

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

TEXAS PACIFIC LAND)	
CORPORATION,)	
)	
Plaintiff,)	
)	
v.)	
)	C.A. No. 2022-1066-JTL
HORIZON KINETICS LLC,)	
HORIZON KINETICS ASSET)	
MANAGEMENT LLC, SOFTVEST)	
ADVISORS, LLC, AND SOFTVEST,)	
L.P.,)	
)	
Defendants.)	

DEFENDANTS’ ANSWER TO VERIFIED COMPLAINT

Horizon Kinetics LLC, Horizon Kinetics Asset Management LLC, (together with Horizon Kinetics LLC, “Horizon Kinetics”) SoftVest Advisors LLC, and SoftVest, L.P. (together with SoftVest Advisors LLC, “SoftVest,” and collectively with Horizon Kinetics, “Defendants”), by their undersigned attorneys, respectfully submit this Answer to the Verified Complaint asserted by Plaintiff, Texas Pacific Land Corporation (“Texas Pacific” or “Plaintiff”).

Unless expressly admitted, all allegations, including any allegations contained or implied anywhere in the Verified Complaint (whether in the body, heading, footnotes, or otherwise) are denied and Defendants specifically deny that Plaintiff is entitled to the relief that it seeks. Unless otherwise defined herein, Defendants use capitalized terms as defined in the Verified Complaint. Defendants do not admit

anything by using the Plaintiff's defined terms, and use these terms solely for the convenience of the Court. Defendants provide their specific responses to the allegations in the Verified Complaint as follows:

INTRODUCTION

1. In 2019, Horizon Kinetics and SoftVest launched a proxy contest against Texas Pacific Land Trust (the "Trust"), the Company's predecessor. On June 11, 2020, the parties settled the proxy contest and entered into a Stockholders' Agreement (attached hereto as Exhibit A, the "Stockholders' Agreement").

ANSWER TO PARAGRAPH 1: Defendants admit that in 2019, the Trust and Defendants were adversaries in a proxy contest. Defendants admit that on June 11, 2020, Horizon Kinetics, SoftVest, and Mission Advisors, LP entered into a Stockholders' Agreement with the Trust. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Otherwise, denied.

2. In the Stockholders' Agreement, the Trust agreed that Horizon Kinetics and SoftVest—who in the aggregate beneficially owned roughly 24% of the Company's outstanding common stock at that time—would each be permitted to appoint a member of the Company's board of directors (the "Board") after it reorganized as a Delaware corporation. In exchange, Horizon Kinetics and SoftVest agreed, among other things, to a standstill provision and to vote in accordance with the Board's recommendation on all matters except for limited carve-outs.

ANSWER TO PARAGRAPH 2: The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully

refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Otherwise, denied.

3. The Company has held up its end of the bargain. Horizon Kinetics and SoftVest have not.

ANSWER TO PARAGRAPH 3: Denied.

4. On October 7, 2022, the Company filed its definitive proxy statement (the "Definitive Proxy Statement") for its 2022 annual meeting of stockholders (the "2022 Annual Meeting"), which set a meeting date for November 16, 2022. The Definitive Proxy Statement provided notice of ten proposals for the meeting. As relevant here, Proposal 4 asked the Company's stockholders to vote on the "[a]pproval of an amendment to the Company's Certificate of Incorporation to increase the authorized shares of common stock from 7,756,156 shares to 46,536,936 shares." The Board recommended that the Company's stockholders vote "FOR" Proposal 4.

ANSWER TO PARAGRAPH 4: Defendants admit that Texas Pacific filed the Definitive Proxy Statement on October 7, 2022. Texas Pacific's Definitive Proxy Statement speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the Definitive Proxy Statement for a full and accurate recitation of its contents. Defendants admit that the Definitive Proxy Statement contains the quoted words. Otherwise, denied.

5. In early November 2022, Horizon Kinetics and SoftVest submitted their proxies in connection with the 2022 Annual Meeting. Horizon Kinetics and SoftVest submitted proxies to correctly vote their shares in accordance with certain of the Board's recommendations, but did not do so for all of them. Horizon Kinetics instructed its proxy to vote its shares (i) *against* a director candidate named in Proposal 1 and (ii) *for* Proposal 8, each counter to the Board's recommendation. SoftVest directed its proxy to vote its shares *against* Proposal 4, also counter to the Board's recommendation. Each of these actions breached the voting commitments under the Stockholders' Agreement.

ANSWER TO PARAGRAPH 5: Paragraph 5 states Plaintiff's argumentative opinions and purported conclusions of law to which no response is required. To the extent a further response is required, Defendants admit that they submitted their proxies in connection with the 2022 Annual Meeting. Defendants deny the allegations in the second and fifth sentences. Defendants' proxies speak for themselves and are the best evidence of their content. Defendants respectfully refer the Court to each respective proxy for a full and accurate recitation of its content. Defendants interpret all references in the Verified Complaint to Proposal 8 as references to Proposal 9 under the belief that the Proposal number has been misidentified by Texas Pacific. Otherwise, denied.

6. On November 8, 2022, the Company sent letters to Horizon Kinetics and SoftVest, demanding confirmation that they would change their votes in accordance with their voting commitments under the Stockholders' Agreement. The Company requested a response by November 10.

ANSWER TO PARAGRAPH 6: Paragraph 6 purports to characterize letters sent on November 8, 2022. The November 8, 2022 letters from Texas Pacific speak for themselves and are the best evidence of their content. Defendants respectfully refer the Court to the November 8, 2022 letters for a full and accurate recitation of their content. Otherwise, denied.

7. On or about November 11, 2022, the Company became aware that Horizon Kinetics had changed its vote (i) from *against* to *for* a director candidate named in Proposal 1, and (ii) from *for* to *against* Proposal 8, each consistent with the Board's recommendation. However, Horizon Kinetics had also changed its vote from *for* to *against* Proposal 4, counter to the Board's recommendation.

ANSWER TO PARAGRAPH 7: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in the first sentence of Paragraph 7. To the extent a response is required, Defendants admit that Horizon Kinetics submitted a proxy directing its shares to be voted in accordance with the Board's recommendations except as to Proposal 4, which Horizon Kinetics advised Texas Pacific of on August 31, October 3, 4, 31 and November 1, 2022, however, Texas Pacific waited to file proxy solicitation materials identifying Defendants' position until the day before the stockholder meeting. Otherwise, denied.

8. SoftVest did not change its vote on Proposal 4.

ANSWER TO PARAGRAPH 8: Defendants admit that SoftVest submitted a proxy directing its shares to be voted against Proposal 4. Otherwise denied.

9. The Company's 2022 Annual Meeting opened on November 16, 2022. Defendants breached the Stockholders' Agreement by voting "AGAINST" the Board's recommendation that stockholders vote "FOR" Proposal 4. Those votes were outcome determinative with respect to Proposal 4. In other words, but for Defendants' breaches, the Company's stockholders would have approved Proposal 4.

ANSWER TO PARAGRAPH 9: Defendants admit the first sentence of Paragraph 9. The remainder of Paragraph 9 states legal conclusions to which no response is required. Otherwise, denied.

10. In this action under Section 225(b) of the Delaware General Corporation Law, the Company seeks to enforce its rights under the Stockholders' Agreement and to secure a declaration that the Company's stockholders have

adopted Proposal 4 (or, alternatively, requiring Defendants to specifically perform their obligations under the Stockholders' Agreement).

ANSWER TO PARAGRAPH 10: Paragraph 10 purports to describe this action and states Plaintiff's argumentative opinions and purported conclusions of law to which no response is required. To the extent a response is required, Defendants admit that Plaintiff purports to seek remedies under Section 225(b) of the Delaware General Corporation Law but deny that Plaintiff is entitled to any such remedies and further deny any remaining allegations. To the extent a further response is required, denied.

RELEVANT PARTIES

11. Plaintiff Texas Pacific Land Corporation was organized under Delaware law on April 28, 2020. On January 11, 2021 it became the successor to the Trust.

ANSWER TO PARAGRAPH 11: Admitted.

12. Defendant Horizon Kinetics LLC is organized under the laws of the State of Delaware and is a party to the Stockholders' Agreement.

ANSWER TO PARAGRAPH 12: Admitted.

13. Defendant Horizon Kinetics Asset Management LLC is organized under the laws of the State of Delaware and is a party to the Stockholders' Agreement.

ANSWER TO PARAGRAPH 13: Admitted.

14. Defendant SoftVest Advisors, LLC is organized under the laws of the State of Delaware and is a party to the Stockholders' Agreement.

ANSWER TO PARAGRAPH 14: Admitted.

15. Defendant SoftVest, L.P. is organized under the laws of the State of Delaware and is a party to the Stockholders' Agreement.

ANSWER TO PARAGRAPH 15: Admitted.

JURISDICTION

16. This Court has subject matter jurisdiction over this action pursuant to 10 *Del. C.* § 341.

ANSWER TO PARAGRAPH 16: To the extent the allegations contained in Paragraph 16 state legal conclusions, no response is required. Otherwise, admitted.

17. The Court also has personal jurisdiction over Defendants. In the Stockholders' Agreement, each party agreed that "exclusive jurisdiction and venue for any Legal Proceeding arising out of or related to this Agreement shall exclusively lie . . . in the Court of Chancery of the State of Delaware" and that "each party waives any objection it may now or hereafter have to the laying of venue of any such Legal Proceeding, and irrevocably submits to personal jurisdiction in any such court in any such Legal Proceeding and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any court that any such Legal Proceeding brought in any such court has been brought in any inconvenient forum." Stockholders' Agreement § 13.

ANSWER TO PARAGRAPH 17: To the extent the allegations contained in Paragraph 17 state legal conclusions, no response is required. The terms of the Stockholders' Agreement speak for themselves and are the best evidence of their contents. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents and/or terms. Otherwise, admitted.

SUBSTANTIVE ALLEGATIONS

I. The Formation of the Company and Execution of the Stockholders' Agreement

18. Texas Pacific Land Trust (the “Trust”) was organized pursuant to a Declaration of Trust dated February 1, 1888. The Trust was managed by three trustees (the “Trustees”) that, as set forth in the Declaration of Trust, were elected until their death, resignation, or disqualification. In February 2019, one of the three Trustees resigned for health reasons and subsequently passed away, necessitating an election.

ANSWER TO PARAGRAPH 18: Admitted.

19. In March 2019, Horizon Kinetics and SoftVest launched a proxy contest to elect their preferred candidate, Eric L. Oliver, as Trustee. Oliver is the Founder of SoftVest, L.P. and the President of SoftVest Advisors LLC. The Trust nominated four-star General Donald G. Cook, USAF (Retired) as Trustee.

ANSWER TO PARAGRAPH 19: Defendants admit that on March 25, 2019, an investor group led by SoftVest filed a preliminary proxy statement with the SEC after the Trust originally nominated Preston Young, a commercial real estate broker who worked for Stream Realty Partners, a firm that managed properties affiliated with Dave Barry, one of the incumbent Trustees. It was around this time that Defendants noticed potential conflicts of interest between Texas Pacific and Manti Tarka, an oil and gas exploration company for which Dave Barry works. Defendants admit that the Trust subsequently replaced Mr. Young with General Donald G. Cook. The preliminary proxy statement speaks for itself and is the best evidence of its contents. Otherwise, denied.

20. In connection with that contest, litigation arose between the Company and the dissident stockholders in the U.S. District Court for the Northern District of Texas styled *Texas Pacific Land Trust et al. v. Oliver*, No. 19-cv-01224 (the “Securities Action”).

ANSWER TO PARAGRAPH 20: Defendants admit that the Trust brought a lawsuit on May 21, 2019, the eve of the special meeting of stockholders, against Defendants in the matter captioned *Texas Pacific Land Trust et al. v. Oliver*, No. 19-cv-01224, and adjourned the special meeting from May 22, 2019 until June 6, 2019. The pleadings in *Texas Pacific Land Trust et al. v. Oliver*, No. 19-cv-01224, speak for themselves and are the best evidence of their content. Defendants respectfully refer the Court to those documents for a full and accurate recitation of their content. Otherwise, denied.

21. The Securities Action was resolved months later by a Settlement Agreement, dated July 30, 2019. As part of that agreement, the Company formed a Conversion Exploration Committee “to assist the Trustees in their evaluation, from a corporate, corporate governance, tax, accounting and business perspective, of whether the Trust should be converted into a C-corporation or, in the alternative, whether the Trust should remain a business trust”

ANSWER TO PARAGRAPH 21: Paragraph 21 purports to characterize the Securities Action and the Settlement Agreement. The pleadings in *Texas Pacific Land Trust et al. v. Oliver*, No. 19-cv-01224, speak for themselves and are the best evidence of their content. Defendants respectfully refer the Court to those documents for a full and accurate recitation of their content. The Settlement Agreement speaks for itself and is the best evidence of its contents. Defendants admit that the Settlement Agreement contains the quoted words. Otherwise, denied.

22. The members of the Conversion Exploration Committee included representatives for each of Horizon Kinetics and SoftVest.

ANSWER TO PARAGRAPH 22: Paragraph 22 purports to characterize the Settlement Agreement. The Settlement Agreement speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the Settlement Agreement for a full and accurate recitation of its contents. Defendants admit that the Settlement Agreement states, “As of August 1, 2019 until the end of the Committee Period, the Conversion Exploration Committee (“Committee”) shall comprise the following seven individuals: Mr. Norris, Mr. Barry, General Donald Cook (Ret.), Dana McGinnis, Eric Oliver, Murray Stahl, and Craig Hodges.” Otherwise, denied.

23. On March 23, 2020, at the Conversion Exploration Committee’s recommendation, the Trustees announced that they had approved a plan to reorganize the Trust into a corporation organized under Delaware law.

ANSWER TO PARAGRAPH 23: Paragraph 23 purports to characterize the May 19, 2020 Draft Registration Statement of Plaintiff (the “Draft Registration Statement”). Defendants admit that on May 19, 2020, a Draft Registration Statement related to Plaintiff was filed. The Draft Registration Statement speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the Draft Registration Statement for a full and accurate recitation of its contents. Otherwise, denied.

24. In connection with the planned corporate reorganization and as part of resolving the proxy contest, the parties entered into the Stockholders' Agreement.¹

ANSWER TO PARAGRAPH 24: Paragraph 24 and footnote 1 (reproduced below) purport to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Otherwise, denied.

25. The Stockholders' Agreement sets forth certain obligations of the Trust (and, once formed, the Company). It also requires that Defendants undertake, or refrain from, certain actions.

ANSWER TO PARAGRAPH 25: Paragraph 25 purports to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Otherwise, denied.

26. Stockholders' Agreement Paragraph 1, titled "Board Composition and Related Matters," reflects the agreement regarding the composition of the Trust's future board of directors following its planned reorganization. It mandates that the Board would be divided into three classes of directors, with the signatory stockholder groups appointing one director in each class. The Stockholders' Agreement provides that SoftVest would designate Eric L. Oliver as a Class II director and Horizon Kinetics would designate Murray Stahl as a Class III director.

¹ The parties to the Stockholders' Agreement also included another investor, Mission Advisors, LP ("Mission Advisors"). Mission Advisors was not aligned with Defendants, and its obligations under the Stockholders' Agreement have ceased.

ANSWER TO PARAGRAPH 26: Paragraph 26 purports to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Otherwise, denied.

27. Stockholders' Agreement Paragraph 2, titled "Voting Commitments and Restrictions," reflects Defendants' commitment regarding the conduct of stockholder meetings. Defendants each agreed that they:

shall, or shall cause their Representatives to, appear in person or by proxy at each Stockholder Meeting and vote all shares of Common Stock beneficially owned by such Stockholder and over which such Stockholder has voting authority at each Stockholder Meeting in accordance with the Board's recommendations as such recommendations of the Board are set forth in the applicable definitive proxy statement filed with the SEC (the "Board Recommendations"). For the avoidance of doubt, each of the Stockholders shall take all actions necessary (including by calling back loaned out shares) to ensure that they have the voting power for each share beneficially owned by such Stockholder on the record date for each Stockholder Meeting.

Stockholders' Agreement § 2(a).

ANSWER TO PARAGRAPH 27: Paragraph 27 purports to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Defendants admit that the Stockholders' Agreement contains the quoted words. Otherwise, denied.

28. Section 2(b) of the Stockholders Agreement modifies Defendants' broad voting commitment by carving out certain limited exceptions, including those "(i) related to an Extraordinary Transaction or (ii) related to governance, environmental or social matters" *Id.* § 2(b).

ANSWER TO PARAGRAPH 28: Paragraph 28 purports to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Defendants admit that the Stockholders' Agreement contains the quoted words. Otherwise, denied.

29. The Stockholders' Agreement limits "Extraordinary Transaction[s]" to "any tender offer, exchange offer, share exchange, merger, consolidation, acquisition, business combination, sale, recapitalization, restructuring, or other matters involving a corporate transaction that require a stockholder vote." *Id.* § 16(a)(v).

ANSWER TO PARAGRAPH 29: Paragraph 29 purports to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Defendants admit that the Stockholders' Agreement contains the quoted words. Otherwise, denied.

30. The Stockholders' Agreement also contains provisions (1) designating Delaware law as governing the Stockholders' Agreement and "any disputes arising out of or related [there]to" (§ 13); (2) reflecting the parties' agreement that "equitable relief by way of injunction or otherwise and specific performance" is the appropriate remedy for a "breach" or "threaten[ed]" breach of the Stockholders' Agreement (§

15); (3) providing that any amendment or waiver to the Stockholders' Agreement must "be agreed to in a writing signed by each party" (§ 17(e)); and (4) confirming that upon its formation the Company "shall have accepted and assumed all rights, obligations and liabilities of the Trust" under the Stockholders' Agreement (§ 17(a)).

ANSWER TO PARAGRAPH 30: Paragraph 30 purports to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Defendants admit that the Stockholders' Agreement contains the quoted words. Otherwise, denied.

31. The Stockholders' Agreement further contains standstill provisions, including a non-solicitation provision pursuant to which Defendants agreed not to "initiate, encourage or participate in any solicitation of proxies in respect of any stockholder proposal for consideration at, or other business brought before, any Stockholder Meeting." § 3(a).

ANSWER TO PARAGRAPH 31: Paragraph 31 purports to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Defendants admit that the Stockholders' Agreement contains the quoted words. Otherwise, denied.

32. On January 11, 2021, the Trust completed its reorganization and the Company became a corporation (the Texas Pacific Land Corporation) organized under the laws of the State of Delaware. In accordance with the Stockholders' Agreement, Horizon Kinetics' and SoftVest's representatives (Stahl and Oliver,

respectively) were appointed to the Board, which at the time had nine directors, and they remain on the Board to this day.

ANSWER TO PARAGRAPH 32: The first sentence of Paragraph 32 purports to characterize a January 11, 2021 8-K. The January 11, 2021 8-K speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the January 11, 2021 8-K for a full and accurate recitation of its contents. To the extent a further response is required, Defendants admit the first sentence of Paragraph 32. The second sentence of Paragraph 32 purports to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents and/or terms. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Otherwise, denied.

II. The Company's 2022 Annual Meeting and Defendants' Breaches of the Stockholder Agreement

33. On October 7, 2022, the Company filed its Definitive Proxy Statement, which set a record date of September 22 for the 2022 Annual Meeting. As of September 22, the Company had (i) 7,710,932 shares of common stock issued and outstanding and (ii) 45,224 shares of common stock held in treasury.

ANSWER TO PARAGRAPH 33: Paragraph 33 purports to characterize the Definitive Proxy Statement. The Definitive Proxy Statement speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the Definitive Proxy Statement for a full and accurate recitation of its contents. Defendants admit that the Definitive Proxy Statement set a record date of September

22 for the 2022 Annual Meeting. Defendants lack knowledge or information sufficient to form a belief as to the second sentence of Paragraph 33. Otherwise, denied.

34. The Definitive Proxy Statement sets forth the ten proposals on which the Company’s stockholders would vote at the 2022 Annual Meeting, and the Board’s recommendation for each, as follows:

What are the matters to be voted on at the Annual Meeting and what are the Board’s voting recommendations?		
Proposals		Board’s Recommendation
Proposal 1	Election of four directors to serve until the 2025 Annual Meeting of Stockholders	FOR each Nominee
Proposal 2	Approval, by non-binding advisory vote, of the executive compensation paid to our named executive officers	FOR
Proposal 3	Approval of an amendment to the Company’s Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) providing for the declassification of the Board	FOR
Proposal 4	Approval of an amendment to the Company’s Certificate of Incorporation to increase the authorized shares of common stock from 7,756,156 shares to 46,536,936 shares	FOR
Proposal 5	Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022	FOR
Proposal 6	Consideration of a non-binding stockholder proposal regarding the stockholders’ right to call for a special stockholder meeting	AGAINST
Proposal 7	Consideration of a non-binding stockholder proposal regarding hiring an investment banker in connection with the evaluation of a potential spinoff	AGAINST
Proposal 8	Consideration of a non-binding stockholder proposal regarding the release of all remaining obligations of the stockholders’ agreement between the Company and certain stockholders	AGAINST
Proposal 9	Consideration of a non-binding stockholder proposal regarding the stockholders’ right to act by written consent	AGAINST
Proposal 10	Consideration of a non-binding stockholder proposal regarding director election and resignation policy.	AGAINST

ANSWER TO PARAGRAPH 34: Paragraph 34 purports to characterize the Definitive Proxy Statement. The Definitive Proxy Statement speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the Definitive Proxy Statement for a full and accurate recitation of its contents. Otherwise, denied.

35. On or around October 18, 2022, the New York Stock Exchange (“NYSE”) categorized Proposal 4 as routine under NYSE Rule 452, meaning that brokers have discretionary voting rights and can vote shares on behalf of beneficial owners of such shares absent specific instructions.

ANSWER TO PARAGRAPH 35: Paragraph 35 purports to characterize a third-party document. The Defendants lack knowledge or information sufficient to form a belief as to the truth of Paragraph 35 and therefore deny them. The New York Stock Exchange document speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the New York Stock Exchange document for a full and accurate recitation of its contents. Otherwise, denied.

36. On November 1, 2022, Glass, Lewis & Co. published a report recommending that the Company's stockholders vote "FOR" Proposal 4.

ANSWER TO PARAGRAPH 36: Paragraph 36 purports to characterize a third-party report. The Glass, Lewis & Co. Report speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the Glass, Lewis & Co. Report for a full and accurate recitation of its contents. Otherwise, denied.

37. On November 3, 2022, Institutional Shareholder Services Inc. published a report recommending that the Company's stockholders vote "FOR" Proposal 4.

ANSWER TO PARAGRAPH 37: Paragraph 37 purports to characterize a third-party report. The Institutional Shareholder Services Inc. Report speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the Institutional Shareholder Services Inc. Report for a full and accurate recitation of its contents. Otherwise, denied.

38. On or about November 3, 2022, the Company learned that, contrary to the voting commitment in the Stockholders' Agreement, SoftVest had submitted a proxy directing that its shares be voted *against* Proposal 4, counter to the Board's

recommendation (“FOR”). The Company also learned that, with respect to the remaining proposals, SoftVest had submitted a proxy directing that its shares be voted in accordance with the Board’s recommendations. As of the record date, SoftVest beneficially owned 130,500 shares (or approximately 1.69%) of the Company’s common stock.

ANSWER TO PARAGRAPH 38: Defendants deny that Texas Pacific first learned of Defendants’ intent to vote against Proposal 4 on November 3, 2022. Horizon Kinetics and SoftVest advised Texas Pacific they would vote against Proposal 4 on August 31, October 3, 4, 31 and then again on November 1, 2022. Defendants admit that on November 3, 2022, SoftVest submitted a proxy directing its shares to be voted against Proposal 4. Paragraph 38 purports to characterize the November 3, 2022 proxy. The November 3, 2022 proxy speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the November 3, 2022 proxy for a full and accurate recitation of its contents. Defendants admit the third sentence of Paragraph 38. Otherwise, denied.

39. On or about November 4, 2022, the Company learned that, contrary to the voting commitment in the Stockholders’ Agreement, Horizon Kinetics had submitted a proxy directing that its shares be voted (i) *against* General Cook, a director candidate named in Proposal 1 and the Trust’s candidate in the 2019 proxy contest, counter to the Board’s recommendation (“FOR each nominee”), and (ii) *for* Proposal 8, also counter to the Board’s recommendation (“AGAINST”). The Company also learned that, with respect to the remaining proposals, Horizon Kinetics had submitted a proxy directing that its shares be voted in accordance with the Board’s recommendations. As of the record date, Horizon Kinetics beneficially owned approximately 1,641,571 shares (or approximately 21%) of the Company’s common stock.

ANSWER TO PARAGRAPH 39: Defendants deny that Texas Pacific first learned of Defendants' intent to vote against Proposal 4 on November 3, 2022. Horizon Kinetics and SoftVest advised Texas Pacific they would vote against Proposal 4 on August 31, October 3, 4, 31 and then again on November 1, 2022. Paragraph 39 purports to characterize the November 4, 2022 proxy. The November 4, 2022 proxy speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the November 4, 2022 proxy for a full and accurate recitation of its contents. Defendants admit that Horizon Kinetics submitted a proxy directing its shares to be voted in accordance with the Board's recommendations except as to Proposal 4. Defendants admit the third sentence of Paragraph 39. Otherwise, denied.

40. On November 8, 2022, the Company sent letters to Horizon Kinetics and SoftVest explaining the Company's understanding with respect to Horizon Kinetics' and SoftVest's proxy votes, and reminding them that voting at the 2022 Annual Meeting contrary to the Board's recommendations would constitute a breach of the Stockholders' Agreement. The Company sought confirmation:

on or before 5:00 p.m. on November 10, 2022 that [each] will change its vote in accordance with each of the Board's recommendations for the Annual Meeting, as [each] agreed to do in the Stockholders' Agreement. If [you] refus[e] to vote in accordance with the Board's recommendations for any Annual Meeting proposal . . ., please confirm as much and explain in detail any purported basis for doing so under the Stockholders Agreement. For the avoidance of doubt, the Company reserves all rights and waives none, including enforcement of the Stockholders Agreement in court.

ANSWER TO PARAGRAPH 40: Paragraph 40 purports to characterize November 8, 2022 letters. The November 8, 2022 letters from Texas Pacific speak for themselves and are the best evidence of their content. Defendants respectfully refer the Court to the November 8, 2022 letters for a full and accurate recitation of their content. Defendants admit that the November 8, 2022 letters contains the quoted words. Otherwise, denied.

41. On November 9, 2022, the General Counsel of Horizon Kinetics responded by email to “confirm we will vote FOR Donald Cook,” but did not address its vote regarding Proposal 8.

ANSWER TO PARAGRAPH 41: Paragraph 41 purports to characterize a November 9, 2022 email. The November 9, 2022 email speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the November 9, 2022 email for a full and accurate recitation of its contents. Otherwise, denied.

42. On or about November 11, 2022, the Company learned that Horizon Kinetics had changed its vote (i) from *against* to *for* General Cook, and (ii) from *for* to *against* Proposal 8, each consistent with the Board’s recommendation, but Horizon Kinetics had also changed its vote from *for* to *against* Proposal 4, counter to the Board’s recommendation.

ANSWER TO PARAGRAPH 42: Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 42 and therefore deny them. To the extent a further response is required, Defendants admit that Horizon Kinetics submitted a proxy directing its shares to be

voted for General Cook, against Proposal 9, and against Proposal 4 in the 2022 Annual Meeting. Otherwise, denied.

43. SoftVest did not change its previous vote *against* Proposal 4.

ANSWER TO PARAGRAPH 43: Defendants admit that SoftVest submitted a proxy directing its shares to be voted against Proposal 4 in the 2022 Annual Meeting. Otherwise, denied.

44. Accordingly, as of November 11, 2022, Defendants' votes were uniformly submitted against Proposal 4, in breach of the Stockholders' Agreement.

ANSWER TO PARAGRAPH 44: Paragraph 44 purports to describe Plaintiff's characterization of this action and contains legal conclusions to which no response is required. To the extent a further response is required, Defendants admit that they submitted proxies directing their shares to be voted against Proposal 4 in the 2022 Annual Meeting. Otherwise, denied.

45. On the morning of November 15, 2022, the Company filed additional Schedule 14A materials with the SEC announcing that it:

was informed that Horizon Kinetics LLC, Horizon Kinetics Asset Management LLC, SoftVest Advisors LLC, and SoftVest, L.P. (collectively, the "Investor Group") have submitted proxies to vote against Proposal 4, which is the proposal to approve an amendment to the Company's Certificate of Incorporation increasing the amount of authorized shares of TPL common stock (the "Share Authorization Proposal"), at the Company's upcoming 2022 annual meeting and that they do not intend to change their vote. The Company believes that the Investor Group is required to vote for the Share Authorization Proposal pursuant to the voting commitments in their stockholders' agreement with the Company. The Company reserves all rights and remedies, and waives none, under such stockholders' agreement.

ANSWER TO PARAGRAPH 45: Paragraph 45 purports to characterize Schedule 14A materials dated November 15, 2022. The November 15, 2022 Schedule 14A materials speak for themselves and are the best evidence of their content. Defendants respectfully refer the Court to the November 15, 2022 Schedule 14A materials for a full and accurate recitation of their content. Defendants admit that the November 15, 2022 Section 14A materials contains the quoted words but deny this was the first instance Texas Pacific was made aware of Defendants' intention to vote against Proposal 4, which was communicated on August 31, October 3, 4, 31 and November 1, 2022. Otherwise, denied.

46. On November 16, 2022, prior to the 2022 Annual Meeting, the Company issued additional Schedule 14A materials announcing that it:

intends to adjourn its upcoming 2022 annual meeting (the "Annual Meeting") only with respect to Proposal 4, which is the proposal to approve an amendment to the Company's Certificate of Incorporation increasing the amount of authorized shares of TPL common stock (the "Share Authorization Proposal"), if the Share Authorization Proposal does not receive the requisite number of votes at the Annual Meeting and the failure of Horizon Kinetics LLC, Horizon Kinetics Asset Management LLC, SoftVest Advisors LLC, and SoftVest, L.P. (collectively, the "Investor Group") to vote in support of the Share Authorization Proposal is determinative of such outcome. The Company intends to open and close the polls with respect to all of the other proposals put forth at the Annual Meeting. This adjournment is intended to provide the Company with time to resolve its disagreement with the Investor Group over their voting commitments pursuant to their stockholders' agreement with the Company. The Company reserves all rights and remedies, and waives none, under such stockholders' agreement.

ANSWER TO PARAGRAPH 46: Paragraph 46 purports to characterize Schedule 14A materials dated November 16, 2022. The November 16, 2022 Schedule 14A materials speaks for themselves and are the best evidence of their content. Defendants respectfully refer the Court to the November 16, 2022 Schedule 14A materials for a full and accurate recitation of their content. Defendants admit that the November 16, 2022 Schedule 14A materials contains the quoted words. Otherwise, denied.

47. The 2022 Annual Meeting commenced on November 16, 2022. David Barry, one of the Co-Chairs of the Company’s Board of Directors, acted as Chair of the meeting (the “Chair”), and the Company’s General Counsel and Secretary acted as Secretary (the “Secretary”).

ANSWER TO PARAGRAPH 47: Admitted.

48. Consistent with the Company’s November 16 proxy filing, at the outset of the meeting the Chair announced the Company’s intent to adjourn the meeting with respect to Proposal 4 to provide the Company time to resolve a disagreement over voting commitments pursuant to the Stockholders’ Agreement.

ANSWER TO PARAGRAPH 48: Paragraph 48 purports to characterize the November 16, 2022 and November 21, 2022 proxies. The November 16, 2022 and November 21, 2022 proxies speak for themselves and are the best evidence of their content. Defendants respectfully refer the Court to the November 16, 2022 and November 21, 2022 proxies for a full and accurate recitation of their content. Otherwise, denied.

49. Following this announcement, the polls opened with respect to all matters. Although many shares were voted in favor of Proposal 4, it did not pass without Defendants' shares voting in favor, which were outcome determinative.

ANSWER TO PARAGRAPH 49: Defendants admit that Proposal 4 did not pass. To the extent a further response is required, Defendants note Texas Pacific has refused to provide them with the voting results on Proposal 4 as of the meeting date, and therefore lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 49 and therefore deny them.

50. The Chair announced the closing of the polls with respect to all proposals other than Proposal 4. The Secretary announced that the inspector of election would tabulate the votes on all proposals other than Proposal 4.

ANSWER TO PARAGRAPH 50: Paragraph 50 purports to characterize the November 21, 2022 proxy. The November 21, 2022 proxy speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the November 21, 2022 proxy for a full and accurate recitation of its contents. Otherwise, denied.

51. Consistent with the Company's November 16 proxy filing, the Chair adjourned the 2022 Annual Meeting to February 14, 2023. The Chair informed stockholders that the polls would remain open with respect to Proposal 4 until the Annual Meeting reconvened, and stockholders could continue to vote on Proposal 4 in the interim.

ANSWER TO PARAGRAPH 51: Paragraph 51 purports to characterize the November 21, 2022 proxy. The November 21, 2022 proxy speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the November 21, 2022 proxy for a full and accurate recitation of its contents.

Defendants admit that the November 21, 2022 Proxy specified that “[t]he Annual Meeting was adjourned, only with respect to the Share Authorization Proposal” and that “[s]tockholders who have already voted do not need to recast their votes unless they wish to change their votes on the Share Authorization Proposal.” Otherwise, denied.

52. On November 18, 2022, the Company asked Horizon Kinetics to confirm by November 20 that there was no avenue to resolve the dispute short of litigation. Horizon Kinetics failed to respond.

ANSWER TO PARAGRAPH 52: Paragraph 52 purports to characterize a November 18, 2022 email. The November 18, 2022 email chain speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the November 18, 2022 email for a full and accurate recitation of its contents. Defendants admit that Horizon Kinetics did not respond to Texas Pacific’s email of November 18, 2022. Otherwise, denied.

53. On November 21, 2022, the Company filed a proxy announcing notice of the reconvened 2022 Annual Meeting:

The Annual Meeting was adjourned, only with respect to the Share Authorization Proposal, to be reconvened on February 14, 2023. . . . This adjournment will provide the Company with time to resolve a disagreement with Horizon Kinetics LLC, Horizon Kinetics Asset Management LLC, SoftVest Advisors LLC, and SoftVest, L.P. over their voting commitments pursuant to a stockholders’ agreement with the Company.

The record date for the adjourned Annual Meeting remains the close of business on September 22, 2022 (the “Record Date”). Stockholders who have already voted do not need to recast their votes unless they wish to change their votes on the Share Authorization Proposal.

Stockholders of record who have not already voted or wish to change their vote on the Share Authorization Proposal may do so by following the instructions provided in the voting instruction form or proxy card accompanying the Proxy Statement.

ANSWER TO PARAGRAPH 53: Paragraph 53 purports to characterize a November 21, 2022 proxy. The November 21, 2022 proxy speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the November 21, 2022 proxy for a full and accurate recitation of its contents. Defendants admit that the November 21, 2022 proxy contains the quoted words. Otherwise, denied.

COUNT I

Breach of Contract – Determine Validity of Proposal Under Section 225(b) (Against Defendants)

54. The allegations above are incorporated and restated herein.

ANSWER TO PARAGRAPH 54: This paragraph of the Complaint is an incorporation-by-reference paragraph to which no response is required. To the extent a response is required, Defendants incorporate their responses to Paragraphs 1-53 of the Complaint as if fully set forth herein and deny any remaining allegations.

55. Defendants are parties to the Stockholders' Agreement, which is a valid and enforceable contract governed by Delaware law.

ANSWER TO PARAGRAPH 55: The allegations contained in Paragraph 55 state legal conclusions to which no response is required.

56. In violation of the Stockholders' Agreement, Defendants have voted against one of the Board's recommendations in connection with the 2022 Annual

Meeting. Specifically, Defendants voted *against* Proposal 4, which was counter to the Board's recommendation.

ANSWER TO PARAGRAPH 56: Paragraph 56 states Plaintiff's argumentative opinions and purported conclusions of law, to which no response is required. To the extent a response is required, Defendants admit that they submitted proxies directing their shares to be voted against Proposal 4 in the 2022 Annual Meeting. Furthermore, Defendants admit that the Board recommended that stockholders vote in favor of Proposal 4. Otherwise, denied.

57. Defendants have thereby breached the Stockholders' Agreement. Those breaches have caused harm: but for Defendants' breaches, the Company's stockholders would have approved Proposal 4.

ANSWER TO PARAGRAPH 57: Paragraph 57 states Plaintiff's argumentative opinions and purported conclusions of law, to which no response is required. To the extent a response is required, denied.

58. The Company has no adequate remedy at law and is suffering and will continue to suffer irreparable harm and injury unless the Court grants equitable relief.

ANSWER TO PARAGRAPH 58: Paragraph 58 states Plaintiff's argumentative opinions and purported conclusions of law, to which no response is required. To the extent a response is required, denied.

59. Indeed, Defendants agreed in the Stockholders' Agreement that in the event that a party "breach[es] or threaten[s] to breach any provision of this Agreement," each other party "shall be entitled to equitable relief by way of injunction or otherwise and specific performance of the provisions hereof. . . ." Stockholders' Agreement § 9.

ANSWER TO PARAGRAPH 59: Paragraph 59 states Plaintiff's argumentative opinions and purported conclusions of law, to which no response is required. To the extent a response is required, Paragraph 59 purports to characterize the Stockholders' Agreement. The Stockholders' Agreement speaks for itself and is the best evidence of its contents. Defendants respectfully refer the Court to the Stockholders' Agreement for a full and accurate recitation of its contents. Defendants admit that the Stockholders' Agreement contains the quoted words. Otherwise, denied.

AFFIRMATIVE DEFENSES

The statement of any defense hereinafter does not assume the burden of proof, persuasion, or production for any issue as to which applicable law places the burden upon Plaintiff. Defendants presently lack sufficient knowledge or information on which to form a belief as to whether they may have additional, as yet unstated, defenses or affirmative defenses, and expressly reserve the right to assert such additional defenses or affirmative defenses and/or to amend its affirmative and other defenses.

1. The Verified Complaint, in whole or in part, fails to state a claim upon which relief may be granted.
2. Plaintiff's claim is barred, in whole or in part, by the doctrines of acquiescence, estoppel, release, ratification, or waiver.

3. Plaintiff's claim is barred by the doctrine of laches.
4. Defendants are not liable because Plaintiff's losses, if any, were not caused by Defendants.
5. Plaintiff's losses are speculative or uncertain and therefore not compensable.

REQUEST FOR RELIEF

Defendants deny any and all allegations contained in Plaintiff's Prayer for Relief, and deny that Plaintiff is entitled to any relief.

WHEREFORE, Defendants respectfully pray for judgment and relief as follows:

- A. That the Verified Complaint be dismissed with prejudice and that judgment be entered against Plaintiff and in favor of Defendants;
- B. Defendants be awarded the costs of this suit, including their disbursements and reasonable attorneys' fees and experts' fees (if any); and
- C. Defendants be awarded such other and further relief as the Court deems necessary and appropriate.

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LLC; and SoftVest, L.P.*

Dated: December 14, 2022

CERTIFICATE OF SERVICE

I, Michael A. Carbonara, Jr., Esquire, hereby certify that on December 14, 2022, a copy of the foregoing documents were served on the following counsel in the manner indicated below:

BY FILE & SERVEXPRESS

A. Thompson Bayliss, Esq.
Adam K. Schulman, Esq.
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/s/ Michael A. Carbonara, Jr.
Michael A. Carbonara, Jr. (No. 6769)