Texas Pacific Land Trust

The best investment in the Permian Basin

Downside Scenario	Current Price	Price Target	Upside Scenario
600	802	1,000	1,150
-25%		*25%*	*43%*

- Texas Pacific Land Trust currently trades at 19x LTM P/E, representing a ~20% discount to its 2-year median multiple of 24x. Its LTM EV/EBITDA multiple of 15x also represents a 22% discount to its 2-year average of 19x. The stock's multiple has been trading under its median partially as a result of an ongoing conflict with activist investors as well as a weak macroeconomic outlook.
- TPL is resilient and has shown strong recent performance despite the macro environment, although doubts surrounding Permian production growth still weigh on the multiple. The conflict with the activist funds was mostly resolved with no material impact on the fundamentals of the company. More recently, investors have called on TPL to change from a Trust to a C-Corp.
- Moving forward, the TPL business has two drastically different value drivers that will bring the stock back to fair value. Near term growth prospects for TPL's legacy business are relatively easy to forecast, with the most Drilled but Uncompleted wells (DUCs) and permits to drill on TPL's land in its history. The water services business is in a unique position for growth with three tailwinds: a shortage of water/water services in the Permian, a business sheltered from WTI prices, and room for capital expenditures on additional water infrastructure.

Symbol	NYSE: TPL
52-Week Range	565.10 – 915.66
YTD Performance	3.48%
Market Cap (M)	$6,221
Enterprise Value (M)	$5,975
Net Debt (M)	($246)
Dividend Yield	0.22%
LTM P/E	19.4x
LTM EV/EBITDA	15.1x
ROE	97.8%
ROA	84.2%

FY (Jan)	2018A	2019E	2020E
EPS			
Q1	5.61	18.05	9.34
YoY Change		*221.9%*	*(48.3%)*
Q2	6.74	6.39	8.52
YoY Change		*(5.1%)*	*33.2%*
Q3	7.48	7.74	8.31
YoY Change		*3.5%*	*7.4%*
Q4	8.05	9.25	8.73
YoY Change		*14.9%*	*(5.6%)*
Year	27.86	41.43	34.89

COMPANY OVERVIEW

Owning over 900,000 acres, Texas Pacific Land Trust (TPL) is one of the largest landowners in Texas and the largest in West Texas. Organized under a Declaration of Trust in 1888, the company's headquarters are now located in Dallas, Texas. TPL operates through two segments: Land and Resource Management (75% of FY'19 Revenue), and Water Services and Operations (25% of FY'19 Revenue). Through its legacy business, Land and Resource Management, TPL generates revenue through royalties and easements. The company owns royalty rights to the resources in its land and is therefore paid by the E&P companies that collect and distribute it. Additionally, TPL is paid by E&P companies, as well as midstream and other companies, for the use of its land (easements). Under its wholly-owned subsidiary, TPWR, TPL stores, refines, and distributes water to E&P companies to be used in the fracking process. TPWR's easement revenue comes from E&P companies or other water utility companies using its land for storing/transporting water. The company reports 1Q'20 earnings on April 23, 2020.

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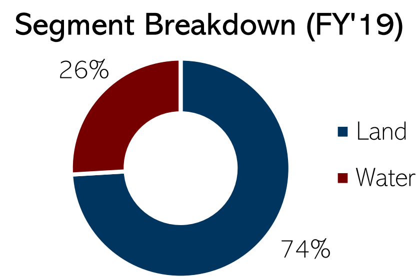
BUSINESS OVERVIEW

Texas Pacific Land Trust (TPL) operates through land ownership, in excess of 900,000 acres, and water management services. TPL operates strictly in the Permian Basin in West Texas and East New Mexico. The company is organized as a Trust, rather than a corporation, which means that it has Trustees rather than a board of directors. These Trustees have the decision-making ability as well as a duty to serve the beneficiaries of the trust. The company reports revenue through two operating segments: Land and Resource Management (74% of FY'19 Revenue) and Water Service and Operations (26% of FY'19 Revenue).



Land and Resource Management (74% of FY'19 Revenue)

The Land and Resource Management segment manages the over 900,000 acres of land owned by TPL. Through this segment, TPL benefits mainly through royalties on oil and gas production, along with revenues from easements, leases and land sales. Revenue from the sale of land is a simple revenue stream to understand, but the exact structure of the other revenues is more complicated and undisclosed by the company. This segment has no competitors as TPL is the sole owner to the rights of the land.

- **Royalties:** TPL is entitled to a percentage of revenue from each barrel of oil and natural gas produced by E&Ps operating on its land. These revenues are heavily reliant on the decision of the production companies on TPL's land as the royalties depend on investments in and production from wells on its land. The structure of the royalty revenue is the only exposure the company has to oil prices through the production company's reaction to falling or rising oil prices, namely WTI. Revenue in this segment is highly dependent on the production levels authorized by the Railroad Commission.
- **Easements:** TPL's easement contracts permit pipelining and production companies to use its land for a fee. Revenue is generated through the easement contracts that cover activities in pipelining and subsurface well contracts. The majority of the easement contracts carry a ten-year term.
- **Lease:** TPL benefits through agreements with midstream and operating companies to lease land for the purpose of developing primarily facilities and roads. With a close eye on the local agriculture industry, TPL seeks to obtain and maintain as much land as possible under lease to production and infrastructure companies as well as local ranchers.

Water Service and Operations (26% of FY'19 Revenue)

The Water Service and Operations segment is comprised entirely of Texas Pacific Water Resources, a wholly-owned subsidiary. TPWR offers complete water services including brackish water sourcing; water gathering, treatment and recycling; end-to-end infrastructure; and well testing services. This segment is driven primarily by direct water sales with royalty interest, easements and sundry income.

- **Water Sales & Royalties:** Revenue is generated through direct sales to operators of wells upon delivery of water, and the royalty's revenue is recognized as a result of water use and is dependent on previous agreements with each customer.
- **Easements:** Through these easement contracts, TPL permits companies to install pipelines, pole lines or other necessary equipment needed for water sourcing, disposing or recycling. A few of these contracts are perpetual while the majority of the contracts are 10 years in length.
- **Sundry Income:** This form of income results from lease agreements with companies in various industries. Leases typically include annual fixed payments or royalties, along with permit income and material sales. The lease terms generally range from month-to-month to 10 years depending on the customer.

INDUSTRY OVERVIEW

Oil & Gas Production

Spanning across western Texas and eastern New Mexico and producing more barrels per day than any other oil reserve, the Permian Basin is the most prolific oil reserve in the United States. The favorable geology and technological improvements, such as horizontal drilling and digital site mapping, have fueled production growth. The Permian region yielded the highest return on investment relative to other US basins allowing companies to cover the cost of drilling, production, and development of new technologies. With the Permian being the largest oil reserve in the country, production has increased for 13 consecutive years with no signs of slowing moving forward to 2020 and 2021.

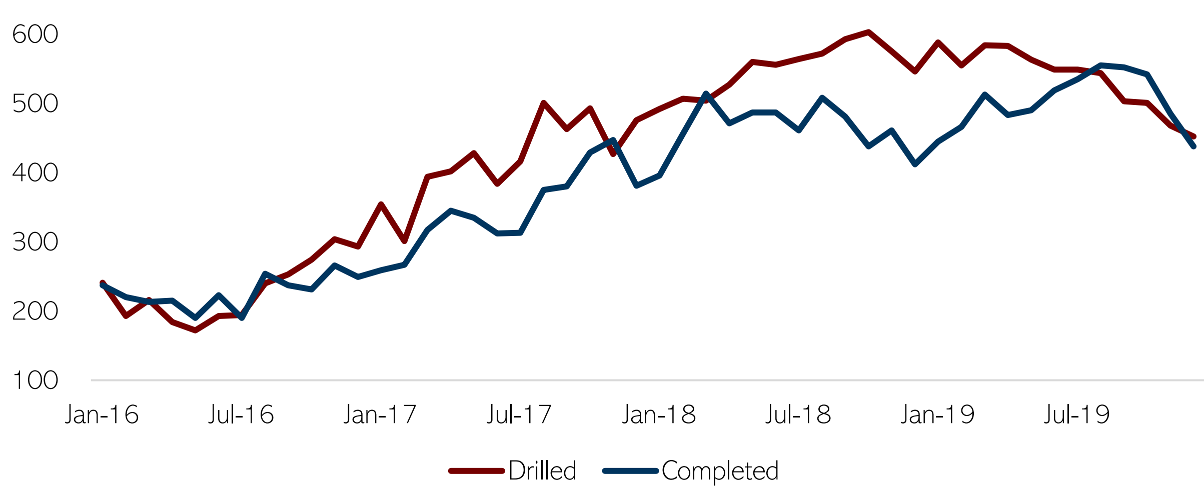
- As the Permian matured, companies became more efficient allowing for cost reductions in drilling and well completions. These advancements will ultimately drive further production growth throughout 2020. In February, we expect growth of 45 Mboe/d MoM as companies continue to benefit from low-cost production. For 2020, we expect oil production in the Permian to be ~5.2 MMboe/d a moderate increase of 800 Mboe/d over 2019 as a result of these production efficiencies and favorable government regulation. Moving into 2021, the production in the Permian is expected to increase by ~400 Mboe/d to ~5.6 MMboe/d.
- Production in the Permian also relies on natural gas production and the associated gases resulting from oil well production. Currently, production of natural gas is ~10.5 Bcf/d in the Basin. By 2025, we expect natural gas production to grow to 21 Bcf/d representing a 14% CAGR.

Drilled and Uncompleted Wells (DUCs)

DUCs are wells that have been prepared for production but have not yet produced any oil or natural gas. DUCs are a valuable statistic in forecasting production growth within a region as the fracking portion of production, on average, costs only 10-15% of the total cost of drilling a well. In the Permian, DUCs have recently eclipsed the number of active wells as companies benefit from short well spacing and production efficiencies.

- As seen in the graph, DUCs in the Permian peaked in October 2018, while 10 months later, in August 2019, completed wells hit its peak. The high inventory of DUCs can also result in a decline in oil prices, despite the number of active rigs, as expectations from investors see a significant rise in global oil supply. Currently, ~41% of the DUCs in the Permian are completed within 6 months from the time they are drilled.

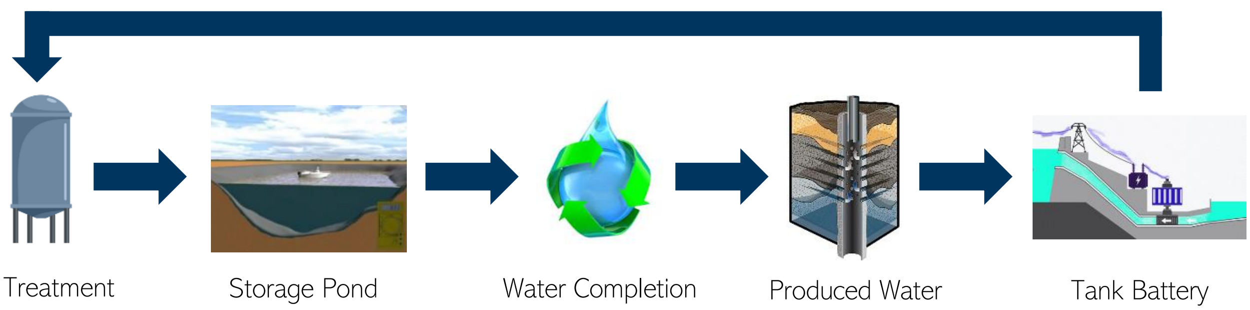
Completed & Drilled Wells in Permian



It's All About the Fracking Water

Throughout the process of hydraulic fracking, an enormous amount of water is needed to be mixed with chemicals and proppant (sand) to fracture shale and oil rocks for the extraction of petroleum and natural gases. As a result of this process, water is sourced from water management companies and produced throughout the process of hydraulic fracking. Well productivity improved as a result of hydraulic fracking and allowed for companies to expand horizontal drilling. The market for hydraulic fracking is expected to grow at a 9% CAGR through 2024.

- To understand the fracking process, it is important to grasp the difference between produced water and sourced water. Produced water is water generated as a byproduct of well production, while sourced water is the water pumped down the hole to elevate the oil toward the surface. Over the course of 2019, produced water averaged four barrels for every one barrel of produced oil. Furthermore, uses of water for energy purposes is estimated to be 15% of the global water consumption. To reduce the amount of source water needed for fracking, companies began investing in technology to recycle fracking wastewater rather than disposing of the water in disposal wells. As the most active oil field in the world, some analysts believe the Permian recycling fracking water market could boom equaling the boom of the oil and gas market.
- The dry climate in western Texas averages 13 inches of rain per year resulting in a large demand for water from outside sources. Demand in the Permian, sometimes reaching over 15 million gallons per well, created an enormous opportunity in water management as spending on water supply, transport, treatment, storage and disposal has increased 12% per year since 2017 and is expected to grow $17bn per year through 2028.



Pipelining

Exponential production growth in the Permian has led to a need for new pipeline infrastructure to carry the oil and natural gases. As a result of this market opportunity, Kinder Morgan and Enterprise Product Partner's, among other companies, announced plans to build new pipelines within the Permian to capitalize on the need for transportation. In total, there are plans to open five new oil pipelines by 2021.

- Currently, Enterprise operates its Midland-to-ECHO 1 and 2 crude pipelines. The Midland-to-ECHO 1 transportations volume increased 7% YoY, in 4Q'19, while the Midland-to-ECHO 2 was converted from an LNG pipeline to a crude pipeline. Among other plans, Enterprise is building its Midland-to-Echo 3 pipeline in the Permian with an expected finish in 3Q'20 and has plans of constructing the Midland-to-Echo 4 by 2Q'21. These two new pipelines will transport crude from Midland, Texas to Houston, Texas where Enterprise's ECHO terminal is located. Enterprise's two new pipelines will transport crude adding ~1 MMboe/d of capacity to the Permian's transportation capacity. The crude pipelines will exacerbate the gap present between production and carrying capacity that has put pressure on midstream companies.
- Kinder Morgan plans to build a natural gas pipeline that will have the capacity to transport ~2.0 Bcf/d of natural gas from the Permian to markets in the Texas Gulf Coast. Kinder Morgan's pipeline will benefit from the growth in natural gas production from 10 Bcf/d currently to the expected 25 Bcf/d of output by 2025, representing a 17% CAGR.

CATALYSTS & DRIVERS

Drip or Drown

Texas Pacific Water Resources (TPWR) was formed in 2017 in an attempt to broaden the services that TPL could provide companies that operated on its land. The wholly-owned subsidiary is focused on both produced and sourced water. Additionally, TPWR has recently focused on the sustainable practice of recycling and treatment of produced water. As outlined in the Industry Overview, water is becoming more and more important in the oil and gas world and TPWR is in a unique position to capitalize on the industries growth.

The Supply: Why TPWR has no True Competitors

- In our opinion, TPL's management struck blue-gold with the creation of TPWR. The structure of TPL allows TPWR to operate more efficiently than some of its pure play water transport counterparts. No other water services company owns remotely close to the amount of land that TPL owns. These other companies must negotiate with land owners in the Permian to either source water or transport water across that land. **TPWR bypasses this process by sourcing and transporting water on its own land.**
- Additionally, TPWR benefits from the unique relationship TPL has with the E&Ps in the Permian. For water services companies, E&Ps are not only the biggest customers, *but also the biggest competitors.* Some of these E&Ps will choose to keep their water sources in house rather than outsourcing to an unfamiliar third-party service provider. The issue, however, is that the amount of water infrastructure needed in the initial drilling stages exceeds what is needed into perpetuity. Therefore, some E&Ps *do* choose to outsource these services.
- **TPWR is better positioned to supply E&Ps with the water services they need because TPL already has working relationships with many of these companies. Of the 44 biggest producers in the Permian, TPL has an existing relationship with 38, and 30 of them drill on TPL's net royalty acres.**
- TPL's land-ownership and existing relationships with the E&P companies make it best positioned to offer the flexibility of service E&Ps need. As E&P's start to want shorter contracts and more flexibility with water sourcing, TPWR is in the best place to deliver.

The demand: What can TPWR capitalize on?

- The water cut (water produced/oil extracted ratio) in the Delaware is significantly higher than any other major US basin. The average cut in the Delaware is 3.5 to 1 and rises as high as 7-8 to 1 in parts of the Northern Delaware. For comparison, the average cut in the Midland is 2 to 1 and 1 to 1 in Eagle Ford.
- Total produced water production is expected to increase in the Delaware by 24% in 2020 and 21% in 2021. According to TPL's latest investor presentation, demand for produced water disposal on TPL-owned land has risen 3x faster than the rest of the Permian. Sourced water production is projected to increase by 10% and 7%, respectively. While this data is for the Delaware as a whole, TPWR dominates in the Northern Delaware, which comprised ~52% of produced water and ~32% of sourced water production in 2019.
- **If TPWR holds steady its market share in 2020 and operates at its 2019 royalty average of $0.12/bbl for produced water and $0.63/bbl for sourced water, it will accumulate ~$54mm in revenue from produced water. This number will rise to ~$64mm in 2021. For sourced water, this will equate to ~72mm and ~80mm respectively.**

A defensive segment in more ways than one:

- TPWR is currently focusing on expanding its treatment and reuse segment. While it is currently not feasible for E&P's to completely shift to recycled water, it is certainly an avenue many are taking. TPWR's expansion provides a natural hedge for shifting preferences in the E&P industry. The treated water segment grew 32% YoY last quarter, while the produced water segment grew 90%, illustrating the health of both.

- Water services are a hedge against falling oil prices as a result of increased production. If a drastic increase in production were to drive WTI prices down, as it did in 2018, oil and gas revenues may fall. At the same time, E&Ps would be forced to increase spending on water for the fracking process. TPWR's land ownership and relationships would allow it to quickly capitalize on the increased production to offset the falling oil prices.

Gentlemen, Rev Your Engines

The Permian Basin underwent three years of explosive production increases, thanks to fracking and other collection practices improvements. In 2018, that explosion of production blew past the midstreams' throughput capacity and created the infamous Permian bottleneck. The bottleneck drove a nearly 30% spread between the price of WTI (crude from the Permian) and MEH (crude from Houston). The bottleneck hurt E&P companies' profitability, and soon after the Permian Boom started, it faded to a sizzle.

- From 2017 to 2019, production nearly doubled from ~2.1 MMboe/d to 4.7 MMboe/d. By year-end 2019, production growth fell to about 20% and the EIA currently projects growth of about 17% in 2020. Pressure from investors to focus on capital discipline and decreasing operating expenses drove the muted growth compared to years prior.
- While E&P companies focused on cutting spending in the Permian, midstream companies flooded West Texas to alleviate the bottleneck and increase throughput capacity. Fast-forward to 2H'19, those pipeline projects started to come online and throughput capacity grew to outpace production, ~6MMboe/d vs 4.7MMboe/d. Through 2020 and early 2021, more projects are expected to come online, increasing capacity by around 3.5MMboe/d and driving pipeline rates lower.
- The combination of increased capacity driving the WTI-discount closer to 0% and pipeline rates falling will incentivize E&P companies in the Permian to shift away from their focus on curbing spending and back towards increasing production. We believe that these improving conditions have the capability to increase overall Permian production by well-over 20% through 2020.

[Don't] Get Off My Land

The majority of TPL's land is in the sweet spots of the Permian: the Delaware and Midland Basins. Further, we have fairly clear revenue growth foresight into 30%-40% of TPL's business. In FY'18, TPL derived 16% of its revenue from Chevron and 15% from Anadarko. In November of 2019, TPL broke down the wells operated on its land by company: 17.5% belonged to Occidental (acquirer of Anadarko), 10.4% belonged to Chevron, and 9.4% belonged to Exxon Mobil. All three companies outlined aggressive growth prospects for the Permian in 2019, and we believe that some of the production goals may even be slightly underestimated.

- In its November Investor Presentation, Chevron outlined both CapEx and production goals for the Permian Basin after calling it an "immature and core asset." While headlines surrounding the Permian have been focused on decreased investment by E&Ps, Chevron anticipated spending a total of $3.6bn on upstream activities in the area. $3.6bn is about 20% of Chevron's total CapEx budget for FY'19, consistent with Permian spending in 2018, and a sizeable increase over the sub-$2.5bn and $3.3bn it spent in 2016 and 2017, respectively. Further, it guided an increase in production from 510 Mboe/d in 4Q'19 to 900 Mboe/d in 2023, representing a ~15% CAGR.
- Occidental Petroleum acquired Anadarko in the 1H'19 and proceeded to sell off its African assets to our portfolio company, Total S.A. Occidental also outlined plans for further asset sales and mentioned some of its acquired US assets in the Appalachian region. While seemingly unrelated to our story for TPL, these asset sales give Occidental the ability to focus on its other assets, like its wells in the Permian. In an ER report on Occidental, Morgan Stanley pointed out that Anadarko's assets produced 30%-45% less than similar assets under Occidental's control, despite 30% higher up-front costs. Since Anadarko's wells also underperformed the average of similar assets under other offset operators, it's likely that the sub-par production was a function of user error, not acreage quality. Morgan Stanley expects that under Occidental's control, those assets will increase in production to close that 30%-45% gap.

- Since Exxon Mobil is not included in the list of high-contributing companies but operates 9.4% of the wells on TPL's land, compared to Chevron that operates 10.4%, we expect that Exxon makes up just under 10% of TPL's revenue. With that in mind, Exxon has even more bullish production goals for the Permian that are more specific to TPL. **Exxon currently produces ~350 Mboe/d in the Permian, and guides to produce 800 Mboe/d in 2022 and 1,000 Mboe/d in 2024. That's a ~40% CAGR, and 50% of Exxon's outstanding permits are on TPL's land.**

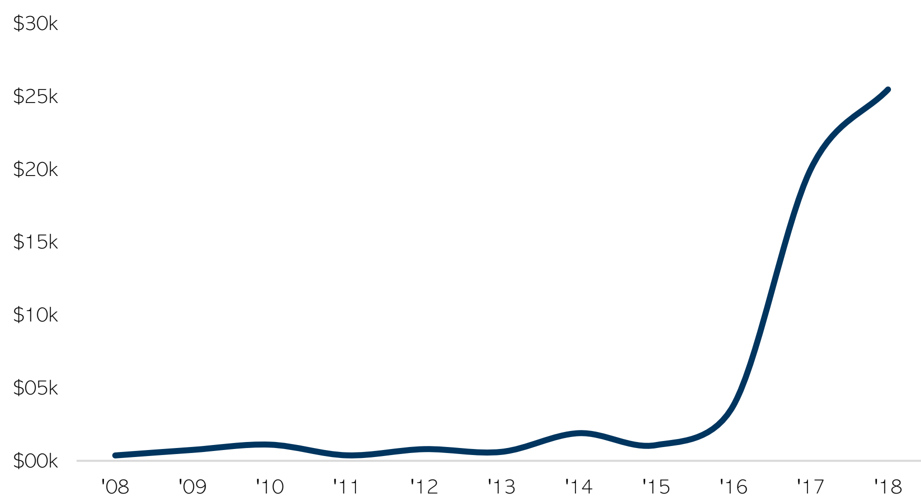
Using the companies' growth for production and CapEx over the next two years, we are projecting about 7.5% growth in production on TPL's land each year for the next two years, from just 41% of its revenue base.

ADDITIONAL COMMENTARY

Although the following notes are not quantifiable catalysts, we believe that they have the potential to drive additional upside not accounted for in the model. The two notable aspects of TPL are the increasing value of land it owns, and the possible conversion from a trust to a C-Corp.

- In-fighting between the TPL trustees and activist-investor Horizon Hedge Fund drove much of the undervaluation in 2019, but the ending result may prove to drive outsized returns. The settlement that ended all lawsuits in late 2019 stipulated that the two groups would form a committee to evaluate the best structure for TPL moving forward. In January, that committee finalized its opinion that a C-Corp is the most appropriate structure for TPL. The committee explained that the increased checks and balances, corporate compliance, and financial reporting would drive better business decisions and unlock shareholder value. Additionally, conversion to a C-Corp allows TPL to be included in ETFs and mutual funds.
- As a side note, Credit Suisse recently served as financial advisor on the conversion committee. This is the first time that TPL has interacted with a major investment bank and CS decides to initiate coverage, a spur of initiations of coverage may further drive the multiple to expand.
- TPL owns ~900,000 acres of land in one of the most prominent oil basins in the world; that land is worth a lot of money, and as production becomes more efficient, land prices will continue to rise. Although we will not project out land sales, TPL does sporadically sell its land and is therefore to benefit from increasing land prices. In 1Q'19, TPL sold 21,000 acres for ~$100mm. As prices continue to rise, TPL will be able to offload more of its acreage to E&P companies, as well as charge higher easements rates.

Average Price/Acre Sold in the Permian

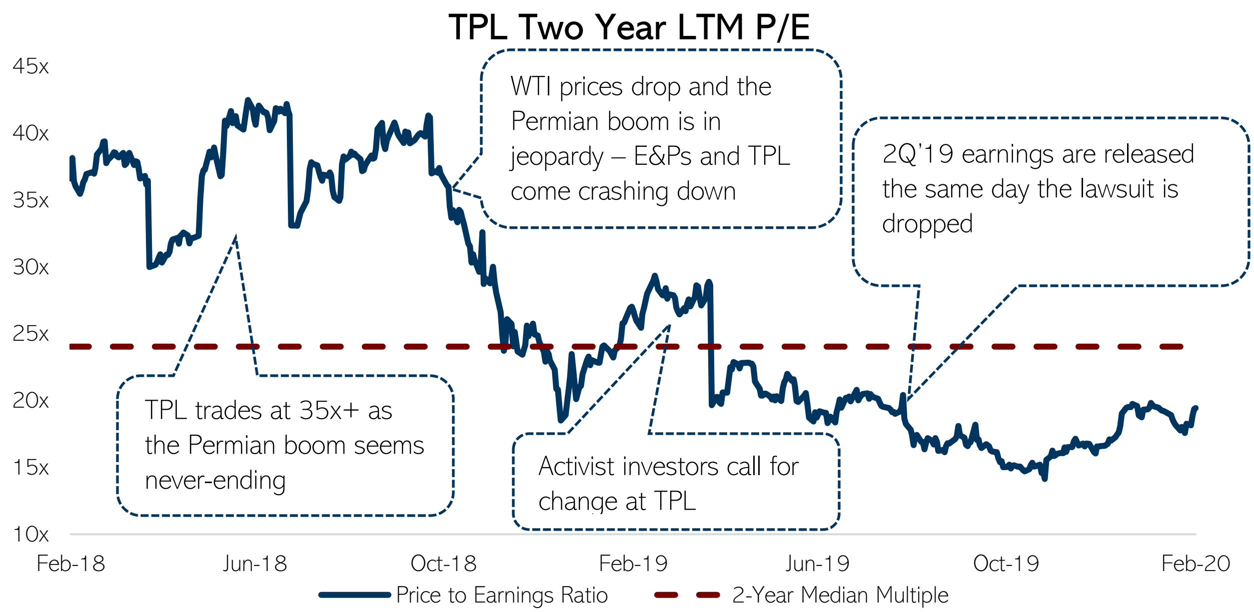


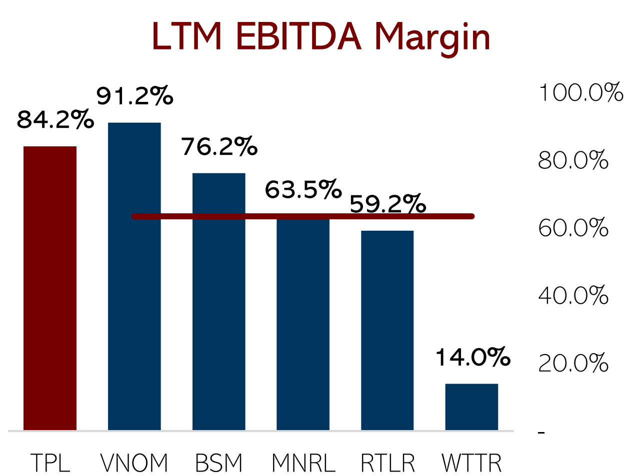
UNDERVALUATION & THESIS

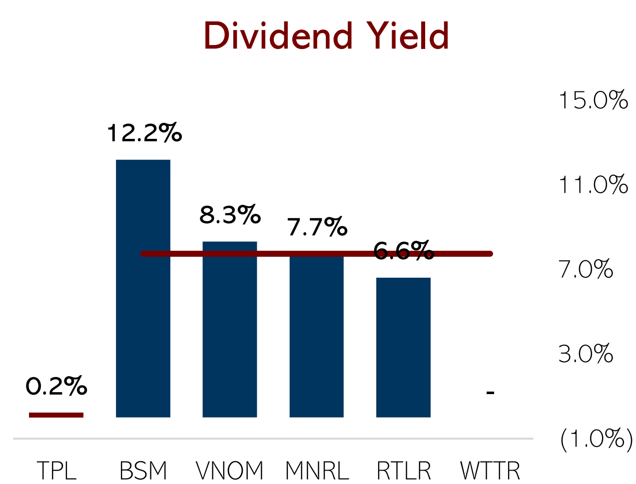
- Over the last two years, TPL's LTM P/E multiple has risen as high as 42x and dropped as low as 14x as a limited investor base struggles to price such a unique company operating amidst, but not within, a volatile industry. In this time frame, TPL has traded both on individual company events and progress and occasionally in line with some E&Ps. The craziness over the past 24 months resulted in what we believe to be a *fundamental undervaluation of TPL,* which currently trades at 18.9x, a ~21% discount to its two-year median of 24x.
- From February to late September of 2018, TPL's multiple hovered in the upper 30s, reflecting a US production and drilling boom in the Permian that seemed to have no end. Towards the end of the year, however, TPL and many of the major US E&P's took a nosedive. TPL stock sold off 29% from September 28 to November 16. In the same time frame the XOP, the E&P ETF dropped 20%. Part of the reason that TPL sold off more than the XOP was that at the same time Anadarko, which comprised 16% of TPL's revenue, was rumored to be a possible acquisition target. This brought some uncertainty into the mix, but the final deal with Occidental puts those uncertainties to rest.
- We believe that TPL's multiple was inflated before this drop and reflected unrealistic expectations for continued commodity prices, global demand, and US drilling. After this correction, the stock traded at 24x, its current median, for a month before it got caught up in a broader market sell off in December 2018.
- Entering 2019, TPL's multiple rebounded through the first quarter but dropped to 19.2x in late March as 2018 earnings rolled off. After this point however, multiple appreciation was stunted by an ongoing fight with a group of activist investors. In March, when the TPL trustee stepped down, a group of activist funds including Kinetics and SoftVest LP wrote a letter to management stating that they were nominating their own candidate. These funds owned ~25% of shares at the time. The funds' proposed changes included changing the structure of the organization from a trust to a Delaware C Corp and establishing a board of directors
- What ensued in the coming months can only be described as a petty battle between the Trust and the "Dissidents", as they were called. Each side accused the other of holding "sham meetings" and eventually the dissidents filed a lawsuit against the trust for misguiding shareholders. After about two months, on July 31, 2019, they dropped the case as long as the Trust formed a committee (that included members of Kinetics) to explore conversion to a C-Corp. The committee recommended a switch in January 2020.
- Unfortunately, the news came on the same day as a poor earnings report for TPL. Investors reacted negatively to a slight YoY decline in Oil and Gas revenues that came as a result of a 44% YoY decrease in royalties from Gas. While this is not favorable, TPL has shown in the last two quarters that it is still able to generate strong financial performance despite Natural Gas and crude prices that continue to drop.
- Since the trough in October 2019, the multiple has slowly appreciated to current levels. TPL ran its course as a growth stock and gone are the days of a 40x+ multiple and 20% QoQ revenue growth. We believe, however, that we are currently at a very attractive entry point for the name.
- TPL is entering its stage as a mature value play in the Permian Basin. The company is focused on returning cash to shareholders and continuously improving the business model. We believe the company should trade where it did at the end of 2018, after the E&Ps came crashing down to reality. The activist investor debacle has no material impact on the stock, and the company has shown resilience to weakness in 2Q'19 earnings.

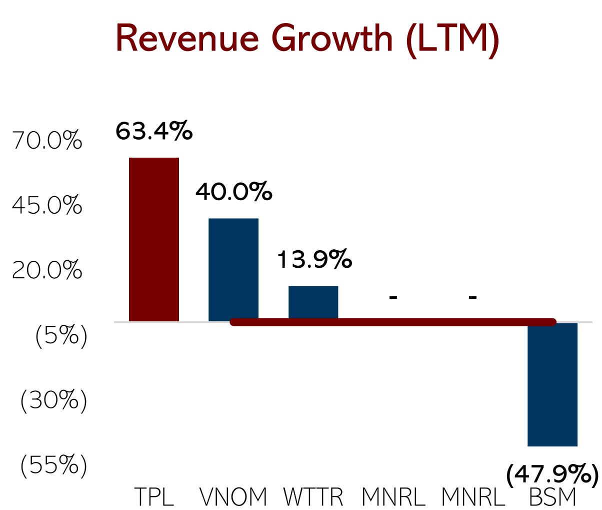
Activist Investor Timeline

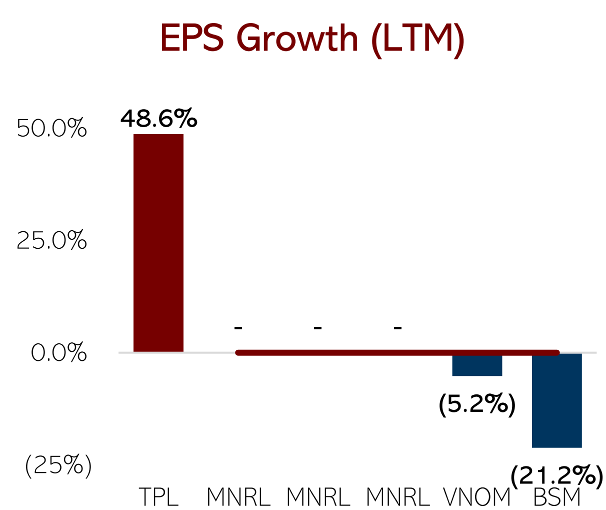
Kinetics and SoftVest disclose stake in TPL – nominate own Trustee	Activist investors accuse TPL of misconduct and sue	Lawsuit is dropped	Committee is formed to explore conversion from Trust to C-Corp	Trust recommends conversion to C-Corp
3/19/2019	**5/28/2019**	**7/31/2019**	**8/01/2019**	**1/22/2020**


TPL Two Year LTM P/E
45x
40x
35x
30x
25x
20x
15x
10x
WTI prices drop and the Permian boom is in jeopardy – E&Ps and TPL come crashing down
2Q'19 earnings are released the same day the lawsuit is dropped
TPL trades at 35x+ as the Permian boom seems never-ending
Activist investors call for change at TPL
Feb-18
Jun-18
Oct-18
Feb-19
Jun-19
Oct-19
Feb-20
Price to Earnings Ratio
2-Year Median Multiple


LTM EBITDA Margin
84.2%
91.2%
76.2%
63.5%
59.2%
14.0%
100.0%
80.0%
60.0%
40.0%
20.0%
-
TPL
VNOM
BSM
MNRL
RTLR
WTTR


Dividend Yield
0.2%
12.2%
8.3%
7.7%
6.6%
-
15.0%
11.0%
7.0%
3.0%
(1.0%)
TPL
BSM
VNOM
MNRL
RTLR
WTTR


Revenue Growth (LTM)
70.0%
45.0%
20.0%
(5%)
(30%)
(55%)
63.4%
40.0%
13.9%
-
-
(47.9%)
TPL
VNOM
WTTR
MNRL
MNRL
BSM


EPS Growth (LTM)
50.0%
25.0%
0.0%
(25%)
48.6%
-
-
-
(5.2%)
(21.2%)
TPL
MNRL
MNRL
MNRL
VNOM
BSM

PEER GROUP ANALYSIS

Black Stone Minerals LP (BSM) is a limited partnership operating through the ownership of natural gas mineral interests and non-participating royalty interest. The partnership has mineral and royalty interests in 41 states throughout the US; it's only nation of operation. Along with most of the comparable companies, BSM reports revenue through one segment.

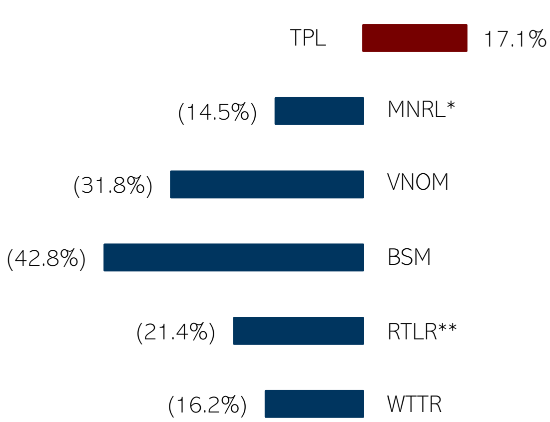
Brigham Minerals (MNRL) is a crude and natural gas mineral and royalty acquisition company based in Austin, Texas. The company operates throughout the US by acquiring mineral rights and royalties' interest in major US oil fields including the Permian Basin, DJ Basin, and the Bakken. Revenue for Brigham is reported in a single segment: Oil and Natural Gas Exploration and Production. MNRL has a technologically sophisticated field evaluation system capable of capturing wells rich in resources.

Rattler Midstream LP (RTLR) is a limited partnership formed in 2019 by Diamondback Energy, Inc. The company is a pure-play midstream company owning, operating, developing, and acquiring midstream infrastructure assets in the Permian Basin, namely the Midland and Delaware Basins. Rattler reports revenue through two segments: Midstream Services, and Real Estate Operations. RTLR also owns equity interests in three crude pipelines that will run from the Permian Basin to the Texas Gulf Coast upon completion.

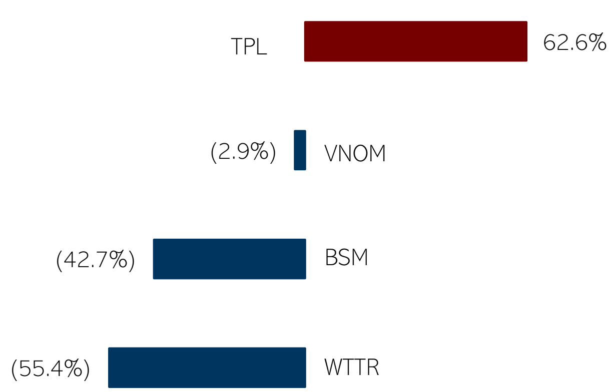
Select Energy Services, Inc. (WTTR) is an oilfield services company operating primarily within the US with a small operation in Western Canada. The company reports through three operating segments: Water Solutions, Oilfield Chemicals, and Wellsite Services. Through its Water Solutions segment, WTTR offers its customers water sourcing, transfer, disposal, and recycling, along with handing the flowback of produced well water.

Viper Energy Partners LP (VNOM) is an exploration and production company that derives revenue through ownership of oil fields throughout the US. The focus of VNOM is on Permian Basin and Eagle Ford Shale. The company operates through one segment dedicated to oil and natural gas property acquisitions.

1-Year Perfomance



2-Year Perfomance



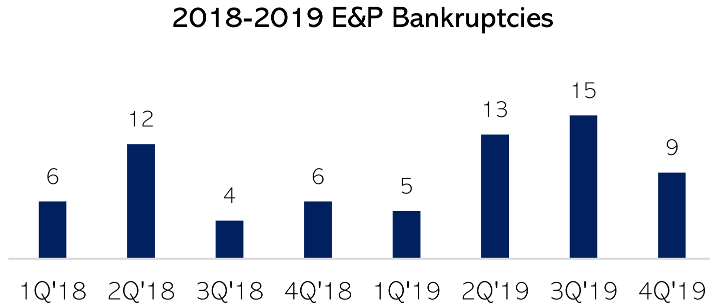
* MNRL started trading on April 18, 2019
** RTLR started trading on May 23, 2019

Company		Market Statistics		Growth Analysis				Margin Analysis				Valuation Analysis					
												Enterprise Value /					
		Market	Enterprise	Sales		EPS		EBITDA Margin		Profit Margin		EBITDA		Sales		Price / Earnings	
	Ticker	Cap	Value	LTM	2019E	LTM	2019E	LTM	2019E	LTM	2019E	LTM	2019E	LTM	2019E	LTM	2019E
Texis Pacific Land Trust	TPL	$6,221	$5,975	94.1%	63.4%	53.0%	48.6%	84.2%	84.2%	65.4%	65.4%	15.1x	16.2x	12.2x	13.5x	19.4x	20.9x
Brigham Minerals	MNRL	967	986	-	-	-	-	63.5%	75.7%	14.0%	30.2%	13.5x	9.7x	10.2x	7.4x	33.9x	18.9x
Viper Energy Partners LP	VNOM	3,391	3,780	1.7%	40.0%	(63.5)%	(5.2)%	91.2%	91.2%	49.8%	49.8%	13.8x	9.9x	12.8x	9.0x	24.7x	27.5x
Rattler Minerals LP	RTLR	2,289	2,765	-	-	-	-	59.2%	59.2%	34.1%	34.1%	10.5x	7.3x	6.4x	5.2x	14.1x	11.0x
Black Stone Minerals, LP	BSM	2,027	2,736	30.8%	(47.9)%	71.8%	(21.2)%	76.2%	76.2%	48.5%	48.5%	6.9x	7.5x	5.3x	5.6x	8.4x	9.4x
Select Energy Services	WTTR	742	792	(26.5)%	13.9%	100.0%	(57.0)%	14.0%	14.0%	2.4%	2.4%	4.4x	4.9x	0.6x	0.6x	21.2x	17.6x
High		$3,391	$3,780	30.8%	40.0%	71.8%	5,700.0%	91.2%	91.2%	49.8%	49.8%	13.8x	9.9x	12.8x	9.0x	33.9x	27.5x
Mean		1,883	2,212	2.0%	2.0%	(31.2)%	1,891.2%	60.8%	63.2%	29.8%	33.0%	9.8	7.9x	7.1x	5.6x	20.5x	16.9x
Median		2,027	2,736	1.7%	13.9%	(63.5)%	(5.2)%	63.5%	75.7%	34.1%	34.1%	10.5	7.5x	6.4x	5.6x	21.2x	17.6x
Low		742	792	(26.5)%	(47.9)%	(102.0)%	(21.2)%	14.0%	14.0%	2.4%	2.4%	4.4	4.9x	0.6x	0.6x	8.4x	9.4x

Company		General Statistics			Returns Analysis			2018A Leverage Analysis			2018A Coverage Analysis			Liquidity Profile		Credit Profile	
								Total Debt /									
				Dividend							EBITDA /	(EBITDA	EBIT /	Quick	Current		
	Ticker	Tax Rate	Beta	Yield	ROIC	ROE	ROA	Cap	EBITDA	Equity	Int. Exp.	-Cpx)/Int.	Int. Exp.	Ratio	Ratio	Moody's	S&P
Texis Pacific Land Trust	TPL	20.7%	1.39	0.2%	90.8%	97.8%	84.2%	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	4.17	4.59	-	-
Brigham Minerals	MNRL	9.9%	1.06	7.7%	1.9%	13.2%	1.9%	0.0x	-	0.0x	0.1x	(0.0x)	0.2x	6.71	7.07	-	-
Viper Energy Partners LP	VNOM	32.0%	0.77	8.3%	12.7%	6.4%	2.4%	0.1x	1.6x	0.3x	0.1x	0.1x	0.1x	3.77	14.44	-	BBB-
Rattler Minerals LP	RTLR	21.6%	0.98	6.6%	11.0%	12.3%	11.2%	0.0x	-	0.0x	0.0x	0.0x	0.0x	0.14	0.66	-	-
Black Stone Minerals, LP	BSM	0.0%	0.72	12.2%	23.5%	38.4%	20.2%	25.4x	0.9x	34.1x	21.2x	6.9x	15.3x	1.83	2.43	-	-
Select Energy Services	WTTR	3.0%	1.29	0.0%	1.0%	(0.1)%	(0.1)%	4.0x	0.4x	4.1x	0.1x	0.0x	0.1x	2.00	2.40	-	-
High		32.0%	1.29	12.2%	23.5%	38.4%	20.2%	25.4x	1.6x	34.1x	21.2x	6.9x	15.3x	6.71	14.44		
Mean		13.3%	0.96	7.0%	10.0%	14.0%	7.1%	5.9x	1.0x	7.7x	4.3x	1.4x	3.1x	2.89	5.40		
Median		9.9%	0.98	7.7%	11.0%	12.3%	2.4%	0.1x	0.9x	0.3x	0.1x	0.0x	0.1x	2.00	2.43		
Low		0.0%	0.72	0.0%	1.0%	(0.1)%	(0.1)%	0.0x	0.4x	0.0x	0.0x	(0.0x)	0.0x	0.14	0.66		

ECONOMIC MOATS & RISKS TO INVESTMENT THESIS

Risks to the Investment Thesis



- **Bankruptcy:** 2019 brought a wave of bankruptcy to the energy sector. Over 40 energy companies, most of which were E&Ps, filed for bankruptcy in 2019 as falling WTI prices pressured smaller producers. Since 2015, 94 E&Ps have filed for bankruptcy in Texas alone. As TPL depends on revenue streams from the companies that use its land, a new wave of E&P bankruptcies in 2020 could materially affect TPL's top and bottom line. Despite many of the large companies that operate on TPL's land, there are a few smaller players that are higher risk.

- **Fracking regulation:** Fracking has been a hotly debated topic ever since the 2012 presidential election. At this point, the EPA was beginning to look into the environmental impact of fracking, and Obama and Romney were forced to answer whether the process should be regulated on a state or federal level. While there is currently federal regulation surrounding many aspects of fracking including water safety and air quality, most regulation still comes from the state level. As the 2020 presidential race heats up, it is important to note where the democratic candidates stand on fracking. Sanders and Warren, two front-runners for the nomination, have stated that they support a total ban on fracking. Buttigieg and Biden, however, are more moderate in their stances and do not seem to be in a hurry to put an end to the practice. It is important to note that any federal ban on fracking would mostly likely be a ban on public land, not on private property. The chances of a complete ban on fracking, including that done on private land like TPLs, being legislated are extremely slim. Should this occur, however, it would be a deathly blow to TPL's operations. If fracking was banned on only federal land, the value of TPL's land would increase.

Economic Moats

- **Economies of Scale:** TPL owns close to 1 million acres in the Permian Basin and therefore has access to all of that land for the creation of infrastructure. This gives TPL a material advantage over other Water Resource companies when it comes to the production and distribution of land. These other companies, if they don't own the land, must negotiate with landowners to source the water from wells and then negotiate with other land owners to build transport pipelines to deliver the water to the E&Ps. TPWR can simply source and deliver water on the land already owned by TPL. TPWR bypasses a big cost that other water services companies cannot get around.

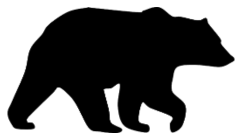
- **Bigger and better E&Ps:** TPL, compared to its land and resource management peers, has relationships with much stronger upstream companies. Three of TPL's key players are ExxonMobil, Chevron, and Occidental. Viper partners with Diamondback and Concho while Brigham Minerals has Noble Energy and Ovintiv. Aside from simply producing more, these large companies also plan on spending more in the Permian in the coming years. Additionally, the big names are less likely to decrease production in response to short-term global drops in oil prices and generally have stronger balance sheets. Small E&P's do not have this flexibility or financial stability, giving TPL a material advantage over other land owners in the event of a downturn.

Key Operators (Avg. Market Cap - $113bn):

Exxon Chevron eog resources OXY PIONEER NATURAL RESOURCES

SCENARIO ANALYSIS

Bear Case: (25%)



Exit Multiple Method	
Terminal Year EBITDA:	$420,246.1
Exit Multiple:	11.0 x
Terminal Value:	4,622,707
PV of Terminal Value:	3,426,169
PV of Stage 1 Cash Flows:	1,003,142
Implied Enterprise Value:	$4,429,311
(+) Cash & Equivalents:	249,881
(-) Preferred Stock:	0
(-) Total Debt:	0
(-) Pension Obligations:	0
(-) Non-Controlling Interests:	0
(-) Capital Leases:	0
Implied Equity Value:	$4,679,192
Diluted Shares O/S:	7,756.2
Implied Share Price:	$603.29
% Return:	*(24.8%)*

Bull Case: 50%

Exit Multiple Method	
Terminal Year EBITDA:	$935,787.2
Exit Multiple:	11.0 x
Terminal Value:	10,293,660
PV of Terminal Value:	7,629,255
PV of Stage 1 Cash Flows:	1,486,760
Implied Enterprise Value:	$9,116,015
(+) Cash & Equivalents:	249,881
(-) Preferred Stock:	0
(-) Total Debt:	0
(-) Pension Obligations:	0
(-) Non-Controlling Interests:	0
(-) Capital Leases:	0
Implied Equity Value:	$9,365,896
Diluted Shares O/S:	7,756.2
Implied Share Price:	$1,207.54
% Return:	*50.5%*

Bear Case Assumptions

- Land and Resource Management revenue growth decreases as production stalls and oil and gas royalties hold flat. This would likely be caused by a steeper and more drawn-out decrease in global demand for oil.
- Water Services & Operations revenues fall as decreased oil production causes a slowdown in the demand for sourced and produced water services. The TPWR revenue would not fall with Land & Resource Management revenue if the decrease were caused by falling oil prices; it only would in the case of a global drop in demand.
- Expenses related to water services rise and more maintenance is needed to keep up with the water assets being installed. This type of expense would not be related to any improvements in the infrastructure or operational expenses incurred by the companies using the infrastructure; unexpected or regular repairs would drive this expense.
- SG&A expenses rise as the conversion to a C-Corp causes TPL to hire more than expected compliance staff.

Bull Case Assumptions

- Our bull case is derived from production increases from the biggest players in the Permian Basin, such as Exxon, Occidental Petroleum, and Chevron, beyond what management has outlined for 2020 and 2021.
- Based on these production increases, TPWR would benefit through sourcing and recycling water to companies in the Permian that typically outsource their water needs.
- Our bull case assumes TPL being able to reduce costs. Through tax laws, TPL would benefit during the transition from a Trust to a C-Corp. We also assume that there are no increases in SG&A expenses despite the shift to a C-Corp, as nothing necessarily has to change.

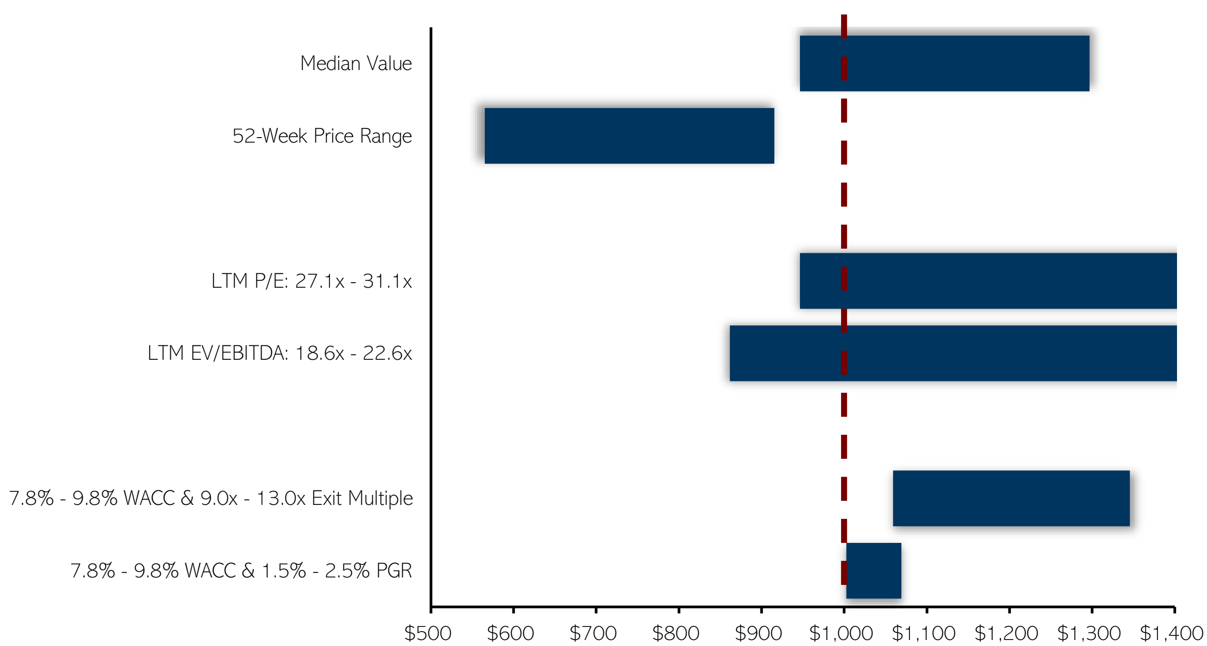
VALUATION ANALYSIS

DCF Assumptions

Our DCF baseline assumptions are based on the aspects of TPL's business that we can project out with reasonable certainty. For topline growth of the Land & Resources Management segment, we used the 7.4% growth in 2020 calculated in the catalyst, plus 3% to account for growth by non-primary drillers. For the TPWR segment, we assumed 37.4% in 2020 (compared to 43.3% in 2019), based on increased produced water and drilling activity, but fewer new contracts than in FY'19 as the business matures. We also increased the amount of shareholder returns in 2021-2023, to account for TPL's shift away from reinvestments and back to returning value to shareholders.

DCF	4Q19e	2019e	2020e	2021e	2022e	2023e
Revenue	$113,342.8	$490,506.8	$541,598.1	$676,997.6	$812,397.2	$934,256.7
EBITDA	93,995.2	410,721.2	441,402.5	538,213.1	645,855.7	742,734.1
EBIT	90,375.2	401,788.2	424,539.1	519,287.7	621,633.6	712,975.0
Income Tax Benefit (Expense)	(19,952.9)	(83,530.9)	(91,285.0)	(109,626.3)	(131,343.1)	(150,766.9)
NOPAT (EBIAT)	$70,422.3	$318,257.3	$333,254.2	$409,661.5	$490,290.5	$562,208.0
Depreciation & Ammortization	3,620.1	3,620.1	16,863.4	18,925.4	24,222.1	29,759.2
Stock-Based Compensation	-	-	-	-	-	-
Capital Expenditures	(17,001.4)	(17,001.4)	(54,159.8)	(81,239.7)	(89,363.7)	(93,425.7)
Goodwill Impairement	-	-	-	-	-	-
(Increase)/Decrease in Working Capital	(31,864.5)	(31,864.5)	(15,924.8)	(8,532.7)	(14,532.3)	(12,188.7)
(Increase)/Decrease in LT Items	(65.0)	(65.0)	(273.3)	(71.8)	(73.2)	(74.7)
Unlevered Free Cash Flow	$25,111.4	$25,111.4	$279,759.6	$338,742.7	$410,543.5	$486,278.1
Full-Year Discount		*0.04*	*1.04*	*2.04*	*3.04*	*4.04*
Mid-Year Discount		*0.02*	*0.54*	*1.54*	*2.54*	*3.54*
Discount Factor		*1.00*	*0.96*	*0.88*	*0.81*	*0.74*
Present Value of Future Free Cash Flow		$25,070.1	$267,285.7	$297,372.8	$331,154.8	$360,410.2
% Growth			*966.2%*	*11.3%*	*11.4%*	*8.8%*

Texis Pacific Land Trust - Valuation Summary



Multiples Valuation

LTM P/E

	25.1x	27.1x	29.1x	31.1x	33.1x
$28.71	(10.0%)	(2.8%)	4.3%	11.5%	18.6%
$34.86	9.3%	18.0%	26.7%	35.4%	44.1%
$41.01	28.6%	38.8%	49.0%	59.3%	69.5%
$47.16	47.9%	59.6%	71.4%	83.2%	94.9%
$53.31	67.2%	80.5%	93.7%	107.0%	120.3%

LTM EV/EBITDA

	16.6x	18.6x	20.6x	22.6x	24.6x
$289,207	(20.4%)	(11.1%)	(1.8%)	7.5%	16.8%
$351,180	(3.9%)	7.4%	18.7%	30.0%	41.3%
$413,153	12.7%	25.9%	39.2%	52.5%	65.8%
$475,126	29.2%	44.5%	59.7%	75.0%	90.3%
$537,099	45.7%	63.0%	80.2%	97.5%	114.8%

EV Exit Multiple

	7.0x	9.0x	11.0x	13.0x	15.0x
6.8%	(8.4%)	10.5%	29.4%	48.3%	67.2%
7.8%	(11.0%)	7.3%	25.6%	43.9%	62.2%
8.8%	(13.4%)	4.2%	21.9%	39.6%	57.3%
9.8%	(15.8%)	1.3%	18.5%	35.6%	52.7%
10.8%	(18.1%)	(1.5%)	15.1%	31.7%	48.3%

Perpetuity Growth Rate

	1.0%	1.5%	2.0%	2.5%	3.0%
6.8%	5.2%	11.1%	17.8%	25.6%	34.7%
7.8%	2.2%	7.9%	14.4%	21.9%	30.7%
8.8%	(0.7%)	4.8%	11.1%	18.4%	26.9%
9.8%	(3.5%)	1.9%	7.9%	15.0%	23.3%
0.8%	(6.1%)	(1.0%)	4.9%	11.8%	19.8%

Valuation Method	Downside	Delta	Upside
7.8% - 9.8% WACC & 1.5% - 2.5% PGR	$ 865.26	$ 57.2	$ 922.41
7.8% - 9.8% WACC & 9.0x - 13.0x Exit Multiple	860.67	226.9	1,087.52
LTM EV/EBITDA: 18.6x - 22.6x	861.63	542.1	1,403.70
LTM P/E: 27.1x - 31.1x	946.39	522.7	1,469.06
52-Week Price Range	565.10	350.56	915.66
Median Value	$861.63	$350.56	$1,087.52
Implied Return (%)	*7.4%*		*35.6%*

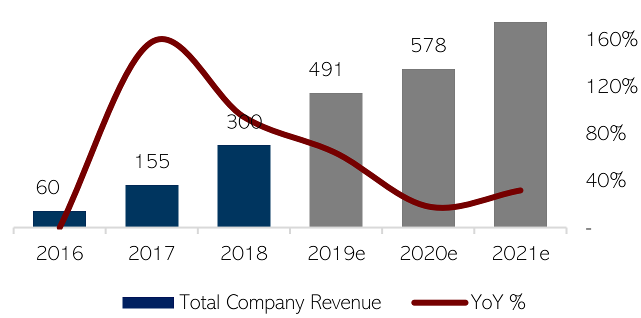
FINANCIAL ANALYSIS

Segment Revenue Model

Summary	2019e	2020e	2021e	2022e	2023e
Total Company Revenue	$490,506.8	$541,598.1	$676,997.6	$812,397.2	$934,256.7
% Growth	*63.4%*	*10.4%*	*25.0%*	*20.0%*	*15.0%*
Land & Resource Management Revenue	$363,342.4	$366,884.0	$458,605.0	$550,326.0	$632,874.9
% Growth	*71.8%*	*1.0%*	*25.0%*	*20.0%*	*15.0%*
% of Total Revenue	*74.1%*	*67.7%*	*67.7%*	*67.7%*	*67.7%*
Water Service & Operations Revenue	$127,164.4	$174,714.1	$218,392.6	$262,071.1	$301,381.8
% Growth	*43.3%*	*37.4%*	*25.0%*	*20.0%*	*15.0%*
% of Total Revenue	*25.9%*	*32.3%*	*32.3%*	*32.3%*	*32.3%*

Total Revenue

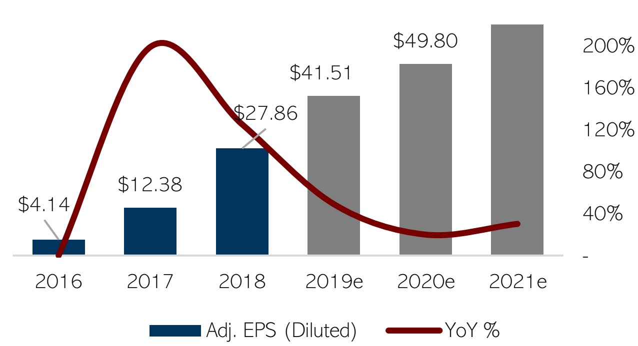
Total Company Revenue



- In 3Q'19, TPL did nearly $100bn in revenue, broken down into 65% Land & Resource Management and 35% into Water Service & Operation (TPWR). TPL's revenue has skyrocketed over the past 3 years, growing at a CAGR of 71% from 2016-2018. In 1Q'16, the company's total revenue was a mere $11.9mm; in 3Q'19, its legacy business earned $65mm and the subsidiary that it started in 2017 earned $35mm.
- In its Land & Resource Management business, TPL earns all of its stable revenue from oil & gas royalties and easement contracts, which made up 62% of its TTM revenue. It also sells its land or royalty rights from time to time, which made up 38% percent of TTM revenue because of a one-time $100mm sale but is much harder to project out since there is no requirement or guidance for how much land management will sell from year to year.
- Its TPWR business is much simpler to project out, as the only components to it are water royalties and easements that E&P and other companies pay for all services regarding water. As outlined in our catalyst, we expect TPL to grow its Land & Resource Management business by 20%-25% through FY'20 and an additional 20% through FY'21 through its royalty and easement sub-segments. We expect TPWR to grow its topline by over 30% as demand for water services continues to increase in line with production and TPWR builds out more infrastructure to capture a higher percentage of those services on its land.

Earnings

TPL - Adj. EPS



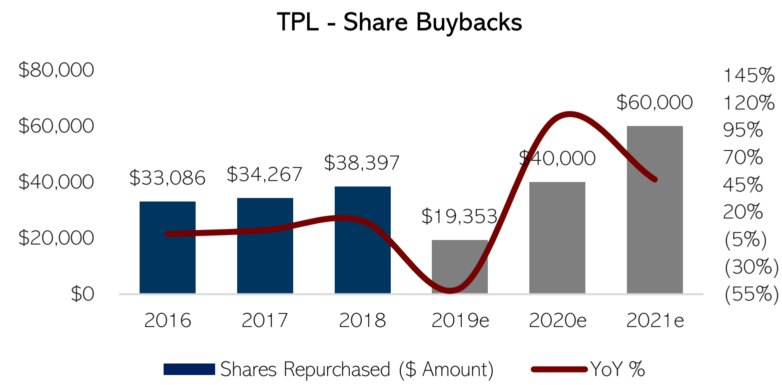
- Since Stifel is the first company to initiate coverage on TPL and it only started in January, TPL has no history of beating or missing earnings estimates. That being said, we expect TPL to beat earnings in 1Q'20, considering out bullish outlook on FY'20 results compared to Stifel's (-7.2% YoY). From 1Q'16 to 3Q'19, TPL grew its earnings by 722%.

CapEx/Cash Flow

- Before TPWR, TPL's minimal CapEx was a function of buying small pieces of land at a discount to typical Permian acreage. Since the start of TPWR, TPL has increased its CapEx in order to fund the creation and implementation of water assets. In FY'18 TPL had $48mm in CapEx respectively. We believe that CapEx for FY'19 will be around $45mm and increase to $54mm in 2020 as TPWR continues to invest in the increasing demand for water assets. TPL has also significantly grown cash flow in the past 3 years, and we believe this growth will continue through the forecast period.

Shareholder Returns

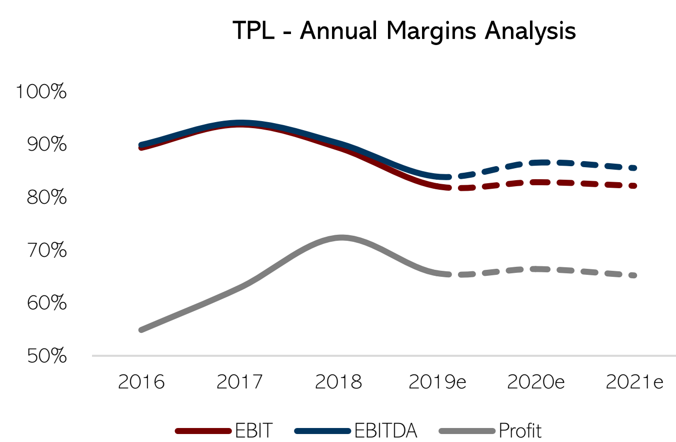
- TPL was originally established in 1888 during the bankruptcy of Texas & Pacific Railway, meant to manage and sell off land to pay back the failing company's creditors. 130 years later, TPL is still returning that capital through share buybacks and a special dividend during the first quarter of each year. Before TPL established TPWR in 2017, it returned 107% of FY'16 net income to shareholders through a combination of $33mm in buybacks and $2.5mm in dividends. Once it established TPWR, however, it turned down its shareholder returns in favor of increasing its CapEx to build out water-related infrastructure.



- In FY'18, management returned 32% of net income to shareholders and spent 22% on CapEx. While we appreciate a management team that can recognize the opportunity to add more value through reinvestments instead of return of capital, we believe that, in the long-term, management will return to favoring shareholder returns over reinvestments.

Margins

- Since TPL's Land & Resource Management business does not have any non-employee related expenses, it has traditionally kept an unreasonable percent of revenue as profits (61% profit margin in 1Q'16). Since it started TPWR in 2017, it added a new expense account for TPWR expenses on the income statement, however those expenses are still minimal. After the infrastructure is built for TPWR, it again does not have many operational expenses as it collects royalties and easement fees.



- We expect that margins will drop minimally over the coming two to three years, as TPL has to pay for maintenance on its new TPWR infrastructure assets. The most significant draw on margins to date are taxes.

APPENDIX

Exhibit I: Consolidated Financial Statements

				Annuals				
Consolidated Income Statement	**2016**	**2017**	**2018**	**2019e**	**2020e**	**2021e**	**2022e**	**2023e**
Revenue	$59,911	$154,634	$300,220	$490,507	$486,212	$521,461	$559,433	$600,352
% Growth YoY		*158.1%*	*94.1%*	*63.4%*	*(0.9%)*	*7.2%*	*7.3%*	*7.3%*
Gross Profit	$59,911	$154,634	$300,220	$490,507	$486,212	$521,461	$559,433	$600,352
% Margin	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
EBIT	$53,515	$144,935	$268,248	$401,788	$341,320	$355,047	$380,562	$408,358
% Growth YoY		*170.8%*	*85.1%*	*49.8%*	*(15.0%)*	*4.0%*	*7.2%*	*7.3%*
Margin	*89.3%*	*93.7%*	*89.4%*	*81.9%*	*70.2%*	*68.1%*	*68.0%*	*68.0%*
Net Income (Loss)	$32,879	$97,219	$217,150	$321,251	$269,136	$271,996	$291,855	$313,418
% Growth YoY		*195.7%*	*123.4%*	*47.9%*	*(16.2%)*	*1.1%*	*7.3%*	*7.4%*
Margin	*54.9%*	*62.9%*	*72.3%*	*65.5%*	*55.4%*	*52.2%*	*52.2%*	*52.2%*
Adj. EPS (Diluted)	$4.14	$12.38	$27.86	$41.43	$34.89	$35.53	$38.51	$41.91
% Growth YoY		*199.0%*	*125.1%*	*48.7%*	*(15.8%)*	*1.8%*	*8.4%*	*8.8%*
EBITDA	$53,848	$145,467	$270,737	$410,721	$350,665	$365,023	$391,603	$420,246
% Growth YoY		*170.1%*	*86.1%*	*51.7%*	*(14.6%)*	*4.1%*	*7.3%*	*7.3%*
Margin	*89.9%*	*94.1%*	*90.2%*	*83.7%*	*72.1%*	*70.0%*	*70.0%*	*70.0%*

Consolidated Balance Sheet	2016	2017	2018	2019e	2020e	2021e	2022e	2023e
Cash & Cash Equivalents	$49,418	$79,580	$119,647	$346,402	$505,046	$631,777	$751,346	$861,994
Accounts Receivable	6,550	17,773	48,750	24,640	27,854	28,573	30,654	32,896
Inventory	0	0	0	0	0	0	0	0
Prepaid & Other Current Assets	233	2,051	17,081	6,801	7,688	7,822	8,391	9,005
Total Current Assets	56,201	99,404	185,478	377,842	540,588	668,172	790,391	903,895
PP&E, Net	$2,283	$20,631	$75,294	$179,688	$199,515	$220,827	$237,758	$249,884
Intangible Assets, Net	3,875	0	24,303	29,320	29,320	29,320	29,320	29,320
Goodwill	0	0	0	0	0	0	0	0
Other Non-Current Assets	95	0	0	3,185	2,938	2,879	2,821	2,765
Total Non-Current Assets	6,253	20,631	99,597	212,193	231,773	253,026	269,899	281,969
Total Assets	62,454	120,035	285,075	590,035	772,361	921,198	1,060,290	1,185,864
Accounts Payable	827	5,608	10,505	6,160	6,963	7,143	7,663	8,224
Accrued Liabilities	2,228	851	1,607	18,135	20,500	20,858	22,377	24,014
Other Current Liabilities	11,775	8,364	13,369	27,202	30,751	31,288	33,566	36,021
Total Current Liabilities (Excl. Debt)	14,829	14,823	25,481	51,497	58,214	59,289	63,607	68,259
Revolver	$0	$0	$0	$0	$0	$0	$0	$0
LT Debt (Incl. Current Portion)	0	0	0	0	0	0	0	0
Deferred Income Taxes	0	114	14,903	34,996	34,996	34,996	34,996	34,996
Other Non-Current Liabilities	0	0	0	3,471	3,471	3,471	3,471	3,471
Total Non-Current Liabilities	0	114	14,903	38,467	38,467	38,467	38,467	38,467
Total Liabilities	14,829	14,937	40,384	89,964	96,681	97,756	102,074	106,726
Common Stock & APIC	$48,584	$105,902	$245,769	$501,122	$676,730	$824,493	$959,267	$1,080,189
Retained Earnings	0	0	0	0	0	0	0	0
Treasury Stock	0	0	0	0	0	0	0	0
Accumulated Other Comprehensive Income (AOCI)	(960)	(804)	(1,078)	(1,051)	(1,051)	(1,051)	(1,051)	(1,051)
Total Shareholder's Equity	47,625	105,098	244,691	500,071	675,679	823,442	958,216	1,079,138
Noncontrolling Interests	0	0	0	0	0	0	0	0
Total Equity	47,625	105,098	244,691	500,071	675,679	823,442	958,216	1,079,138
Total Liabilities & Shareholder's Equity	62,454	120,035	285,075	590,035	772,361	921,198	1,060,290	1,185,864

Exhibit II: Monthly Rig Count

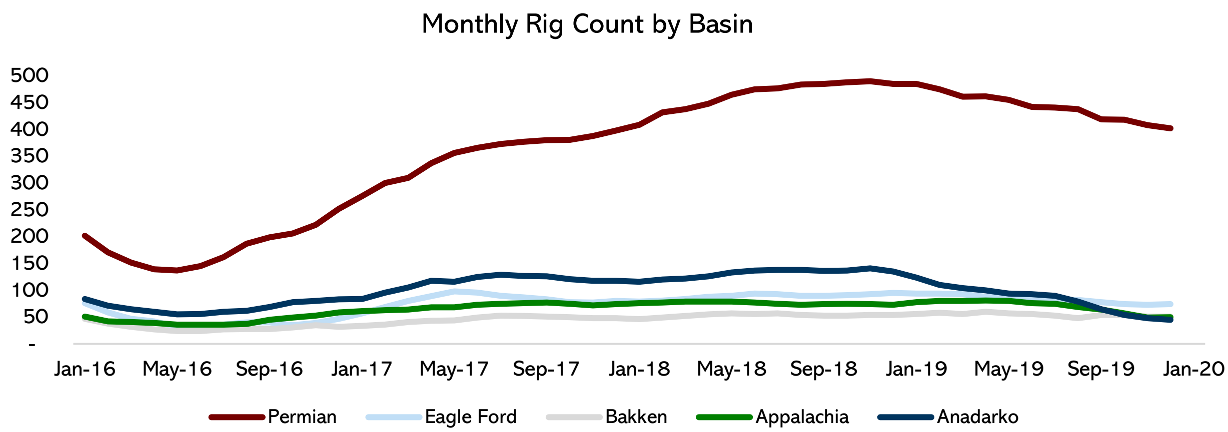


Exhibit III: Oil and Natural Gas Production in Permian (2018 to Present)

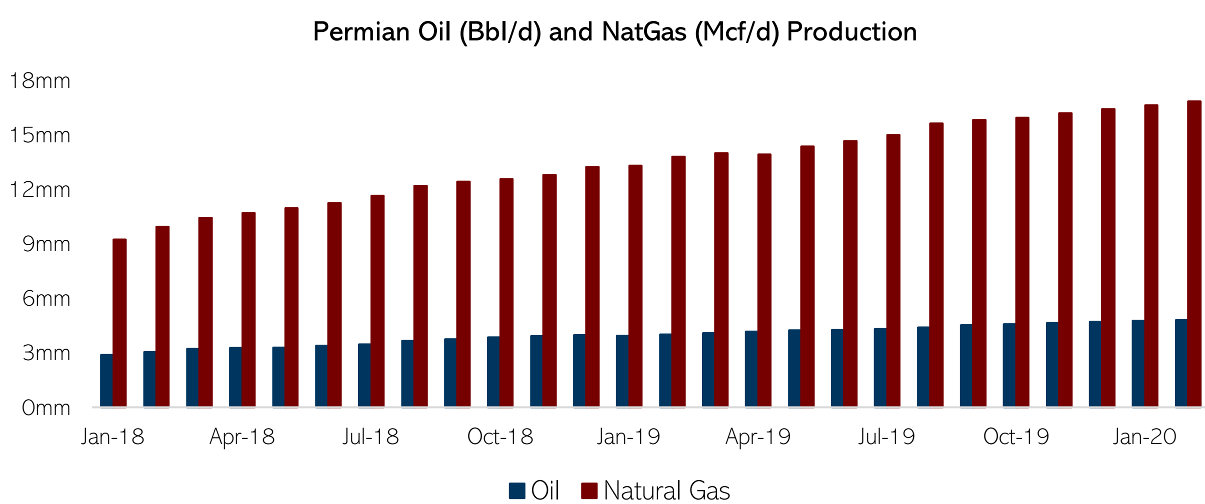


Exhibit IV: Oil Production per US Basin

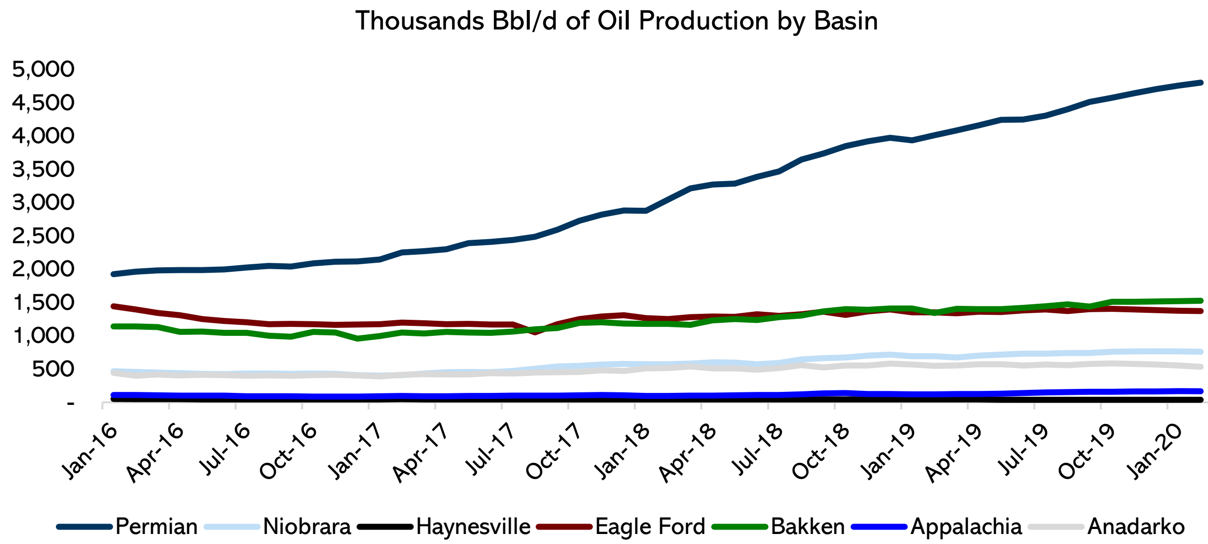


Exhibit V: Correlation to Current Holdings

	TPL	MPC	TOT	EOG	XLE	XOP
TPL	100.00%	25.60%	35.30%	50.70%	46.40%	50.90%
MPC	25.60%	100.00%	41.50%	43.70%	64.10%	54.60%
TOT	35.30%	41.50%	100.00%	53.00%	65.50%	56.80%
EOG	50.70%	43.70%	53.00%	100.00%	83.60%	85.50%
XLE	46.40%	64.10%	65.50%	83.60%	100.00%	88.70%
XOP	50.90%	54.60%	56.80%	85.50%	88.70%	100.00%

Exhibit VI: Growth of Hydraulic Fracking Market

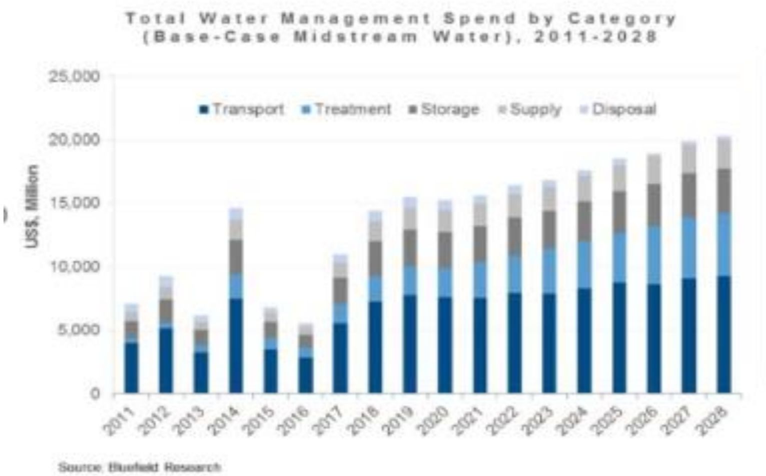


Exhibit VII: 3 Phases of Business Model and Revenue Streams

	Initial Development	Drilling and Completion	Production
TPL Activities	• Infrastructure for oil and gas production and development.	• Sourced water used for oil and gas development including drilling and completions. • Development of gathering, transportation, and processing infrastructure.	• Significant produced water volumes that TPL gathers, treats and reuses, or disposes of back into the ground.
Revenue Sources	• **Fixed payments** from customers for use of TPL's surface to build its infrastructure • **Sale of materials** used for the construction of infrastructure	• Receive **fixed revenue per barrel** for providing brackish groundwater and treated produced water • **Fixed fee revenues** from customers using TPL's surface for midstream infrastructure requirements	• **Royalty interest** earned on the oil and gas produced on TPL land • **Royalty per barrel** for allowing water disposal on TPL's land

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- Enable students to work in a team-based setting in consultation with investment professionals.
- Connect student participants with nationally recognized money managers and financial institutions

Earnings from the fund will be reinvested net of fund expenses, which are primarily trading and auditing costs and partial scholarships for student participants.

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