78.3%</b>	<b>78.7%</b>	<b>87.0%</b>	<b>88.2%</b>	<b>67.7%</b>	<b>82.0%</b>	
<b>Adjusted EBITDA:</b>														
EBITDA	\$75.3	\$62.9	\$145.4	\$264.3	\$411.2	\$234.1	\$59.0	\$65.9	\$75.5	\$107.6	\$186.7	\$62.3	\$249.0	
Other Adjustments:														
Less: land sales deemed significant <sup>(1)</sup>	(19.8)	-	-	-	(122.0)	-	-	-	-	-	-	-	-	
Less: sale of oil and gas royalty interests <sup>(2)</sup>	-	-	-	(18.9)	-	-	-	-	-	-	-	-	-	
Add: proxy contests, settlement, and corporate reorganization costs <sup>(3)</sup>	-	-	-	-	13.0	5.1	2.2	4.0	4.7	-	8.1	0.6	8.7	
<b>Adjusted EBITDA</b>	<b>\$55.5</b>	<b>\$62.9</b>	<b>\$145.4</b>	<b>\$245.4</b>	<b>\$302.2</b>	<b>\$239.1</b>	<b>\$61.2</b>	<b>\$69.8</b>	<b>\$80.3</b>	<b>\$107.6</b>	<b>\$194.8</b>	<b>\$62.9</b>	<b>\$257.7</b>	
Adjusted Revenue <sup>(4)</sup>	\$58.3	\$66.1	\$154.6	\$281.3	\$368.5	\$302.6	\$74.3	\$84.2	\$95.9	\$123.7	\$211.8	\$92.0	\$303.8	
<b>Adjusted EBITDA Margin</b>	<b>95.2%</b>	<b>95.2%</b>	<b>94.0%</b>	<b>87.2%</b>	<b>82.0%</b>	<b>79.0%</b>	<b>82.3%</b>	<b>83.0%</b>	<b>83.7%</b>	<b>87.0%</b>	<b>92.0%</b>	<b>68.4%</b>	<b>84.8%</b>	
Adjusted EBITDA	\$55.5	\$62.9	\$145.4	\$245.4	\$302.2	\$239.1	\$61.2	\$69.8	\$80.3	\$107.6	\$194.8	\$62.9	\$257.7	
Adjustments:														
Tax impact of land sales deemed significant	4.3	-	-	-	21.5	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current income taxes	(25.4)	(22.0)	(46.9)	(37.2)	(57.5)	(46.0)	(12.8)	(12.1)	(14.9)	(20.2)	(35.6)	(11.5)	(47.2)	
Capital expenditures	(0.2)	(1.0)	(18.7)	(47.9)	(32.7)	(5.1)	(0.6)	(2.7)	(2.2)	(6.6)	(4.5)	(7.0)	(11.5)	
<b>Free cash flow</b>	<b>\$34.1</b>	<b>\$39.9</b>	<b>\$79.8</b>	<b>\$160.3</b>	<b>\$233.5</b>	<b>\$188.0</b>	<b>\$47.7</b>	<b>\$55.0</b>	<b>\$63.2</b>	<b>\$80.9</b>	<b>\$154.7</b>	<b>\$44.4</b>	<b>\$199.1</b>	

Source: Company data.  
 Note: Numbers may not foot due to immaterial rounding.  
 (1) Land swap of ~\$22 million in 4Q19, and sale to WPX in 1Q19 of ~\$100 million.  
 (2) Sale of nonparticipating perpetual oil and gas royalty interest in approximately 812 net royalty acres (1/8th interest) of ~\$19 million.  
 (3) Costs related to proxy contest to elect a new Trustee, settlement agreement and corporate reorganization.  
 (4) Excludes land sales deemed significant and sales of oil and gas royalty interests.



# **Texas Pacific Land Corporation**

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