

TEXAS PACIFIC LAND TRUST
Form 10-Q
November 05, 2015

UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934.

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934.

For the transition period from _____ to _____

Commission File Number: 1-737

Texas Pacific Land Trust

(Exact Name of Registrant as Specified in Its Charter)

NOT APPLICABLE

75-0279735

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(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

1700 Pacific Avenue, Suite 2770, Dallas, Texas

75201

(Address of Principal Executive Offices)

(Zip Code)

(214) 969-5530

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Cautionary Statement Regarding Forward-Looking Statements

Statements in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding management's expectations, hopes, intentions or strategies regarding the future. Forward-looking statements include statements regarding the Trust's future operations and prospects, the markets for real estate in the areas in which the Trust owns real estate, applicable zoning regulations, the markets for oil and gas, production limits on prorated oil and gas wells authorized by the Railroad Commission of Texas, expected competition, management's intent, beliefs or current expectations with respect to the Trust's future financial performance and other matters. All forward-looking statements in this Report are based on information available to us as of the date this Report is filed with the Securities and Exchange Commission, and we assume no responsibility to update any such forward-looking statements, except as required by law. All forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the factors discussed in Item 1A "Risk Factors" of Part I of our Annual Report on Form 10-K for the year ended December 31, 2014, and in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 1A "Risk Factors" of this Quarterly Report on Form 10-Q.

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****TEXAS PACIFIC LAND TRUST****BALANCE SHEETS**

	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Cash and cash equivalents	\$46,170,691	\$26,814,759
Accrued receivables	4,074,716	3,220,020
Other assets	67,881	114,491
Prepaid income taxes	—	815,937
Notes receivable for land sales	139,114	923,115
Water wells, vehicles, furniture, and equipment – at cost less accumulated depreciation	162,666	89,107
Real estate acquired: (10,065 acres at September 30, 2015 and 10,125 acres at December 31, 2014)	1,114,601	1,125,059
Real estate and royalty interests assigned through the 1888 Declaration of Trust, no value assigned:		
Land (surface rights) situated in eighteen counties in Texas – 878,309 acres in 2015 and 899,149 acres in 2014	—	—
1/16 nonparticipating perpetual royalty interest in 373,777 acres in 2015 and 2014	—	—
1/128 nonparticipating perpetual royalty interest in 85,414 acres in 2015 and 2014	—	—
	\$51,729,669	\$33,102,488
LIABILITIES AND CAPITAL		
Accounts payable and accrued expenses	\$837,316	\$828,672
Income taxes payable	2,875,296	406,945
Other taxes payable	235,391	159,301
Unearned revenue	2,350,617	3,940,353
Deferred taxes	55,503	293,140
Pension plan liability	762,601	754,260
Total liabilities	7,116,724	6,382,671
Capital:		
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: 8,174,086 Sub-shares in 2015 and 8,322,399 Sub-shares in 2014	—	—

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Other comprehensive loss	(1,280,870)	(1,352,794)
Net proceeds from all sources	45,893,815	28,072,611
Total capital	44,612,945	26,719,817
	\$51,729,669	\$33,102,488

See accompanying notes to financial statements.

TEXAS PACIFIC LAND TRUST**STATEMENTS OF INCOME AND TOTAL COMPREHENSIVE INCOME****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Income:				
Oil and gas royalties	\$ 6,060,645	\$ 7,707,981	\$ 18,285,504	\$ 22,813,548
Land sales	1,888,635	323,125	22,316,635	1,993,730
Easements and sundry income	10,091,161	6,581,105	23,697,100	16,612,578
Other income	139,017	140,508	400,753	491,356
	18,179,458	14,752,719	64,699,992	41,911,212
Expenses:				
Taxes, other than income taxes	362,556	433,748	1,081,136	1,308,128
General and administrative expenses	590,984	444,173	1,702,248	1,382,550
	953,540	877,921	2,783,384	2,690,678
Operating income	17,225,918	13,874,798	61,916,608	