Texas Pacific Land Trust

REPORT

for the

Year Ended December 31, 2013

Texas Pacific Land Trust

REPORT

for the

Year Ended December 31, 2013

TEXAS PACIFIC LAND TRUST

1700 Pacific Avenue, Suite 2770

Dallas, Texas 75201

To Sub-share and Certificate Holders:

In 2013, the Trust's net income was $27,218,508, the highest in its 126 year history. Total operating revenues and investment income were $44,121,079, producing net income per sub-share of $3.16, an increase of 43.6% over 2012. This increase is due in part to the current accelerated activity in drilling and exploration, particularly in the Permian Basin. That area is one of the most prolific oil and gas regions in the United States and the Trust continues to see an increase in oil and gas development due to market demand and the use of new drilling techniques.

In December 2012, the Trustees declared and paid a dividend of $.25 per sub-share. This took the place of the dividend that would have been paid in March 2013. At their February 2014 meeting, the Trustees declared a cash dividend of $.27 per sub-share, payable March 14, 2014 to sub-share holders of record at the close of business on March 6, 2014. This is the eleventh consecutive annual dividend increase.

Land sales in 2013 amounted to $6,413,588 compared to $5,809,747 in 2012. These sales represented 14.5% of the Trust's total operating revenues and investment income in 2013, compared to 17.8% in 2012. The Trust sold a total of 10,399.17 acres and 8 town lots. These sales were located in seven of the eighteen counties in which surface ownership is held. Because land sales may vary significantly from year to year, the total dollar volume of such sales in any one year should not be assumed to be indicative of sales in the future.

Revenues and investment income, exclusive of land sales, were $37,707,491 and consisted of the following:

- Oil and gas royalty revenue of $24,496,851 compared to $14,670,915 in 2012, an increase of 67.0%. Crude oil production was up 60.6% and the average price per barrel was $91.56. Total gas production increased 47.7% and the average price of gas was $4.29 per MCF.

- Interest on notes receivable was $484,238 and interest on investments was $12,005. This compares to interest on notes receivable of $706,252 and interest on investments of $19,435 in 2012.

- Other revenues totaled $12,714,397 in 2013, consisting of $494,210 from grazing lease rentals and $12,220,187 from easements and sundry income. Grazing lease rental income was up 1.1% compared to 2012. Easements and sundry income, which are unpredictable and vary significantly from year to year, increased 12.0% from 2012.

The Trust received total cash principal payments on notes receivable of $4,483,078 in 2013, which included $2,736,616 of prepaid principal. At 2013 year end, the principal amount of notes receivable from land sales was $3,887,906 compared to $8,370,984 at 2012 year end.

Total expenses for 2013 were $16,902,571, which include Federal and state taxes of $14,344,705. The comparable 2012 figures were $12,959,073 and $10,616,825, respectively.

In 2013, the Trust purchased and retired 322,056 sub-shares at a cost of $25,216,940, representing an average cost of $78.30 per sub-share. The number of sub-shares purchased and retired in 2013 amounted to 3.7% of the total number of sub-shares outstanding as of December 31, 2012. The market price of sub-shares on the New York Stock Exchange ranged from a low of $51.14 to a high of $101.39 during 2013. As provided in Article Seventh of the Declaration of Trust, dated February 1, 1888, establishing the Trust, it will continue to be the practice of the Trustees to purchase and cancel outstanding certificates and sub-shares. These purchases are generally made in the open market and there is no arrangement, contractual or otherwise, with any person for any such purchase. As permitted by the Declaration, the Trust may negotiate prices on unsolicited blocks of sub-shares which it may be offered from time to time.

The range of reported sales prices for sub-shares on the New York Stock Exchange for each calendar quarter during the past two years was as follows:

	2013		2012	
	High	Low	High	Low
1st quarter	$ 70.91	$51.14	$47.67	$39.86
2nd quarter	$ 88.91	$67.43	$61.51	$47.32
3rd quarter	$ 93.75	$79.60	$60.94	$53.36
4th quarter	$101.39	$82.44	$59.50	$52.00

Certificates of proprietary interest and sub-shares are interchangeable in the ratio of one certificate for 3,000 sub-shares or 3,000 sub-shares for one certificate of proprietary interest.

The Trustees of Texas Pacific Land Trust announce that as of December 31, 2013 its General Agent and Secretary, Mr. Roy Thomas, retired. Mr. Thomas served the Trust for a total of 28 years, and was General Agent and Secretary since January 1, 1995. Mr. David M. Peterson was appointed General Agent and Secretary of the Trust beginning January 1, 2014. Mr. Peterson has been associated with the Trust since 1994 and previously served as Assistant General Agent.

A report showing the operations of the Trust for 2013, prepared by Mr. David M. Peterson, follows.

Maurice Meyer III,

John R. Norris III,

James K. Norwood,

Trustees.

To Messrs.

Maurice Meyer III John R. Norris III James K. Norwood	Trustees,

GENTLEMEN:

The following is a report of the operations in connection with the properties of Texas Pacific Land Trust for the year 2013. A summary of land sales is shown in the table below:

LAND TRANSACTIONS — 2013

County	*Acres*	*Consideration*	*Cash*	*Deferred Payments*
Land sales:				
Culberson	49.85	$ 249,238.00	$ 249,238.00	$0.00
Glasscock	113.30	849,750.00	849,750.00	0.00
Howard	50.00	75,000.00	75,000.00	0.00
Jeff Davis	1,187.63	950,248.44	950,248.44	0.00
Midland	7,686.40	3,238,000.00	3,238,000.00	0.00
Reeves	1,311.99	1,049,751.56	1,049,751.56	0.00
Total	10,399.17	$6,411,988.00	$6,411,988.00	$0.00
Town lot sale:				
Mitchell	8 lots	$ 1,600.00	$ 1,600.00	$0.00
Total - land and lots		$6,413,588.00	$6,413,588.00	$0.00

NET CHANGES IN ACREAGE

County	*Land Sales*	*Total*
Culberson	49.8476–	49.8476–
Glasscock	113.3000–	113.3000–
Howard	50.0000–	50.0000–
Jeff Davis	1,187.6300–	1,187.6300–
Midland	7,686.4000–	7,686.4000–
Reeves	1,311.9900–	1,311.9900–
Total	10,399.1676–	10,399.1676–

The $6,413,588 in 2013 land sales were all cash with no deferred payments. These sales included four in Culberson, Midland and Glasscock counties to oil and gas companies for the construction of facilities and infrastructure, totaling $1,136,988 for 169.55 acres or an average of approximately $6,706 per acre. The remaining sales were ranch type property located in Howard, Jeff Davis, Midland and Reeves counties, totaling 10,229.62 acres for $5,275,000 (an average of $516 per acre) and eight undeveloped town lots in Mitchell County (totaling 1.28 acres) at a price of $1,250 per acre. The Trust holds only a limited amount of land near any metropolitan area.

COMPARATIVE STATEMENT OF TAXES
For The Past Two Years

Taxes	2013	2012	*Percentage Increase + Decrease –*
Income	$12,924,070	$ 9,675,068	33.6 +
Ad valorem	99,984	128,391	22.1 –
Crude oil and gas production	1,259,287	756,076	66.6 +
Payroll and other taxes	61,364	57,290	7.1 +
Total	$14,344,705	$10,616,825	35.1 +

GRAZING LEASES

Grazing lease rental revenue was $494,210 in 2013, an average of 54.4¢ per acre, compared to $488,694 in 2012 at an average of 53.8¢ per acre. At 2013 year end, grazing leases were in effect on 908,349 acres (99.7%) of the Trust’s lands.

LOCATION OF UNSOLD LANDS AND NONPARTICIPATING PERPETUAL ROYALTY INTERESTS

As of December 31, 2013

	ACREAGE		
County	*Surface*	*1/128 Royalty*	*1/16 Royalty*
Callahan			80.00
Coke			1,183.50
Crane	4,007.56	264.65	5,198.15
Culberson	299,844.54		111,513.14
Ector	19,887.46	33,633.45	11,792.88
El Paso	16,628.86		
Fisher			320.00
Glasscock	21,353.70	3,600.00	11,110.91
Howard	4,963.64	3,098.54	2,320.00
Hudspeth	156,045.88		1,008.00
Jeff Davis	13,117.24		7,554.65
Loving	73,791.51	6,106.66	48,066.00
Martin			320.00
Midland	29,671.45	13,425.00	15,360.00
Mitchell	1,599.00	1,760.00	585.91
Nolan	1,600.00	2,487.73	3,157.43
Palo Pinto			800.00
Pecos	43,407.12	320.00	16,895.31
Presidio			3,200.00
Reagan		6,162.15	1,273.63
Reeves	185,854.88	3,013.34	116,690.98
Stephens		2,817.33	160.00
Sterling	5,232.46	640.00	2,080.00
Taylor	689.73		966.00
Upton	25,717.82	6,903.00	9,100.60
Winkler	7,803.69	1,181.75	3,040.00
Total	911,216.54	85,413.60	373,777.09

A map showing the general location of the above described surface acreage appears on the last page of this Report.

OIL AND GAS

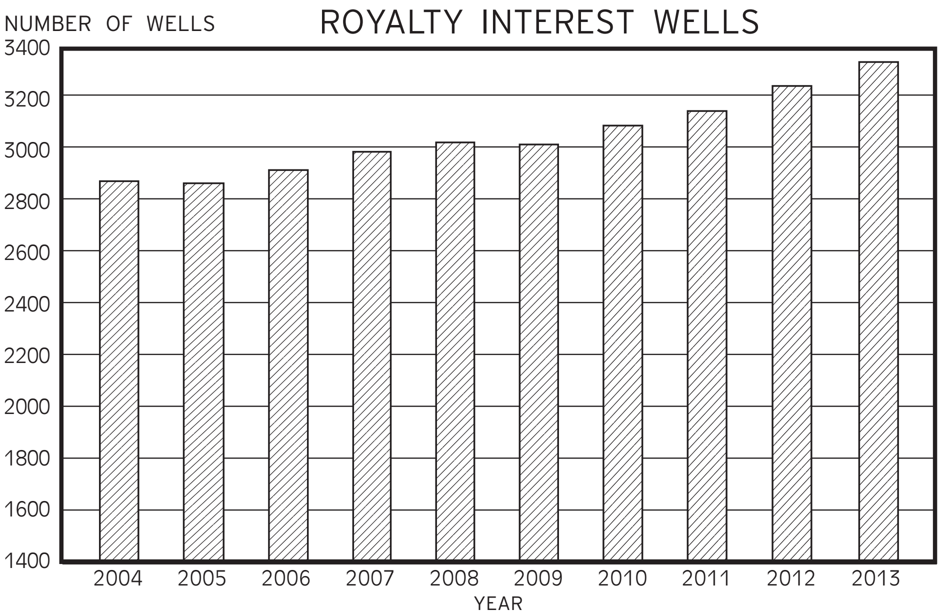
Oil and gas royalty revenue was $24,496,851 in 2013, up 67.0% from 2012. Oil royalty revenue was $19,930,212, up 67.9% and gas royalty revenue was $4,566,639, up 63.1%.

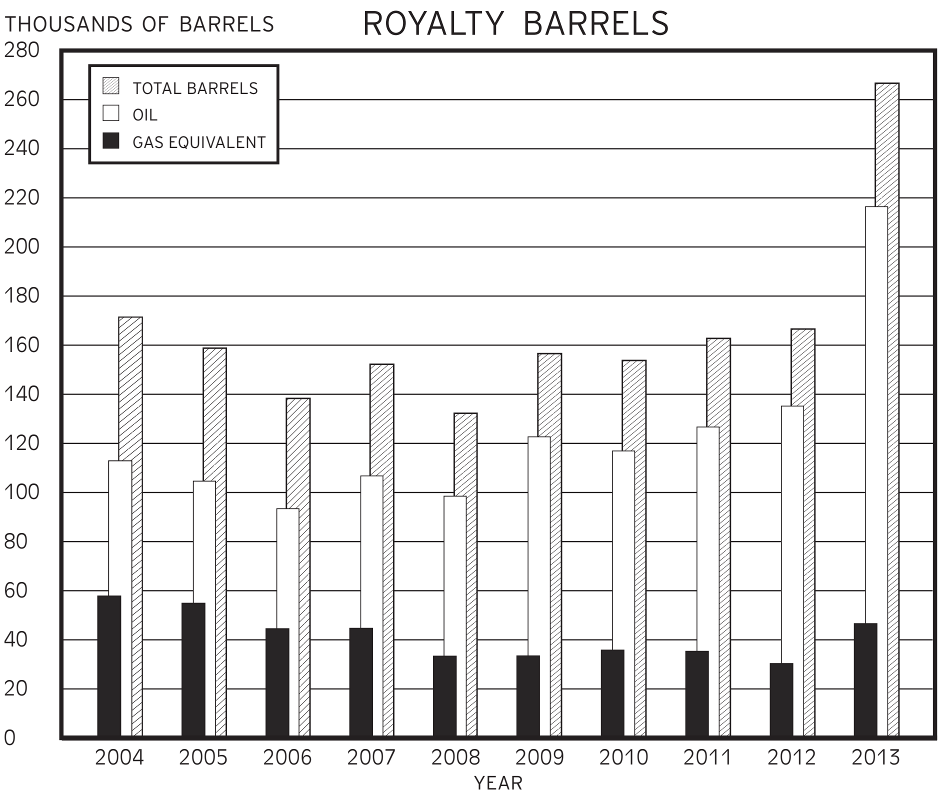
Crude oil production increased 60.6% in 2013 compared to 2012. The average price received by the Trust in 2013 was $91.56 per barrel, compared to $87.56 in 2012. Gas production increased 47.7% in 2013. The average price of gas increased to $4.29 per MCF in 2013 from $3.88 in 2012. State oil and gas production taxes were $1,259,287 in 2013 compared to $756,076 in 2012.

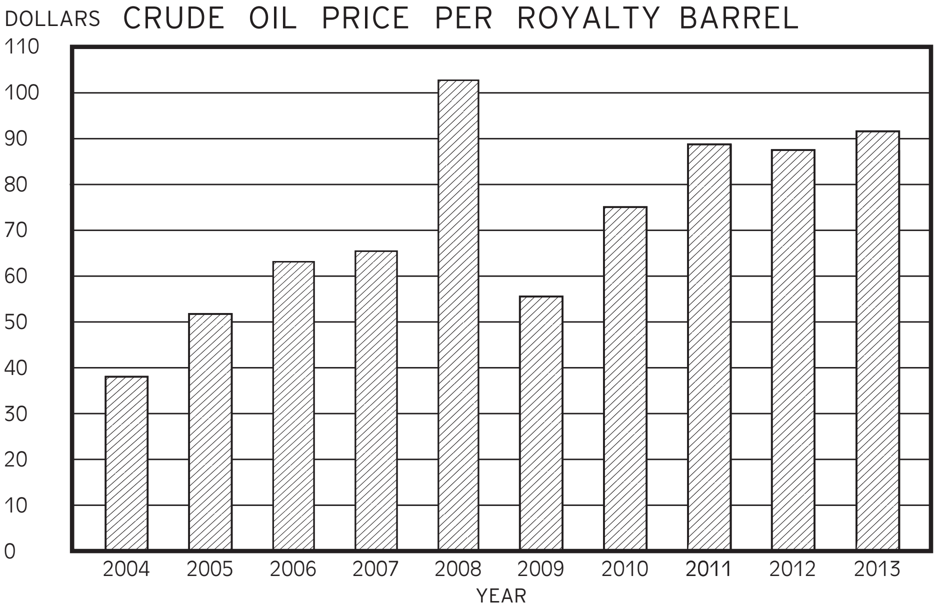
Total production increased by 82,121 oil royalty barrels and 17,893 gas equivalent royalty barrels, as shown in the two-year comparison of royalty production and royalty revenue below.

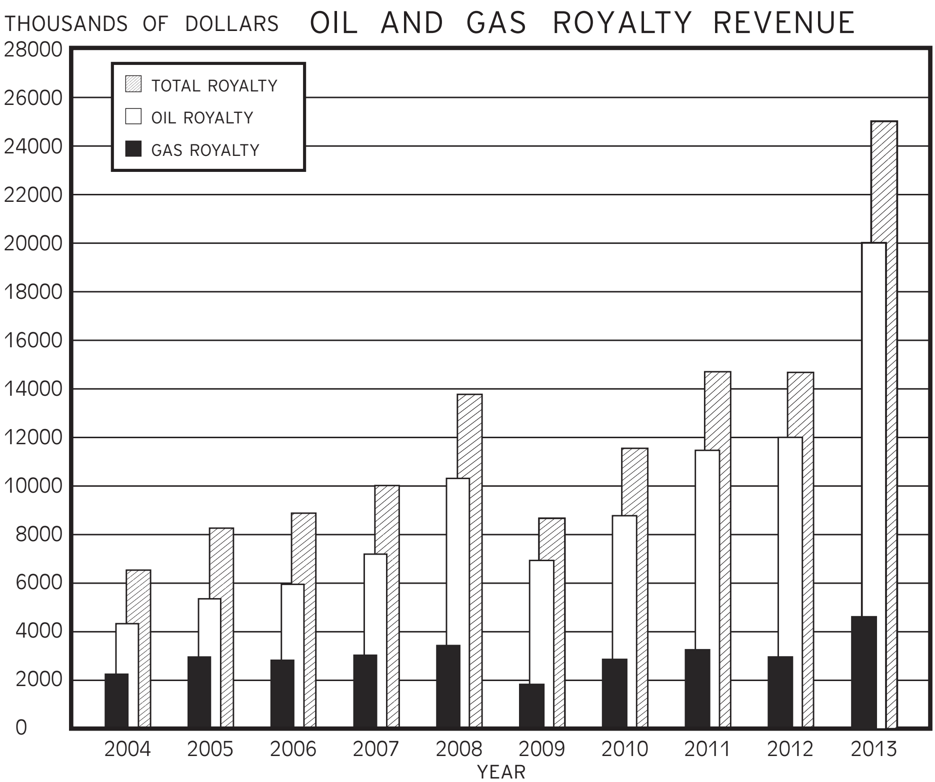
	Royalty Production	
	2013	*2012*
Oil, Bbls.	217,682	135,561
Gas, Mcf.	1,065,458	721,560
Gas, Bbls. Equiv.	49,877	31,984
Total, Bbls. Equiv.	267,559	167,545

	Royalty Revenue	
	2013	*2012*
Oil	$19,930,212	$11,870,354
Gas	$ 4,566,639	$ 2,800,561
Total	$24,496,851	$14,670,915


ROYALTY INTEREST WELLS
NUMBER OF WELLS
3400
3200
3000
2800
2600
2400
2200
2000
1800
1600
1400
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
YEAR


ROYALTY BARRELS
THOUSANDS OF BARRELS
TOTAL BARRELS
OIL
GAS EQUIVALENT
280
260
240
220
200
180
160
140
120
100
80
60
40
20
0
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
YEAR


DOLLARS
CRUDE OIL PRICE PER ROYALTY BARREL
110
100
90
80
70
60
50
40
30
20
10
0
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
YEAR


THOUSANDS OF DOLLARS
OIL AND GAS ROYALTY REVENUE
TOTAL ROYALTY
OIL ROYALTY
GAS ROYALTY
28000
26000
24000
22000
20000
18000
16000
14000
12000
10000
8000
6000
4000
2000
0
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
YEAR

NEW WELLS DEVELOPED DURING 2013 SUBJECT TO THE TRUST'S NONPARTICIPATING PERPETUAL ROYALTY INTEREST

	NUMBER OF WELLS	
County and Field	*1/128* Royalty*	*1/16* Royalty*
CRANE COUNTY		
Spraberry Trend Area		1
CULBERSON COUNTY		
Ford, West-4,100' — Cherry Canyon Sand		2
Ford, West — Wolfcamp		1
ECTOR COUNTY		
Amacker Tippett N — Strawn		2
Betty Sue — Strawn		4
Goldsmith — Clearfork	7	
Goldsmith — Pennsylvanian	1	
King Mountain North — Strawn		1
Sallie Ann — Spraberry — Wolfcamp		8
Spraberry Trend Area		7
TXL — Wichita	1	
GLASSCOCK COUNTY		
Spraberry — Fusselman		1
Spraberry Trend Area	2	1
LOVING COUNTY		
Brushy Draw — Cherry Canyon		1
Phantom — Wolfcamp		1
Sandbar — Bonespring		28
MIDLAND COUNTY		
Parks — Consolidated	1	1
Spraberry Trend Area		1
REEVES COUNTY		
Wolfbone Trend Area		5
STEPHENS COUNTY		
Stephens County Regular	1	
UPTON COUNTY		
Amacker Tippett N — Strawn		1
Bradford Ranch — Strawn		1
Concho Bluff, North — Queen		1
Davis — Pennsylvanian		1
King Mountain North — Strawn		5
Pegasus	2	
Pegasus — Consolidated	2	
Pegasus — Wolfcamp	2	
Spraberry Trend Area	1	14
	20	88

* *Subject to adjustment for unitization or producing units.*

One hundred eight oil wells were completed in 2013 at producing depths ranging from 3,274 feet to 15,611 feet and were assigned an average allowable of 163 barrels of oil per well per day.

At the end of the year, the Trust's royalty wells totaled 3,344 consisting of 1,047 oil wells and 60 gas wells, each subject to a 1/16 royalty interest, and 2,170 oil wells and 67 gas wells, each subject to a 1/128 royalty interest.

Respectfully submitted,

DAVID M. PETERSON,
General Agent

Dallas, Texas
February 21, 2014

FIVE YEAR STATEMENT OF INCOME AND SELECTED FINANCIAL DATA

Income:

- Oil and gas royalties
- Grazing lease rentals
- Land sales
- Interest income from notes receivable
- Easements and sundry income

Expenses:

- Taxes, other than income taxes
- Salaries and related employee benefits
- General expense, supplies and travel
- Basis in real estate sold
- Legal and professional fees
- Depreciation
- Trustees' compensation

Operating income

Interest income earned from investments

Income before income taxes

Income taxes

Net income

Net income per Sub-share Certificate

Cash dividend per Sub-share Certificate

Total assets, exclusive of all property with no assigned value

Year Ended December 31,				
2013	2012	2011	2010	2009
$24,496,851	$14,670,915	$14,685,502	$11,573,563	$ 8,686,187
494,210	488,694	499,400	506,211	492,802
6,413,588	5,809,747	11,873,112	2,738,070	523,010
484,238	706,252	879,749	1,082,019	1,216,480
12,220,187	10,911,848	6,362,745	4,166,102	2,166,381
44,109,074	32,587,456	34,300,508	20,065,965	13,084,860
1,420,635	941,757	922,951	775,380	611,448
1,189,141	1,106,599	1,002,489	1,003,748	999,116
589,307	601,590	571,705	537,127	519,613
—	—	36,445	—	—
755,132	609,555	1,008,853	1,327,845	913,206
16,286	16,504	12,675	15,391	42,141
8,000	8,000	8,000	8,000	8,000
3,978,501	3,284,005	3,563,118	3,667,491	3,093,524
40,130,573	29,303,451	30,737,390	16,398,474	9,991,336
12,005	19,435	18,528	25,707	53,427
40,142,578	29,322,886	30,755,918	16,424,181	10,044,763
12,924,070	9,675,068	10,161,149	5,115,470	3,130,720
$27,218,508	$19,647,818	$20,594,769	$11,308,711	$ 6,914,043
$ 3.16	$ 2.20	$ 2.21	$ 1.17	$ .69
$ .00	$ .48*	$ .21	$ .20	$ .19
$22,356,948	$21,186,872	$27,432,257	$24,989,360	$26,787,620

* *Includes a cash dividend of $.25 per sub-share which would customarily have been paid in 2013, but was accelerated into 2012.*

BALANCE SHEETS

December 31, 2013 and 2012

ASSETS

	2013	2012
Cash and cash equivalents	$13,239,211	$ 8,424,907
Accrued receivables	3,725,535	2,700,855
Other assets	298,105	82,082
Prepaid income taxes	—	416,882
Notes receivable for land sales ($1,203,812 due in 2014 and $1,801,666 due in 2013) (note 2)	3,887,906	8,370,984
Water wells, vehicles, furniture, and equipment — at cost less accumulated depreciation	81,132	66,103
Real estate acquired (notes 2 and 4)	1,125,059	1,125,059
Real estate and royalty interests assigned through the 1888 Declaration of Trust, no value assigned (note 2):		
Land (surface rights) situated in eighteen counties in Texas — 901,092 acres in 2013 and 911,491 acres in 2012	—	—
Town lots — 310 lots in Morita in 2013 and 318 lots in Morita and Loraine in 2012	—	—
1/16 nonparticipating perpetual royalty interest in 373,777.09 acres	—	—
1/128 nonparticipating perpetual royalty interest in 85,413.60 acres	—	—
Total assets	$22,356,948	$21,186,872

(Continued)

BALANCE SHEETS

December 31, 2013 and 2012

LIABILITIES AND CAPITAL

	2013	2012
Accounts payable and accrued expenses	$ 862,364	$ 1,075,256
Income taxes payable	354,687	240,887
Other taxes payable	158,779	108,816
Unearned revenue (note 2)	1,377,577	1,017,693
Deferred taxes (note 6)	1,673,875	2,274,496
Pension plan liability (note 5)	—	873,579
Total liabilities	4,427,282	5,590,727
Commitments and contingencies (note 7)	—	—
Capital (notes 1, 2 and 8):		
Certificates of Proprietary Interest, par value $100 each; outstanding 0 Certificates	—	—
Sub-share Certificates in Certificates of Proprietary Interest, par value $.03 1/3 each; outstanding 8,473,202 Sub-shares in 2013 and 8,795,258 Sub-shares in 2012	—	—
Accumulated other comprehensive income (loss)	(622,012)	(953,965)
Net proceeds from all sources	18,551,678	16,550,110
Total capital	17,929,666	15,596,145
Total liabilities and capital	$22,356,948	$21,186,872

See accompanying notes to financial statements.

STATEMENTS OF INCOME AND TOTAL COMPREHENSIVE INCOME

Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011
Income:			
Oil and gas royalties	$24,496,851	$14,670,915	$14,685,502
Grazing lease rentals	494,210	488,694	499,400
Land sales	6,413,588	5,809,747	11,873,112
Interest income from notes receivable	484,238	706,252	879,749
Easements and sundry income	12,220,187	10,911,848	6,362,745
	44,109,074	32,587,456	34,300,508
Expenses:			
Taxes, other than income taxes	1,420,635	941,757	922,951
Salaries and related employee benefits	1,189,141	1,106,599	1,002,489
General expense, supplies, and travel	589,307	601,590	571,705
Basis in real estate sold	—	—	36,445
Legal and professional fees	755,132	609,555	1,008,853
Depreciation	16,286	16,504	12,675
Trustees' compensation	8,000	8,000	8,000
	3,978,501	3,284,005	3,563,118
Operating income	40,130,573	29,303,451	30,737,390
Interest income earned from investments	12,005	19,435	18,528
Income before income taxes	40,142,578	29,322,886	30,755,918
Income taxes (note 6):			
Current	13,708,995	10,287,844	11,318,631
Deferred	(784,925)	(612,776)	(1,157,482)
	12,924,070	9,675,068	10,161,149
Net income	$27,218,508	$19,647,818	$20,594,769
Amortization of net actuarial costs and prior service costs, net of income taxes of $39,093, $42,812, and $24,467 respectively	72,601	79,507	45,438
Net actuarial gain (loss) on pension plan net of income taxes of $145,211, $(109,244), and $(196,015) respectively	259,352	(199,158)	(364,028)
Total other comprehensive gain (loss)	331,953	(119,651)	(318,590)
Total comprehensive income	$27,550,461	$19,528,167	$20,276,179
Net income per Sub-share Certificate	$3.16	$2.20	$2.21

See accompanying notes to financial statements.

STATEMENTS OF NET PROCEEDS FROM ALL SOURCES

Years Ended December 31, 2013, 2012 and 2011

	Sub-share Certificates of Proprietary Interest	Accumulated Other Comprehensive Income (Loss)	Net Proceeds From All Sources	Total
Balances at December 31, 2010	9,548,444	$(515,724)	$ 18,817,950	$ 18,302,226
Net income	—	—	20,594,769	20,594,769
Periodic pension costs, net of income taxes of $171,548	—	(318,590)	—	(318,590)
Cost of 373,030 Sub-share Certificates in Certificates of Proprietary Interest purchased and cancelled	(373,030)	—	(16,030,938)	(16,030,938)
Dividends paid — $.21 per Sub-share Certificate	—	—	(2,000,233)	(2,000,233)
Balances at December 31, 2011	9,175,414	(834,314)	21,381,548	20,547,234
Net income	—	—	19,647,818	19,647,818
Periodic pension costs, net of income taxes of $66,432	—	(119,651)	—	(119,651)
Cost of 380,156 Sub-share Certificates in Certificates of Proprietary Interest purchased and cancelled	(380,156)	—	(20,183,747)	(20,183,747)
Dividends paid — $.48 per Sub-share Certificate	—	—	(4,295,509)	(4,295,509)
Balances at December 31, 2012	8,795,258	(953,965)	16,550,110	15,596,145
Net income	—	—	27,218,508	27,218,508
Periodic pension costs, net of income taxes of $184,304	—	331,953	—	331,953
Cost of 322,056 Sub-share Certificates in Certificates of Proprietary Interest purchased and cancelled	(322,056)	—	(25,216,940)	(25,216,940)
Dividends paid — $.00 per Sub-share Certificate	—	—	—	—
Balances at December 31, 2013	8,473,202	$(622,012)	$ 18,551,678	$ 17,929,666

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011
Cash flows from operating activities:			
Net income	$ 27,218,508	$ 19,647,818	$ 20,594,769
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred taxes	(600,621)	(679,207)	(1,329,030)
Depreciation and amortization	16,286	16,504	12,675
(Gain) loss on disposal of fixed assets	2,795	2,470	(1,424)
Changes in operating assets and liabilities:			
Accrued receivables and other assets	(1,240,703)	92,408	(637,244)
Income taxes payable	113,800	(1,139,325)	1,230,979
Prepaid income taxes	416,882	(416,882)	57,893
Notes receivable for land sales	4,483,078	1,983,119	3,988,795
Real estate acquired	—	—	36,445
Accounts payable, accrued expenses and other liabilities	(344,671)	404,585	(22,650)
Net cash provided by operating activities	30,065,354	19,911,490	23,931,208
Cash flows from investing activities:			
Proceeds from sale of fixed assets	20,500	13,500	17,250
Purchase of fixed assets	(54,610)	(50,405)	(37,261)
Net cash used in investing activities	(34,110)	(36,905)	(20,011)
Cash flows from financing activities:			
Purchase of Sub-share Certificates in Certificates of Proprietary Interest	(25,216,940)	(20,183,747)	(16,030,938)
Dividends paid	—	(4,295,509)	(2,000,233)
Net cash used in financing activities	(25,216,940)	(24,479,256)	(18,031,171)
Net increase (decrease) in cash and cash equivalents	4,814,304	(4,604,671)	5,880,026
Cash and cash equivalents, beginning of period	8,424,907	13,029,578	7,149,552
Cash and cash equivalents, end of period	$ 13,239,211	$ 8,424,907	$ 13,029,578

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013, 2012 and 2011

(1) Nature of Operations

Texas Pacific Land Trust (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 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 land sales, oil and gas royalties, easements, grazing and sundry leases, interest on notes receivable, and interest on investments.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The most significant accounting policies include the valuation of real estate and royalty interests assigned through the 1888 Declaration of Trust and revenue recognition policies.

(b) Use of Estimates

The preparation of financial statements in accordance with the accounting principles generally accepted in the United States of America 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 the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(c) Revenue Recognition

Oil and gas royalties

Oil and gas royalties (royalties) are received in connection with royalty interests owned by the Trust. Royalties are recognized as revenue when crude oil and gas products are removed from the respective mineral reserve locations. Royalty payments are generally received one to three 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 Trust has analyzed public reports of drilling activities by the oil companies with which it has entered into royalty interest leases in an effort to identify unpaid royalties associated with royalty interests owned by the Trust. Rights to certain 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 royalties are recorded when these contingencies are resolved.

Grazing lease rentals

The Trust leases land to the ranching industry for grazing purposes. Lease income is recognized when earned. These leases generally require fixed annual payments and terms range from three to five years. Lease cancellations are allowed. Advance lease payments are deferred (unearned revenue) and amortized over the appropriate accounting period. Lease payments not paid are recorded as accrued receivables.

Land sales

Income is recognized on land sales during the periods in which such sales are closed and sufficient amounts of cash down payments are received using the full accrual method of gain recognition. For income tax purposes, land sales are recognized on the installment method. The sales price of land sales are reflected as income and the cost (basis) of the respective parcels of land are reflected as expenses as these parcels of land are not primarily held as income-producing "operating" properties.

Interest income from notes receivable

Interest income is recognized when earned, using the simple interest method. Accrued interest not received is reflected in accrued receivables.

Easements and sundry income

Easement contracts represent contracts which permit companies to install pipe lines, pole lines and other equipment on land owned by the Trust. Easement income is recognized when the Trust receives a signed contract and when the Trust makes available the respective parcel of land to the grantee.

Sundry income represents leasing arrangements to companies in a wide array of industries, including: agricultural, oil and gas, construction, wind power and other industries. Lease income is recognized when earned. These leases generally require fixed annual payments or royalties. Lease terms generally range from month-to-month arrangements to ten years. Lease cancellations are allowed.

Advance lease payments are deferred and amortized over the appropriate accounting period. Lease payments not paid are included in accrued receivables.

(d) Statements of Cash Flows

Cash and cash equivalents consist of bank deposit and savings accounts. The Trust considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. At times the cash may exceed federally insured limits. The Trust maintains its cash and cash equivalents in two large financial institutions. The Trust monitors the credit quality of these institutions and does not anticipate any losses.

Cash disbursed for income taxes in 2013, 2012 and 2011 was $13,178,312, $11,844,051, and $10,029,759, respectively. New loans made by the Trust in connection with land sales amounted to $0, $613,800, and $174,750 for the years ended December 31, 2013, 2012 and 2011, respectively.

(e) Accrued Receivables

Accrued receivables consist primarily of amounts due under oil and gas royalty leases and unpaid interest on notes receivable for land sales. Accrued receivables are reflected at their net realizable value based on historical royalty and interest 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, 2013 and 2012.

(f) Depreciation

Provision for depreciation of depreciable assets is made by charges to income at straight-line and accelerated rates considered to be adequate to amortize the cost of such assets over their useful lives, which generally range from three to five years. Accumulated depreciation as of December 31, 2013 and 2012 is $109,631 and $104,192, respectively.

(g) Notes Receivable for Land Sales

Notes receivable for land sales (notes receivable) consists of installment notes received as partial payment on land sales and are reflected at the principal amounts due net of an allowance for loan losses, if any. The Trust generally receives cash payments on land sales of 25% or more. Thereafter, annual principal and interest payments are required by the Trust. Notes receivable bear interest rates ranging from 7.0% to 9.0%

as of December 31, 2013 and are secured by first lien deeds of trust on the properties sold. The weighted average interest rate is 7.1% as of December 31, 2013. The annual installments on notes are generally payable over terms of 10 to 15 years. There is no penalty for prepayment of principal, and prepayments in 2013, 2012 and 2011 were $2,736,616, $940,145, and $2,683,841, respectively. The interest rates on notes receivable are considered comparable with current rates on similar land sales and, accordingly, the carrying value of such notes receivable approximates fair value.

Management of the Trust monitors delinquencies to assess the propriety of the carrying value of its notes receivable. Accounts are considered delinquent thirty days after the contractual due dates. At the point in time that notes receivable become delinquent, management reviews the operations information of the debtor and the estimated fair value of the collateral held as security to determine whether an allowance for losses is required. There was no allowance for uncollectible notes receivable at December 31, 2013 and 2012.

Three customers represented approximately 77% of notes receivable at December 31, 2013 and 80% at December 31, 2012.

The maturities of notes receivable for each of the five years subsequent to December 31, 2013 are:

Year ending December 31,	Amount
2014	$1,203,812
2015	498,497
2016	373,813
2017	400,803
2018	429,743
Thereafter	981,238
	$3,887,906

(h) Real Estate Acquired

While the Trust is generally not a purchaser of land, parcels are purchased from time to time at the discretion of the Trustees. Newly acquired real estate is recorded at cost.

Real estate acquired through foreclosure is recorded at the aggregate of the outstanding principal balance, accrued interest, past due ad valorem taxes, and other fees incurred relating to the foreclosure.

Real estate acquired is 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, if any, real estate improvements are made to land.

(i) Real Estate and Royalty Interests Assigned Through the 1888 Trust Indenture

The fair market value of the Trust's land and royalty interests was not determined in 1888 when the Trust was formed; therefore, no value is assigned to the land, town lots, royalty interests, Certificates of Proprietary Interest, and Sub-share Certificates in Certificates of Proprietary Interest in the accompanying balance sheets. Consequently, in the statements of income and total comprehensive income, no allowance is made for depletion and no cost is deducted from the proceeds of original land sales. 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, if any, real estate improvements are made to land.

(j) Net Income per Sub-share

The cost of Sub-share Certificates purchased and retired is charged to net proceeds from all sources. Net income per Sub-share Certificate is based on the weighted average number of Sub-share Certificates in Certificates of Proprietary Interest and equivalent Sub-share Certificates of Proprietary Interest outstanding during each period (8,601,171 in 2013, 8,939,045 in 2012 and 9,336,998 in 2011).

(k) 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 percent 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, 2013 and 2012.

(l) Recent Accounting Pronouncements

In January 2010, the FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820) — Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"). This update requires the following new disclosures: (i) the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and a description of the reasons for the transfers; and (ii) a reconciliation for fair value measurements using significant unobservable inputs (Level 3), including separate information about purchases, sales, issuances, and settlements. The update also clarifies existing requirements about fair value measurement disclosures and disclosures about inputs and valuation techniques. The new disclosures and clarifications of existing disclosures were effective for interim and annual reporting periods beginning after December 15, 2009, except for the reconciliation of Level 3 activity, which was effective for the Company in the first quarter of 2011. Adoption of this guidance had no effect on the Company's results of operations, financial position and cash flows.

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, *"Comprehensive Income (Topic 220): Presentation of Comprehensive Income"* ("ASU 2011-05"). ASU 2011-05 amends existing guidance by allowing only two options for presenting the components of net income and other comprehensive income: (1) in a single continuous financial statement, statement of comprehensive income or (2) in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of other comprehensive income. ASU No. 2011-05 requires retrospective application, and it is effective for fiscal years beginning after December 15, 2011. We adopted the provisions of ASU 2011-05 as of January 1, 2012 using the single continuous statement presentation. The adoption of this guidance did not have a material effect on our financial statements.

No other effective or pending accounting pronouncements are expected to affect the Trust.

(m) Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income and other gains and losses affecting capital that, under accounting principles generally accepted in the United States of America, are excluded from net income.

(3) Segment Information

Segment information has been considered in accordance with applicable accounting standards. GAAP suggests using a management approach based on the way that management organizes the segments within the enterprise for making operating decisions and assessing performance. The Trust's management views its operations as one segment and believes the only significant activity is managing the land, which was conveyed to the Trust in 1888. Managing the land includes sales and leases of such land, and the retention of oil and gas royalties. The cost structure of the Trust is centralized and not segmented.

(4) Real Estate Acquired

Real estate acquired included the following activity for the years ended December 31, 2013 and 2012:

	2013		2012	
	Acres	Book Value	Acres	Book Value
Balance at January 1:	10,124.78	$1,125,059	10,124.78	$1,125,059
Additions	—	—	—	—
Sales	—	—	—	—
Balance at December 31:	10,124.78	$1,125,059	10,124.78	$1,125,059

No valuation allowance was necessary at December 31, 2013 and 2012.

(5) 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 $49,327, $42,454, and $38,918, in 2013, 2012, and 2011, respectively.

The Trust has a noncontributory pension plan (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, 2013 and 2012 using a measurement date of December 31:

	2013	2012
Change in projected benefits obligation:		
Projected benefit obligation at beginning of year	$4,030,848	$3,640,465
Service cost	104,920	67,083
Interest cost	166,865	168,122
Actuarial (gain) loss	(271,978)	297,638
Benefits paid	(143,137)	(142,460)
Projected benefit obligation at end of year	$3,887,518	$4,030,848
Change in plan assets:		
Fair value of plan assets at beginning of year	$3,157,269	$3,100,494
Actual return on plan assets	367,108	199,235
Contributions by employer	701,402	—
Benefits paid	(143,137)	(142,460)
Fair value of plan assets at end of year	$4,082,642	$3,157,269
Funded (unfunded) status at end of year	$ 195,124	$ (873,579)

Amounts recognized in the balance sheets as of December 31 consist of:

	2013	2012
Assets	$195,124	$ —
Liabilities	—	(873,579)
	$195,124	$(873,579)

Amounts recognized in accumulated other comprehensive income (loss) consist of the following at December 31:

	2013	2012
Net actuarial loss	$(944,305)	$(1,453,722)
Prior service cost	(9,081)	(15,921)
Amounts recognized in accumulated other comprehensive income (loss), before taxes	(953,386)	(1,469,643)
Income tax benefit	331,374	515,678
Amounts recognized in accumulated other comprehensive income (loss), after taxes	$(622,012)	$ (953,965)

Net periodic benefit cost for the years ended December 31, 2013, 2012 and 2011 include the following components:

	2013	2012	2011
Components of net periodic benefit cost:			
Service cost	$ 104,920	$ 67,083	$ 96,083
Interest cost	166,865	168,122	171,493
Expected return on plan assets	(234,523)	(209,999)	(180,852)
Amortization of net loss	104,854	113,723	61,309
Amortization of prior service cost	6,840	8,596	8,596
Net periodic benefit cost	$ 148,956	$ 147,525	$ 156,629

Other changes in plan assets and benefit obligations recognized in other comprehensive income:

	2013	2012	2011
Net actuarial (gain) loss	$(404,563)	$ 308,402	$560,043
Recognized actuarial loss	(104,854)	(113,723)	(61,309)
Recognized prior service cost	(6,840)	(8,596)	(8,596)
Total recognized in other comprehensive income, before taxes	$(516,257)	$ 186,083	$490,138
Total recognized in net benefit cost and other comprehensive income, before taxes	$(367,301)	$ 333,608	$646,767

The estimated net actuarial loss and prior service cost for the Plan that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are $46,171 and $5,570, respectively.

The following table summarizes the Plan assets in excess of projected benefit obligation and accumulated benefit obligation at December 31, 2013, and the projected benefit obligation and accumulated benefit obligation in excess of Plan assets at December 31, 2012:

	2013	2012
Plan assets in excess of projected benefit obligation:		
Projected benefit obligation	$3,887,518	$4,030,848
Fair value of plan assets	$4,082,642	$3,157,269
Plan assets in excess of accumulated benefit obligation:		
Accumulated benefit obligation	$3,312,631	$3,390,382
Fair value of plan assets	$4,082,642	$3,157,269

The following are weighted-average assumptions used to determine benefit obligations and costs at December 31, 2013, 2012, and 2011:

	2013	2012	2011
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	5.00%	4.25%	4.75%
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%	4.75%	5.75%
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, 2013 and 2012, respectively, are as follows:

	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and Cash Equivalents				
Money Markets	$ 722,888	$ 722,888	$ —	$ —
Equities	109,989	109,989	—	—
Mutual Funds				
Equity Funds	1,628,020	1,628,020	—	—
Fixed Income Funds	1,621,745	1,621,745	—	—
Total	$4,082,642	$4,082,642	$ —	$ —

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents				
Money Markets	$ 296,745	$ 296,745	$ —	$ —
Equities	58,773	58,773	—	—
Mutual Funds				
Equity Funds	1,223,629	1,223,629	—	—
Fixed Income Funds	1,578,122	1,578,122	—	—
Total	$3,157,269	$3,157,269	$ —	$ —

Management intends to fund the minimum ERISA amount for 2014. 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:

Year ending December 31,	Amount
2014	$ 211,110
2015	207,709
2016	208,236
2017	205,528
2018	234,899
2019 to 2023	1,315,977

(6) Income Taxes

The income tax provision charged to operations for the years ended December 31, 2013, 2012, and 2011 was as follows:

	2013	2012	2011
Current:			
U.S. federal	$13,381,265	$10,046,442	$11,053,133
State and local	327,730	241,402	265,498
	13,708,995	10,287,844	11,318,631
Deferred expense	(784,925)	(612,776)	(1,157,482)
	$12,924,070	$ 9,675,068	$10,161,149

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 35% to income before Federal income taxes as a result of the following:

	2013	2012	2011
Computed tax expense at the statutory rate	$14,049,902	$10,263,010	$10,764,571
Reduction in income taxes resulting from:			
Statutory depletion	(1,317,177)	(799,957)	(802,104)
State taxes	312,340	227,718	238,860
Other, net	(120,995)	(15,703)	(40,178)
	$12,924,070	$ 9,675,068	$10,161,149

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2013 and 2012 are as follows:

	2013	2012
Basis difference in pension plan liability	$ (69,659)	$ 311,868
Total deferred tax asset (liability)	(69,659)	311,868
Basis differences in real estate acquired through foreclosure	237,697	237,697
Deferred installment revenue on land sales for tax purposes	1,366,519	2,348,667
Total deferred tax liability	1,604,216	2,586,364
Net deferred tax liability	$1,673,875	$2,274,496

The Trust files a United States 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 2010.

(7) Lease Commitments

The Trust is a lessee under an operating lease in connection with its administrative offices located in Dallas, Texas. This lease agreement requires monthly rent of approximately $5,867 and expires in October 2014. Future minimum lease payments were as follows at December 31, 2013:

Year ending December 31,	Amount
2014	$58,667
2015	—
2016	—
2017	—
Thereafter	—
	$58,667

Rent expense amounted to $70,400 for each of the years ended December 31, 2013, 2012, and 2011, respectively.

(8) Capital

Certificates of Proprietary Interest (Certificates) and Sub-share Certificates in Certificates of Proprietary Interest (Sub-shares) are exchangeable in the ratio of one Certificate to 3,000 Sub-shares. No Certificates were exchanged for Sub-shares in 2013 and 2012.

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-share Certificate holders may be held personally liable with respect to claims against the Trust, but only after the assets of the Trust first have been exhausted.

(9) Subsequent Events

We evaluated events that occurred after the balance sheet date through the date these financial statements were issued, and the following event that met recognition or disclosure criteria was identified:

At their February 2014 meeting, the Trustees declared a cash dividend of $.27 per Sub-share, payable March 14, 2014 to Sub-share holders of record at the close of business on March 6, 2014.

(10) Oil and Gas Producing Activities (Unaudited)

The Trust's share of oil and gas produced, all of which is from royalty interests, was as follows for the years ended December 31, 2013, 2012, and 2011, respectively: oil (in barrels) — 217,682, 135,561, and 128,170, and gas (in thousands of cubic feet) — 1,065,458, 721,560 and 572,506. Reserves related to the Trust's royalty interests are not presented because the information is unavailable.

(11) Selected Quarterly Financial Data (Unaudited)

The following tables present unaudited financial data of the Trust for each quarter of 2013 and 2012:

	Quarter ended			
	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Income	$12,503,683	$14,936,609	$9,953,933	$6,726,854
Income before income taxes	$11,145,275	$14,103,915	$9,049,678	$5,843,710
Net income	$ 7,519,106	$ 9,431,118	$6,130,440	$4,137,844
Net income per Sub-share Certificate	$ 0.88	$ 1.10	$ 0.71	$ 0.47

	Quarter ended			
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Income	$7,276,793	$7,043,281	$8,706,738	$9,580,079
Income before income taxes	$6,218,508	$6,369,983	$7,956,109	$8,778,286
Net income	$4,113,797	$4,311,092	$5,284,674	$5,938,255
Net income per Sub-share Certificate	$ 0.47	$ 0.48	$ 0.59	$ 0.65

LGT
LANE GORMAN TRUBITT PLLC
Accountants & Advisors

Report of Independent Registered Public Accounting Firm

To the Trustees and Certificate Holders
Texas Pacific Land Trust

We have audited the accompanying balance sheets of Texas Pacific Land Trust (the "Trust") as of December 31, 2013 and 2012 and the related statements of income and total comprehensive income, net proceeds from all sources, and cash flows for each of the three years in the period ended December 31, 2013. We also have audited the Trust's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). 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 these financial statements and an opinion on the Trust's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. 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.

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 trustees 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.

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, 2013 and 2012, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2013, 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, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by COSO.

Lane Gorman Trubitt, PLLC

Dallas, Texas
February 28, 2014

Members of AICPA and The Leading Edge Alliance
2626 Howell Street | Suite 700 | Dallas, TX 75204 | 214.871.7500 | Toll Free 877.231.7500 | Fax 214.871.0011 | www.lgt-cpa.com

TRUSTEES

MAURICE MEYER III, *Chairman of the Trustees**
Private Investor
Jupiter, Florida

JOHN R. NORRIS III
Attorney at Law
Dallas, Texas

JAMES K. NORWOOD*
Real Estate Appraiser
Fort Worth, Texas

*Member of Audit Committee

OFFICER

DAVID M. PETERSON, *General Agent and Secretary, Chief Executive Officer, Chief Financial Officer*
Dallas, Texas

REGISTRAR

COMPUTERSHARE
Jersey City, N.J.

TRANSFER AGENT

COMPUTERSHARE
Jersey City, N.J.

PRINCIPAL MARKET FOR SUB-SHARE CERTIFICATES

NEW YORK STOCK EXCHANGE
Ticker Symbol — TPL

Copies of the Trust's Form 10-K Annual Report filed with the Securities and Exchange Commission will be made available to shareholders who request it, without charge (except for Exhibits). To obtain copies please write to Texas Pacific Land Trust, 1700 Pacific Avenue, Suite 2770, Dallas, TX 75201, or visit us on line at http://www.TPLTrust.com.

Computershare

Transfer Agent and Registrar

Shareholder correspondence should be mailed to:
Computershare
P.O. BOX 30170
College Station, TX 77842-3170

Overnight correspondence should be sent to:
Computershare
211 Quality Circle, Suite 210
College Station, TX 77845

Shareholder website
www.computershare.com/investor

Shareholder online inquiries
https://www-us.computershare.com/investor/Contact

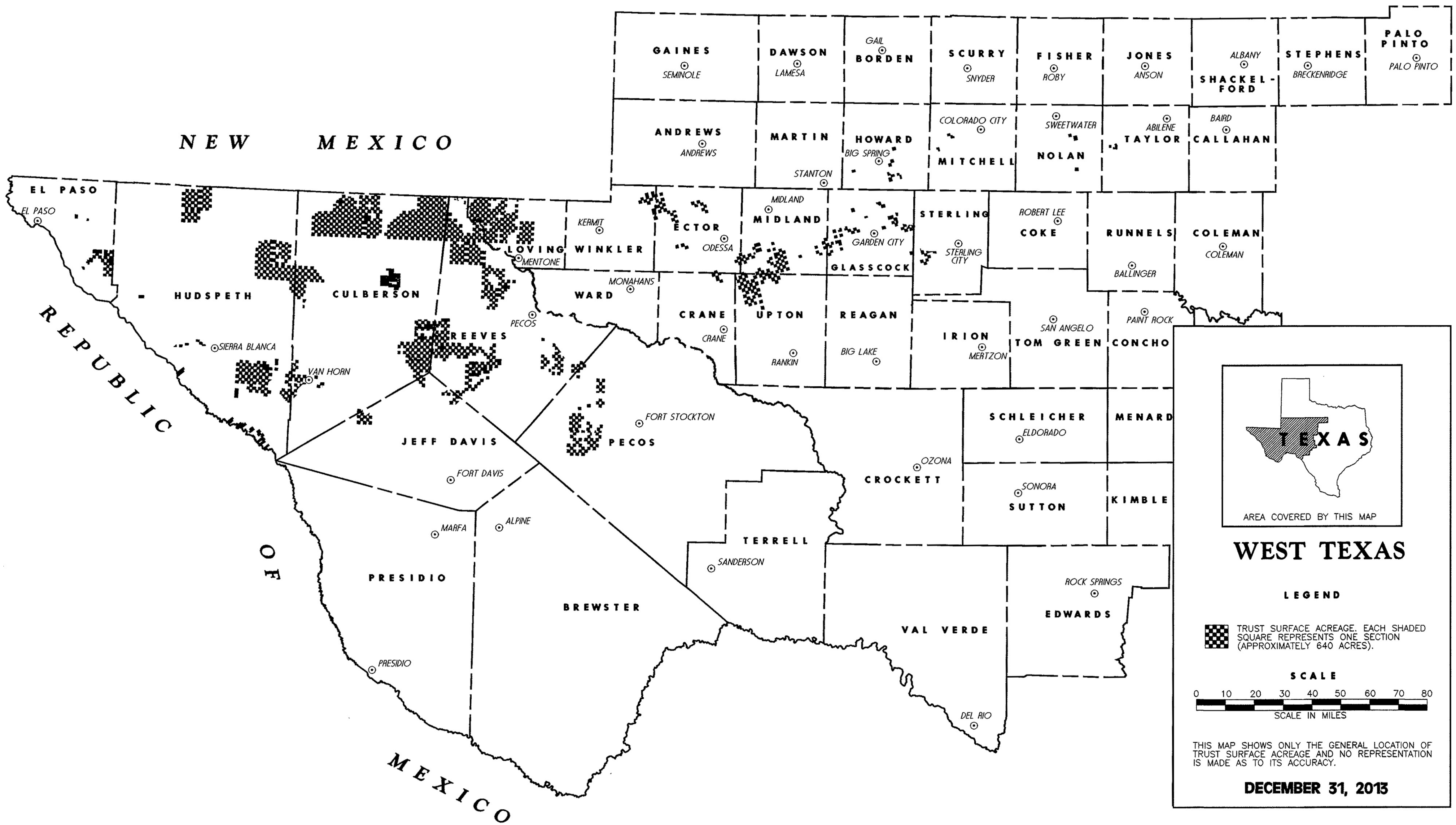
In the U.S.
Phone: 1-800-522-6645
Outside the U.S.
Phone: 1-201-680-6578
For hearing impaired in the U.S.
Phone: 1-800-231-5469
For hearing impaired outside the U.S.
Phone: 1-201-680-6610

As a Texas Pacific Land Trust shareholder, you are invited to take advantage of our convenient shareholder services or request more information about Texas Pacific Land Trust.

Computershare

Computershare, our transfer agent, maintains the records for our registered shareholders and can help you with a variety of shareholder related services at no charge including:

- Change of name and/or address
- Consolidation of accounts
- Duplicate mailings
- Lost stock certificates
- Transfer of stock to another person
- Additional administrative services


NEW MEXICO
REPUBLIC OF MEXICO
EL PASO
El Paso
HUDSPETH
Sierra Blanca
CULBERSON
Van Horn
REEVES
Pecos
LOVING
Mentone
WINKLER
Kermit
WARD
Monahans
ECTOR
Odessa
CRANE
Crane
MIDLAND
Midland
UPTON
Rankin
GLASSCOCK
Garden City
REAGAN
Big Lake
STERLING
Sterling City
IRION
Mertzon
COKE
Robert Lee
TOM GREEN
San Angelo
RUNNELS
Ballinger
COLEMAN
Coleman
CONCHO
Paint Rock
GAINES
Seminole
DAWSON
Lamesa
BORDEN
Gail
SCURRY
Snyder
FISHER
Roby
JONES
Anson
SHACKELFORD
Albany
STEPHENS
Breckenridge
PALO PINTO
Palo Pinto
ANDREWS
Andrews
MARTIN
Stanton
HOWARD
Big Spring
MITCHELL
Colorado City
NOLAN
Sweetwater
TAYLOR
Abilene
CALLAHAN
Baird
JEFF DAVIS
Fort Davis
PECOS
Fort Stockton
PRESIDIO
Marfa
Presidio
BREWSTER
Alpine
TERRELL
Sanderson
CROCKETT
Ozona
SCHLEICHER
Eldorado
SUTTON
Sonora
MENARD
KIMBLE
VAL VERDE
Del Rio
EDWARDS
Rock Springs
TEXAS
AREA COVERED BY THIS MAP
WEST TEXAS
LEGEND
TRUST SURFACE ACREAGE. EACH SHADED SQUARE REPRESENTS ONE SECTION (APPROXIMATELY 640 ACRES).
SCALE
0 10 20 30 40 50 60 70 80
SCALE IN MILES
THIS MAP SHOWS ONLY THE GENERAL LOCATION OF TRUST SURFACE ACREAGE AND NO REPRESENTATION IS MADE AS TO ITS ACCURACY.
DECEMBER 31, 2013