

Risk Factors Comparison 2025-02-19 to 2024-02-21 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

An investment in our securities involves a degree of risk. The risks described below, **and other risks noted throughout this Annual Report on Form 10-K, including those risks identified in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations,"** are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also have a material adverse effect on us. If any of the following risks actually occur, our financial condition, results of operations, cash flows or business could be harmed. In that case, the market price of our stock could decline and you could lose part or all of your investment in our stock. Risks Related to ~~our~~ **Our** Business Our oil and gas royalties are dependent upon the market prices of oil and gas which fluctuate. The oil and gas royalties that we receive are dependent upon the market prices for oil and gas, **and decreases in such prices for oil and gas negatively impact the revenue realized on our oil and gas royalties**. When lower ~~Reductions in~~ market prices for oil and gas occur, **could also lead to decreased exploration and development activity by the operators of the properties will have an adverse effect on our which we own** oil and gas royalties ~~royalty interests, which could reduce our revenue potential with respect to such interests~~. The market ~~Market~~ prices for oil and gas are subject to US and global macroeconomic and geopolitical conditions and infrastructure and logistical constraints, amongst others, and, in the past, have been subject to significant price fluctuations. Price fluctuations for oil and gas have been particularly volatile in recent years due to supply and demand ~~fundamentals~~ **constraints**, **worldwide energy conservation measures**, ~~Organization of the Petroleum Exporting Countries ("OPEC ") and Russia (collectively referred to as "OPEC ") actions,~~ **global the prolonged Ukraine / Russia conflict conflicts in major oil producing regions, especially in Eastern Europe and the Middle East**, and general economic cycles, among other factors. These ~~measures events and conditions~~ have, at times, resulted in a reduction of global economic activity and volatility in the global financial markets. The scale and duration of the impact of these factors remain unknowable but could lead to a decrease in our revenues and have a material impact on our business segments and earnings, cash flow and financial condition. We are not an oil and gas producer. Our revenues from oil and gas royalties are subject to the actions of others. We are not an oil and gas producer. Our oil and gas ~~income~~ **royalty revenue** is derived primarily from perpetual non-participating oil and gas royalty interests that we have retained **or acquired**. As oil and gas wells age, their production capacity may decline absent additional investment. However, the owners and operators of the oil and gas wells make all decisions as to investments in, and production from, those wells and our royalties are dependent upon decisions made by those **owners and** operators, among other factors. Accordingly, a significant portion of our revenues is reliant on the management and actions of third parties, over whom we have no control. ~~There can be no assurance that such~~ **Such** third parties ~~will~~ **may not** take actions or make decisions that will be beneficial to us, which could result in adverse effects on our financial results and performance. Our revenues from the sale of land are subject to substantial fluctuation. Land sales are subject to many factors that are beyond our control. Our land sales vary widely from year to year and quarter to quarter. The total price obtained, the average price per acre, and the number of acres sold in any one year or quarter should not be assumed to be indicative of future land sales. Our desire to sell and the demand and pricing for any particular tract of our land is influenced by many factors, including but not limited to: (i) access and location, (ii) the national and local economies, (iii) the rate of oil and gas well development by operators, (iv) the rate of development in nearby areas, (v) the livestock carrying capacity, and (vi) the condition of the local industries, which itself is influenced by a range of conditions. Our ability to sell land can be, therefore, largely dependent on the actions of adjoining landowners. Demand for TPWR's products and services is substantially dependent on the levels of expenditures by our customers. Demand for TPWR's products and services ~~depends is~~ substantially **dependent** on demand and expenditures by our customers for the exploration, development and production of oil and natural gas reserves. These expenditures are generally dependent on our customers' overall financial position, capital allocation priorities, and views of future oil and natural gas prices. Declines, as well as anticipated declines, in oil and gas prices have in the past resulted ~~in~~, and may in the future result ~~in~~ **in** lower capital expenditures, project modifications, delays or cancellations, general business disruptions, and delays in payment ~~of~~, or nonpayment ~~of~~, **of** amounts that are owed to us, which ~~would~~ **could in the future**, adversely affect our earnings, cash flow and financial condition. The results of operations for the Water Services and Operations segment have been impacted from time to time by reduced development pacing and declines in expenditures by our customers in response to varying industry or global circumstances. Our results may continue to be impacted by producer discretion on development pacing and capital expenditures. We face the risks of doing business in a new and rapidly evolving market for TPWR and may not be able to successfully address such risks and achieve acceptable levels of success or profits. We have encountered and may continue to encounter the challenges, uncertainties and difficulties frequently experienced in new and rapidly evolving markets with respect to the business of TPWR, including **, but not limited to**: • pricing pressure driven by new competition; • volatile and / or unexpected operating and maintenance costs; • lack of sufficient customers or loss of significant customers for the new line of business; • increased regulation, including with respect to environmental and geological uses and impacts on industry operations; and • uncertainty ~~with regarding~~ **regarding** outsourced **third- parties** ~~3rd party provider (s)~~ providing water treatment services. The impact of government regulation on TPWR could adversely affect our business. The business of TPWR is subject to applicable state and federal laws and regulations, including laws and regulations on water use, environmental and safety matters. These laws and regulations may increase the costs and timing of planning, designing, drilling, installing, operating and abandoning water wells ~~, and source-sourced~~ **and source-sourced** water and treatment facilities and impact our customers' ability to transport, store and / or dispose of produced water in certain locations. Due to increased seismicity in the Delaware and Midland Basins, the

Texas Railroad Commission recently began implementing ~~Seismic~~ seismic Response ~~response~~ Areas ~~areas~~ ("SRAs") limiting the permitted capacity and use of certain ~~Saltwater~~ saltwater Disposal ~~disposal~~ Wells ~~wells~~ ("SWDs") for the injection of produced water. The implementation of SRAs could limit the volume of produced water disposed on the Company's surface within the SRAs or, in certain cases, could direct additional volumes of produced water to SWDs on the Company's surface outside of SRAs. These limitations and / or redirections may ~~cause~~ require TPWR to adapt its business plans and could affect TPWR's financial performance. ~~We~~ The Company ~~continues~~ continue to actively engage with the Texas Railroad Commission and evaluate the potential effect of SRAs on ~~our~~ the Company's produced water royalties. Our ~~business and financial results could~~ **estimated proved developed producing reserves are based on many assumptions that may prove to be disrupted by inaccurate. Any inaccuracies in these estimates or underlying assumptions may materially affect the quantities and present value of our reserves. It is not possible to measure underground accumulations of oil, natural or human causes beyond our control gas, and NGL with precision. Oil and Our revenues depend on natural gas reserve engineering requires subjective estimates of underground accumulations of oil and natural gas and assumptions concerning future oil and natural gas prices, production levels, ultimate recoveries and operating and development costs. In estimating our proved developed producing ("PDP") reserves, we and Ryder Scott Company, L. P. ("Ryder Scott"), and an environmental conditions independent third- party petroleum engineering firm, must make various assumptions with respect to operations many matters that may prove result in royalties to be incorrect us, or that use our water services. Our business and financial results are therefore subject to disruption from natural or human causes beyond our control, including:**

- **future** physical risks from severe storms, floods, droughts resulting in aquifer declines and other forms of severe weather, war, accidents, civil unrest, political events, fires, earthquakes, system failures, pipeline disruptions, environmental hazards such as oil and produced water spills, terrorist acts and epidemic or pandemic diseases, any of which could result in a material adverse effect on oil and natural gas, and NGL prices;
- **unexpected complications from offset well development;**
- **production and rates;**
- **reservoir pressures, therefore decline rates, drainage areas and reservoir limits;**
- **interpretation of subsurface conditions including geological and geophysical data;**
- **potential for water encroachment our- or results mechanical failures;**
- **levels and timing of capital expenditures, lease operations- operating expenses, production taxes and income taxes, and availability of funds for such expenditures; and**
- **effects of government regulation.**

If any of these assumptions prove to be incorrect, our estimates of PDP reserves, the classifications of reserves based on risk of recovery and our estimates of the future net cash flows from our reserves could change significantly. Our ~~historical estimates of proved business and financial results are subject to major trends in our industry, such developed and producing reserves and related valuations as decarbonization of December 31, 2024 were prepared and may be adversely affected by future developments out Ryder Scott, which conducted a well- by- well review of all wells in our control. Much of the value of the land we own and upon which we receive have a mineral or royalties- royalty interest for the period covered by is its reserve report using information provided by us. Over time, we may make material changes to reserve estimates. Some of our reserve estimates were made without the benefit of a lengthy production history, which are less reliable than estimates based on a lengthy production history. Our reserve estimates could differ materially from the those reserve estimates of operators developing on our acreage. Numerous changes over time to the assumptions on which our reserve estimates are based, as described above, may result in the actual quantities of oil and natural gas that are ultimately recovered being reserves located there. Our revenues may be negatively affected by changes driven by trends such as decarbonization efforts. Such changes may relate to the types or sources of energy in demand, such as a shift to renewable sources of power generation (for example, wind and solar), along with ongoing changes in regulatory, investor, customer and consumer policies and preferences. The evolution of global energy sources is affected by factors out of our control, such as the pace of technological developments and related cost considerations, the levels of economic growth in different from markets around the world and the adoption of climate change- related policies. In addition, the possibility of taxes on energy sources, including oil and gas, may affect the demand for crude oil and natural gas and the operating costs for third party operators on our royalty properties reserve estimates. Cyber incidents or attacks targeting the systems and infrastructure used by us, our operators, other third parties with whom we do business or the oil and gas industry in general may adversely impact our operations, and if we are unable to obtain and maintain adequate protection of our data, our business may be adversely impacted. We and our operators increasingly rely on information technology systems to operate our respective businesses, and the oil and gas industry depends on digital technologies in exploration, development, production, and processing activities. Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. Our technologies, systems, and networks, and those of the operators on our properties, and our vendors, suppliers, and other business partners, have in certain instances been, and may in the future become, the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary, personal and other information, or other disruption of business activities. Even without a direct breach of our systems, cybersecurity attacks on such third parties could adversely impact our business and reputation. In addition, certain cyber incidents, such as surveillance, may remain undetected for some period of time. While we utilize various systems, procedures and controls to mitigate exposure to cybersecurity attacks and prevent cybersecurity incidents, such risk systems, procedures cyber incidents and controls may be breached as a result of third- party action, employee error, third- party or employee malfeasance or otherwise. Globally, cybersecurity attacks are continually evolving increasing in number, and unpredictable the threat actors are increasingly organized and well financed, or at times supported by state actors. In addition, geopolitical tensions or conflicts may create a heightened risk of cybersecurity attacks. Because the techniques used to obtain unauthorized access or to sabotage systems change frequently, we may not be able to anticipate these techniques and implement adequate preventative or protective measures. Our cyber liability information technology systems and any insurance coverage for protecting against cybersecurity risks may not be sufficient or may not be available in the future on acceptable~~

terms, or at all. In addition, our cyber liability insurance policy may cover only a portion of losses incurred in investigating or remediating a cybersecurity incident, if at all, and may not cover all claims made against us. As cybersecurity threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. ~~There can be no assurance that~~ **Any actual or perceived cybersecurity incident could adversely affect our business, financial position or results of operations** ~~finances, systems and assets will not be compromised in a cyber attack~~. The loss of key members of our management team or difficulty attracting and retaining experienced technical personnel could reduce our competitiveness and prospects for future success. The successful implementation of our strategies and handling of other issues integral to our future success ~~will depend~~ **depends**, in part, on our experienced management team, including with respect to the business of TPWR. The loss of key members of our management team could have an adverse effect on our business. If we cannot retain our experienced personnel or attract additional experienced personnel, our ability to compete **within our industry** could be harmed. Global health threats may adversely affect our business. Our business could be adversely affected by the effects of a widespread outbreak of contagious disease, such as the outbreak of COVID-19. A significant outbreak of contagious diseases in the human population and resulting widespread health crisis could adversely affect the economies and financial markets of many countries, resulting in an economic downturn, reduced demand for oil and gas and interruption to supply chains related to oil and gas. The reduction of economic activity and reduced global demand for oil and gas related to such outbreaks and actions taken by governments to mitigate the spread of a virus or other infectious agent could lead to an increase in our operating costs and have a material impact on our business segments and earnings, cash flow and financial condition. We face direct and indirect supply chain risks that may adversely affect our business. Our business could be negatively affected by supply shortages and / or price increases driven by the increased costs of materials and logistics as a result of macroeconomic conditions, including **geopolitical** ~~the prolonged Ukraine / Russia conflict~~ **conflicts**, general inflationary pressures, labor shortages, part or equipment availability, manufacturing capacity, tariffs, trade disputes and barriers, natural disasters or pandemics and the effects of climate change. Supply shortages and / or price increases could lead to a reduction in revenues and an increase in our operating costs **and, which could would** have a material impact on our business segments and earnings, cash flow and financial condition. Supply chain issues may disrupt the operations and development activities of operators on our land, upon whom **much a significant portion** of our revenue relies, which could negatively affect our revenues from oil and gas royalties, easements and our water offerings. Supply chain issues could also lead to an increase in TPWR's operating costs and disrupt its water sourcing and treatment operations, which could further negatively affect our revenues from our water offerings. TPWR has adapted lead times for ordering parts and equipment to mitigate supply chain issues **in the past and will use its best efforts to adapt to additional supply chain issues in the future**, but given the uncertainty surrounding the macroeconomic factors and geopolitical situation, there ~~supply chain issues may negatively~~ **be no assurance that we will not suffer adverse effects-- affect** on our business operations in the future. ~~Risks Related~~ **A third party has refused** to the Corporate Reorganization. The completion of the Corporate Reorganization may implicate conditions and covenants contained ~~-- continue~~ **in certain agreements to fulfill its obligations under existing arrangements** to which the Trust was a party **in connection with the completion of our Corporate Reorganization**, and thereby may cause us to lose certain benefits that the Trust historically received. ~~If the Company is unable to obtain consents to, or approval or waiver of, any such conditions or covenants, or is unable to obtain an acknowledgement that any such benefits shall continue for the benefit of TPL Corporation, we may not be entitled to all benefits and other rights under such agreements, which may have an adverse impact on the business and results of operations. The completion of the Corporate Reorganization may implicate~~ **implicated** conditions and covenants ~~contained in certain agreements to which the Trust was, and now TPL Corporation is, a party and thereby may cause us to lose certain benefits that the Trust historically received. Certain counterparties may withhold consent to, or approval or waiver of, certain conditions or covenants in order to obtain more favorable terms from us. If the Company is unable to obtain consents to, or approval or waiver of, any such conditions or covenants, or if the Company is unable to obtain acknowledgement from any counterparties that any such benefits shall continue for the benefit of TPL Corporation, then we may decide to enforce our rights and interests by initiating legal action. In the meantime, and pending the outcome of any such legal proceeding to enforce our rights, we may be unable to continue to obtain all benefits and other rights under such agreements that would otherwise be transferred to us as part of the Corporate Reorganization. This may have an adverse impact on TPL's business and results of operations. For example, the obligation to pay ad valorem taxes with respect to certain of our royalty interests was assumed by a third party and is now the obligation of the successors in interest to such third party (the "obligors"), so long as such royalty interests are held by the Trustees or their successors in office under the Declaration of Trust. The amount of such taxes depends on the valuations determined by various county taxing authorities with respect to our royalty interests and the tax rates used in assessing such ad valorem taxes. Consequently, the amount of ad valorem taxes that may be assessed against our royalty interests may vary from year to year, and we are unable to reliably predict the amount of any such increases or decreases in future years. We have received an indication from one such obligor that it does not intend to continue to make the ad valorem tax payments~~ **related that it has been making to date historical royalty interests. In** ~~We have accrued an estimate of such taxes and are making payments on a current basis in order to protect the historical royalty interests from any potential tax liens for non-~~ **nonpayment-- payment** of future ad valorem taxes, **we have accrued and / or paid such ad valorem taxes since January 1, 2022**. While we intend to seek reimbursement from the third party following payment of such taxes, there can be no assurance that we will be successful in getting reimbursed, **and accordingly, no loss recovery receivable has been recorded as of December 31, 2024**. Taking on the cost of such payments will have an adverse impact on our business and results of operations. The Corporate Reorganization may have adverse tax consequences. We have obtained an opinion from counsel that the Corporate Reorganization and the Distribution qualified as a tax-free reorganization within the meaning of Section 368 (a) (1) (F) of the Code. The opinion of counsel does not address any U. S. state or local or non-U. S. tax consequences of the Corporate

Reorganization and the Distribution. The opinion assumed that the Corporate Reorganization and the Distribution was completed according to the terms of certain of the operative agreements and required regulatory filings, and relied on the facts as stated therein and in other ancillary agreements and documents. In addition, the opinion was based on certain representations as to factual matters from, and certain covenants by, us and the Trust. The opinion cannot be relied on if any of the assumptions, representations or covenants were incorrect, incomplete or inaccurate or were violated in any material respect. The opinion of counsel is not binding on the IRS or the courts, and no assurance can be given that contrary positions will not be taken by the IRS or a court. We have not sought and will not seek a ruling from the IRS regarding the federal income tax consequences of the Corporate Reorganization and the Distribution. If the Corporate Reorganization and the Distribution were to fail to qualify as a reorganization or for tax-free treatment either under Section 368 (a) (1) (F) or any other provision of the Code, then U. S. Holders of Sub- shares would recognize gain or loss, as applicable, equal to the difference between (a) the sum of the fair market value of the shares of TPL Corporation Common Stock received by such holder and (b) its adjusted tax basis in the Sub- shares surrendered in exchange therefor. Further, the Trust would recognize taxable gain as if it sold all of its assets, subject to its liabilities, at fair market value. The consequences of the Corporate Reorganization and the Distribution to any holder will depend on that holder's particular situation.

Risks Related to Our Common Stock

price of our Common Stock will be sustained, and our stock price may fluctuate significantly. A public market for our Common Stock did not exist until the Corporate Reorganization was effected on January 11, 2021. We cannot guarantee that the active trading market that has developed will be sustained for our Common Stock, nor can we predict the prices at which shares of our Common Stock may trade. Until the market has fully evaluated our business as a corporation, the prices at which shares of our Common Stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. The increased volatility of our stock price following the Corporate Reorganization may have a material adverse effect on our business, financial condition and results of operations. The market price of our Common Stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

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

The may be substantial changes in our stockholder base. Investors in the Trust may have held Sub- shares because of a decision to invest in an organization with the Trust's governance profile or operating track record. Since the Corporate Reorganization, the shares of our Common Stock held by those investors represent an investment in a company with a different governance profile, in particular a board of directors at TPL Corporation subject to changes from year to year at annual elections of directors. More frequent changes in the leadership of the organization, particularly on the Board, could lead to changes in the operating policies of TPL Corporation over time. Such changes may not match some stockholders' investment strategies, which could cause them to sell our Common Stock. These changes may also attract new investors who previously did not invest in the Trust because of its structure, governance profile or operating track record. As a result of such changes, our stock price may decline or experience volatility as our stockholder base changes. Additionally, new investors or leadership at TPL Corporation could advocate for business or corporate initiatives that would not be desired by or beneficial for all stockholders, such as an untimely sale of the business. Our business could be negatively affected as a result of the actions of activists. Our business could be negatively affected as a result of stockholder activism, which could cause us to incur significant expense, hinder execution of our business strategy, and impact the trading value of our securities. In the past, the Company has been the subject of stockholder activism, and we are subject to the risks associated with any ongoing or future such activism. Stockholder activism, including potential proxy contests, requires significant time and attention by management and our Board, potentially interfering with our ability to execute our strategic plan. We may be required to incur significant legal fees and other expenses related to activist stockholder matters, and the attention of our management may be diverted by such activism. While we welcome our stockholders' constructive input, there can be no assurance that stockholder actions would not result in negative impacts to the Company. Any of these impacts could materially and adversely affect our business and operating results, and the market price of our Common Stock could be subject to significant fluctuation or otherwise be adversely affected by stockholder activism. If our amended and restated certificate of incorporation is amended to allow for the issuance of additional Common Stock, holders of our Common Stock could experience dilution in the future **would dilute**. If our amended and restated certificate of incorporation is amended to allow for the **other stockholders**, issuance of additional Common Stock, holders **Holders** of our Common Stock could be diluted because of equity issuances for proposed acquisitions or capital market transactions or equity awards proposed to be granted to our directors, officers and employees subject to any required vote of holders of our Common Stock under our amended and restated certificate of incorporation and **our** amended and restated bylaws ("**the Bylaws**"). We may issue stock- based awards, including annual awards, new hire awards and periodic retention awards, as applicable, to our directors, officers and other employees under any employee benefits plans we have adopted or may adopt, using newly issued shares rather than treasury shares as is currently our practice. At our 2022 annual meeting of stockholders, our stockholders voted on a proposal to increase the number of shares of Common Stock authorized under our amended and restated certificate of incorporation. A dispute relating to the voting on this proposal was resolved by the Delaware Court of Chancery, which determined that the proposal was approved by stockholders. The decision is currently subject to an appeal, and, therefore, we have not yet taken any action to amend the amended and restated certificate of incorporation. In addition, our amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more series of preferred stock having such designations,

powers, preferences, privileges and relative, participating, optional and special rights, and qualifications, limitations and restrictions as the Board may generally determine in its sole discretion. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our Common Stock. For example, we could grant the holders of preferred stock the right to elect ~~some number of the~~ members of the Board ~~in all events or upon the happening of specified events, or the right~~ to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences that we could assign to holders of preferred stock could affect the residual value of our Common Stock. We may not continue **to pay the Trust's historical practice of declaring cash dividends or** ~~We will evaluate whether~~ to pay cash dividends **at** ~~on our~~ Common Stock in the **same rate as previously paid** future and we cannot guarantee the timing, amount or payment of dividends, if any. The timing, declaration, amount of, and payment of any cash dividends to our stockholders is within the discretion of our Board and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with any debt service obligations or other contractual obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets and other factors deemed relevant by the Board. ~~Moreover, should~~ **These factors could result in a change in** our **current** Board determine to pay any dividend **policy** in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends. We may not ~~continue the Trust's historical practice of repurchasing outstanding equity of its holders~~. We will evaluate whether to repurchase our outstanding Common Stock in the future and we cannot guarantee the timing, ~~or~~ amount ~~or~~ payment of share repurchases, if any. **On November 1, 2022, our Board approved a stock repurchase program, which became effective January 1, 2023, to purchase up to an aggregate of \$ 250. 0 million of our outstanding Common Stock**. During the year ended December 31, ~~2023-2024~~, the Company repurchased ~~27-30~~, ~~619-432~~ outstanding shares of Common Stock **for an aggregate purchase price of \$ 29. 2 million**, which repurchased shares were placed in treasury. ~~We expect that we will~~ **The Company opportunistically repurchases stock under the stock repurchase program with funds generated by cash from operations. The stock repurchase program may be suspended** from time to time ~~offer to~~, **modified, extended or discontinued by the Board at any time. Any future** repurchase **under the** a portion of our outstanding Common Stock ~~stock~~. ~~However, any~~ repurchase **program** will be within the discretion of our Board and will depend upon many factors, including market and business conditions, the trading price of our Common Stock, available cash and cash flow, capital requirements and the nature of other investment opportunities. State law and anti- takeover provisions could enable our Board to resist a takeover attempt by a third party and limit the power of our stockholders. Our amended and restated certificate of incorporation, ~~and amended and restated bylaws~~ **Bylaws** ~~contain~~, and Delaware law ~~contains~~ **contain**, provisions that are intended to deter coercive takeover practices and inadequate takeover bids ~~by making such practices or bids unacceptably expensive to the bidder~~ and to encourage prospective acquirers to negotiate with our Board rather than to attempt a hostile takeover. These provisions include, among others: (a) the ability of our remaining directors to fill vacancies on our Board ~~(except in an instance where a director is removed by stockholders and the resulting vacancy is filled by stockholders)~~; (b) the ~~inability~~ **ability** of ~~stockholders~~ **our Board** to call a special meeting of stockholders **adopt, amend or repeal bylaws**; (c) rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings; and (d) the right of our Board to issue preferred stock without stockholder approval. In addition, we are subject to Section 203 of the Delaware General Corporation Law, **as amended** (" DGCL "), which could have the effect of delaying or preventing a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15 % of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three- year period following the date on which that person or any of its affiliates becomes the holder of more than 15 % of the corporation's outstanding voting stock. We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make the Company immune from takeovers; however, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board determines is not in the best interests of the Company and its stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware or the U. S. District Court for the Northern District of Texas as the sole and exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against the Company and our directors and officers. Our amended and restated certificate of incorporation provides that unless the Company otherwise determines, the Court of Chancery of the State of Delaware (or, if such court does not have jurisdiction, **any state or federal court residing within the State of Delaware**) or the U. S. District Court for the ~~District of Delaware~~ or ~~the U. S. District Court for the Northern District of~~ **Texas in Dallas**, Texas (or, if such court does not have jurisdiction, any district court in Dallas County in the State of Texas) will be the sole and exclusive forums for any derivative action brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, employees or stockholders, any action or proceeding asserting a claim against us or any of our directors, officers, employees or agents arising pursuant to, or seeking to enforce any right, obligation or remedy under any provision of the DGCL, the laws of the State of Texas, **the laws of the State of New York**, our amended and restated certificate of incorporation or our ~~amended and restated bylaws~~ **Bylaws** or any action asserting a claim against us or any of our directors, officers, employees or agents governed by the internal affairs doctrine, in each such case, subject to the applicable court having personal jurisdiction over the indispensable parties named as defendants **in such action or proceeding**. Our amended and restated certificate of incorporation also provides that unless our Board otherwise determines, the federal district courts of the United States will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the " Securities Act "). To the fullest extent permitted by law, this exclusive forum provision will apply to state and

federal law claims, including claims under the federal securities laws, including the Securities Act and the Exchange Act, although our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of similar exclusive forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that one or more parts of the exclusive forum provision in our amended and restated certificate of incorporation is inapplicable or unenforceable. This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with the Company or our directors or officers, which may discourage such lawsuits against the Company and our directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition.

Risks Related to Our Industry Our business and financial results could be disrupted by natural or human causes beyond our control. Our revenues depend on natural and environmental conditions with respect to operations that result in royalties to us, or that use our water services. Our business and financial results are therefore subject to disruption from natural or human causes beyond our control, including physical risks from severe storms, floods, droughts resulting in aquifer declines and other forms of severe weather, war, accidents, civil unrest, political events, fires, earthquakes, system failures, pipeline disruptions, environmental hazards such as oil and produced water spills, terrorist acts and epidemic or pandemic diseases, any of which could result in a material adverse effect on oil and natural gas production and, therefore, our results of operations. Our business and financial results are subject to major trends in our industry, such as decarbonization, and may be adversely affected by future developments that are out of our control. Much of the value of the land we own and upon which we receive royalties is based on the oil and natural gas reserves located there. Our revenues may be negatively affected by changes driven by trends such as decarbonization efforts. Such changes may relate to the types or sources of energy in demand, such as a shift to renewable sources of power generation (for example, wind and solar), along with ongoing changes in regulatory, investor, customer and consumer policies and preferences. The evolution of global energy sources is affected by factors out of our control, such as the pace of technological developments and related cost considerations, the levels of economic growth in different markets around the world and the adoption of climate change-related policies. In addition, the possibility of taxes on energy sources, including oil and gas, may affect the demand for crude oil and natural gas and the operating costs for third-party operators on our royalty properties. Our business could be negatively affected as a result of the actions of activists. Our business could be negatively affected as a result of stockholder activism, which could cause us to incur significant expense, hinder execution of our business strategy, and impact the trading value of our securities. In the past, we have been the subject of stockholder activism, and we are subject to the risks associated with any ongoing or future such activism. Stockholder activism, including potential proxy contests, requires significant time and attention by management and our Board, potentially interfering with our ability to execute our strategic plan. We have incurred, and may in the future be required to incur, significant legal fees and other expenses related to activist stockholder matters, and the attention of our management may be diverted by such activism. While we welcome our stockholders' constructive input, stockholder actions may result in negative impacts to the Company. Any of these impacts could materially and adversely affect our business and operating results, and the market price of our Common Stock could be subject to significant fluctuation or otherwise be adversely affected by stockholder activism.