FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

(Mark One)

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

For the quarterly period ended June 30, 2002

OR

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

For the transition period from to

For Quarter Ended June 30, 2002 Commission File number 2-71058

DAWSON GEOPHYSICAL COMPANY
(Exact name of Registrant as specified in its Charter)

TEXAS	75-0970548
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

508 West Wall, Suite 800, Midland, Texas	79701
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) 915/684-3000

NONE
(Former Name, Former Address & Former Fiscal Year if changed since last report)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	Outstanding at June 30, 2002
Common Stock, $.33 1/3 par value	5,467,294 shares

DAWSON GEOPHYSICAL COMPANY

INDEX

PART I. FINANCIAL INFORMATION

DAWSON GEOPHYSICAL COMPANY

Item 1. Financial Statements

STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30		Nine Months Ended June 30	
	2002	2001	2002	2001
Operating revenues	$ 9,096,000	$ 12,051,000	$ 26,278,000	$ 28,471,000
Operating costs:				
Operating expenses	8,102,000	9,216,000	23,690,000	24,640,000
General and administrative	496,000	439,000	1,550,000	1,355,000
Depreciation	1,048,000	2,071,000	3,248,000	6,740,000
	9,646,000	11,726,000	28,488,000	32,735,000
Income (loss) from operations	(550,000)	325,000	(2,210,000)	(4,264,000)
Other income (expense):				
Interest				

income
119,000
169,000
394,000
573,000 Gain
(loss) on
disposal of
assets --
5,000 5,000
8,000 Other
income 3,000
1,000 76,000
15,000 ------
-------- ----
---------- --

- Income
(loss) before
income tax
(428,000)
500,000
(1,735,000)
(3,668,000)
Income tax
benefit -- --
-- -- -------
------- -----
--------- ---
----------- -

Net income
(loss) $
(428,000) $
500,000 $
(1,735,000) $
(3,668,000)
==============
==============
==============
==============
Net income
(loss) per
common share
$ (.08) $ .09
$ (.32) $
(.67)
==============
==============
==============
==============
Net income
(loss) per
common share-
- assuming
dilution $
(.08) $ .09 $
(.32) $ (.67)
==============
==============
==============
==============
Weighted
average
equivalent
common shares
outstanding
5,467,294
5,445,794
5,461,468
5,441,513
==============
==============
==============
==============
Weighted
average
equivalent
common shares
outstanding--
assuming

dilution
5,467,294
5,516,671
5,461,468
5,441,513
==============
==============
==============
==============

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

BALANCE SHEETS

June 30,
2002
September
30, 2001 ---
---------- -

(unaudited)
ASSETS
Current
assets: Cash
and cash
equivalents
$ 3,905,000
$ 4,338,000
Short-term
investments
13,978,000
10,952,000
Accounts
receivable,
net of
allowance
for doubtful
accounts of
$121,000 in
each period
6,276,000
8,695,000
Prepaid
expenses
485,000
173,000 ----
--------- --

Total
current
assets
24,644,000
24,158,000 -

- Property,
plant and
equipment
74,522,000
73,656,000
Less
accumulated
depreciation
(55,639,000)
(52,433,000)

- ----------
--- Net
property,
plant and
equipment
18,883,000
21,223,000 -

- $
43,527,000 $
45,381,000
=============
=============
LIABILITIES
AND
STOCKHOLDERS'
EQUITY
Current

liabilities:		
Accounts payable	$ 838,000	$ 1,181,000
Accrued liabilities:		
Payroll costs and other taxes	522,000	315,000
Other	161,000	303,000
Total current liabilities	1,521,000	1,799,000
Stockholders' equity:		
Preferred stock--par value $1.00 per share; 5,000,000 shares authorized, none outstanding	--	--
Common stock - par value $.33 1/3 per share; 10,000,000 shares authorized, 5,467,294 and 5,445,794 shares issued and outstanding respectively	1,822,000	1,815,000
Additional paid-in capital	38,863,000	38,711,000
Retained earnings	1,321,000	3,056,000
Total stockholders' equity	42,006,000	43,582,000
	$ 43,527,000	$ 45,381,000

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended June 30	
	2002	2001
Cash flows from operating activities:		
Net loss	$ (1,735,000)	$ (3,668,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	3,248,000	6,740,000
Gain on disposal of assets	(5,000)	(8,000)
Non-cash compensation	178,000	92,000
Other	101,000	31,000
Change in current assets and liabilities:		
Decrease (increase) in accounts receivable	2,419,000	(3,055,000)
Increase in prepaid expenses	(312,000)	(114,000)
Decrease in income taxes receivable	--	2,165,000
Increase (decrease) in accounts payable	(343,000)	220,000
Increase in accrued liabilities	65,000	300,000
Net cash provided by		

operating
activities
3,616,000
2,703,000 --

- Cash flows
from
investing
activities:
Proceeds
from
disposal of
assets
10,000
49,000
Capital
expenditures
(939,000)
(629,000)
Proceeds
from
maturity of
short-term
investments
10,059,000
3,500,000
Investment
in short-
term
investments
(13,179,000)
(5,474,000)

- ----------
--- Net cash
used in
investing
activities
(4,049,000)
(2,554,000)

- ----------
--- Net
increase
(decrease)
in cash and
cash
equivalents
(433,000)
149,000 Cash
and cash
equivalents
at beginning
of period
4,338,000
509,000 ----
--------- --

Cash and
cash
equivalents
at end of
period $
3,905,000 $
658,000
=============
=============

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

NOTES TO FINANCIAL STATEMENTS

1. OPINION OF MANAGEMENT

Although the information furnished is unaudited, in the opinion of management of the Registrant, the accompanying financial statements reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial condition and results of operations for the periods pre- sented. The results of operations for the three months and the nine months ended June 30, 2002, are not necessarily indicative of the results to be expected for the fiscal year.

2. PLANT, PROPERTY AND EQUIPMENT

Management of the Registrant has revised the estimated lives of certain assets based on the technology of certain seismic data recording equipment consisting of the central electronic components and of energy source units. Management believes that the central electronics components contained in the field recording units of the Company's six crews remain state of the art. Management believes that advancements in the foreseeable future will consist of upgrades that may require replacements of modules of the central electronics. Management does not believe that the current systems will become obsolete at the end of the original estimate and has revised the estimated life of these assets.

Management believes that the current fleet of energy source units will provide service beyond the life originally estimated due to actual performance of units in the past and to the redesign of the unit. Accordingly, the estimated life of this class of asset has been revised.

The change of estimate was made as of October 1, 2001. The effect to depreciation and to the net loss for the three months and the nine months ended June 30, 2002 is:

	As Reported		Pro Forma (As If No Change)	
	Three Months	Nine Months	Three Months	Nine Months
Depreciation	$ 1,048,000	$ 3,248,000	$ 1,896,000	$ 5,832,000
Net Loss	$ (428,000)	$ (1,735,000)	$ (1,276,000)	$ (4,319,000)
Net loss per share	$			

(.08) $
(.32) $
(.24) $
(.79)
=============
=============
=============
=============

3. NET INCOME PER COMMON SHARE

The following table sets forth the computation of basic and diluted net income per common share:

Three Months
Ended Nine
Months Ended
June 30 June
30 ---------

--------- --

---- 2002
2001 2002
2001 -------
------ -----
-------- ---
---------- -

Numerator:
Net income
(loss) and
numerator
for basic
and diluted
net income
per common
share-income
available to
common
stockholders
$ (428,000)
$ 500,000 $
(1,735,000)
$
(3,668,000)

- ----------
--- --------
----- ------

Denominator:
Denominator
for basic
net income
(loss) per
common
share-
weighted
average
common
shares
5,467,294
5,445,794
5,461,468
5,441,513
Effect of
dilutive
securities-
employee
stock
options --
70,877 -- --

- ----------
--- --------
----- ------

Denominator
for diluted
net income
(loss) per
common
share-

adjusted
weighted
average
common
shares and
assumed
conversions
5,467,294
5,516,671
5,461,468
5,441,513 --

- ----------
--- --------
----- Net
income
(loss) per
common share
$ (.08) $
.09 $ (.32)
$ (.67)
=============
=============
=============
=============
Net income
(loss) per
common
share--
assuming
dilution $
(.08) $ .09
$ (.32) $
(.67)
=============
=============
=============
=============

Employee stock options to purchase shares of common stock were outstanding during fiscal year 2001 and 2000 but were not included in the computation of diluted net loss per share because either (i) the employee stock options' exercise price was greater than the average market price of the common stock of the Company, or (ii) the Company had a net loss from continuing operations and, therefore, the effect would be antidilutive.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Company's financial statements. In addition, in reviewing the Company's financial statements it should be noted that the Company's revenues relate to oil and gas exploration and production activity and fluctuations in the Company's results of operations may occur due to commodity prices, weather, land use permitting and other factors.

FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact included in this report, including without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and plans and objectives of management of the Company for future operations, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this report, words such as "anticipate", "believe", "estimate", "expect", "intend", and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including but not limited to dependence upon energy industry spending, weather problems, inability to obtain land use permits, the volatility of oil and gas prices, and the availability of capital resources. Such statements reflect the current views of the Company with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this paragraph. The Company assumes no obligation to update any such forward-looking statements.

OVERVIEW

The Company has experienced improved pricing over the last eighteen months even though excess capacity and price competition prevail in the land-based seismic industry. The Company's revenues were negatively impacted due to unfavorable weather and difficulty in obtaining permits for rights-of-way during the nine months ended June 30, 2002. Production increases obtainable with favorable weather and timely permits for rights-of-way will significantly improve the Company's operating results. Demand for the Company's services is related to crude oil and natural gas prices.

As discussed below in Results of Operations and in Note 2 of the "Notes to Financial Statements," depreciation expense was reduced for the three months and for the nine months ended June 30, 2002 due to a change in the estimate of the lives of certain assets.

RESULTS OF OPERATIONS

The Company's operating revenues for the first nine months of fiscal 2002 decreased 7% to $26,278,000 from $28,471,000 for the same period of fiscal 2001. For the three months ended June 30, 2002, operating revenues totaled $9,096,000 versus $12,051,000 for the same period of fiscal 2001, a 24% decrease. The net profit of the third quarter of fiscal 2001 reflects the production results obtainable even though continued price competition and excess capacity in the land-based seismic industry have existed since the Company's previous profitable quarter, ending September 1998. The Company continually operated five crews in fiscal 2001. During the first nine months of fiscal 2002, the Company has operated four or five crews depending on weather conditions and the ability to obtain permits for rights-of-way. At June 30, 2002, the Company was operating three crews due to these factors.

Operating expenses for the nine months ended June 30, 2002 totaled $23,550,000, a 4% decrease from the same period of fiscal 2001. For the quarter ended June 30, 2002, operating expenses totaled $8,036,000 versus $9,216,000 for the same period of fiscal 2001, a 12% decrease. In January 2001 the Company restored salary reductions that had been enacted in January 1999.

General and administrative expenses for the nine months ended June 30, 2002 totaled $1,550,000 as compared to $1,355,000 for the same period of fiscal 2001. For the quarter ended June 30, 2002, general and administrative expenses totaled $496,000 as compared to $439,000 in the same quarter of fiscal 2001. Insurance premiums primarily account for these increases.

Depreciation for the nine months and for the quarter ended June 30, 2002 decreased approximately 50%. As discussed in Note 2 of the "Notes to Financial Statements," the Company revised the estimated lives of two classes of seismic equipment. The effect of the change is a reduction in depreciation expense and net loss of approximately $2,584,000 for the nine month period and $848,000 for the quarter ended June 30, 2002. The decrease in depreciation expense includes a modest effect resulting from a suspension of capital expansion beginning in fiscal 1999 due to industry conditions.

Total operating costs for the first nine months of fiscal 2002 were $28,488,000, a decrease of 13%, from the same period of fiscal 2001 due to the factors described above. For the quarter ended June 30, 2002, total operating costs of $9,646,000 represent a 17% decrease from the same period of the prior fiscal year. The 7% decrease of revenues as compared to the relatively flat total of operating expenses and general and administrative expense for the first nine months of fiscal 2002 reflects the high proportion of relatively fixed total operating costs (including personnel costs of active crews and depreciation costs) inherent in the Company's business and continued price competition in the bidding process for geophysical services due to the remaining over-capacity in our industry.

No income tax expense was recorded for the three months or the nine months ended June of fiscal 2002 or 2001 due to a pretax loss. The Company has no income tax benefit due to the establishment of a valuation allowance.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Net cash provided by operating activities of $3,616,000 for the nine months ended June 30, 2002 primarily reflects the net loss offset by depreciation and changes in working capital components.

Net cash used in investing activities in the first nine months of fiscal 2002 represents management of short-term investments and capital expenditures. The Company's capital expenditures in fiscal 2002 consist primarily of the purchase of geophones and vehicles to maintain efficient field operations.

There are no cash flows resulting from financing activities for the first nine months of fiscal 2002 or 2001.

Capital Expenditures

The Company continually strives to supply market demand with technologically advanced 3-D data acquisition recording systems and leading edge data processing capabilities. The Company maintains equipment in and out of service in anticipation of increased future demand of the Company's services. In addition the Company continues to monitor the development of the three-component seismic approach. The Company believes that it is in position to respond to demand for this technological advancement of the seismic industry.

Capital Resources

The Company believes that its capital resources including its short-term investments and cash flow from operations are adequate to meet its current operational needs and finance capital needs as determined by market demand and technological developments. The Company is currently not subject to any financing arrangements; however, it believes that financing through traditional sources is available.

CRITICAL ACCOUNTING POLICIES

The following accounting policies require management assumptions and estimates which could result in materially different amounts to be reported if conditions or underlying circumstances were to change.

Allowance for Doubtful Accounts

Management prepares its allowance for doubtful accounts receivable based on its past experience of historical write-offs and review of past due accounts. The inherent volatility of the energy industry's business cycle can cause swift and unpredictable changes in the financial stability of the Company's customers.

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment when triggering events occur suggesting deterioration in the asset's recoverability or fair value. Recognition of an impairment is required if future expected net cash flows are insufficient to recover the carrying value of the amounts. Management's estimate of future cash flows is based on historical experience in the energy industry's volatile business cycle which is difficult to predict.

Depreciable Lives of Property, Plant and Equipment

Property, Plant and Equipment is capitalized at historical cost and depreciated over the useful life of the asset. Management's estimation of this useful life is based on circumstances that exist in the seismic industry and information available at the time of the purchase of the asset. As circumstances change and new information becomes available these estimates could change. As described in Note 2 of the "Notes to Financial Statements," the Company has revised the estimated lives of two classes of seismic equipment. The effect of the change is a reduction of depreciation expense and net loss of approximately $848,000 for the three months and $2,584,000 for the nine months ended June 30, 2002.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards No. 141 "Business Combinations" and No. 142 "Goodwill and Other Intangible Assets". Statement 141 requires that all business combinations initiated after June 30, 2001 be accounted for under the purchase method and Statement 142 requires that goodwill no longer be amortized to earnings, but instead be reviewed for impairment. As of June 30, 2002 the Company expects no impact to the financial statements, upon adoption, as no business combinations have been entered into, thus the potential for associated goodwill does not currently exist.

In June 2001, the FASB issued Statement No. 143 "Accounting for Asset Retirement Obligations" which establishes requirements for the accounting of removal-type costs associated with asset retirements. The standard is effective for fiscal years beginning after June 15, 2002, with earlier application encouraged. As of June 30, 2002 the Company expects no impact to the financial statements, upon adoption, as we have not incurred any obligations associated with asset retirements.

On October 3, 2001, the FASB issued Statement No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets". This pronouncement supercedes FAS 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed" and eliminates the requirement of Statement 121 to allocate goodwill to long-lived assets to be tested for impairment. Statement 144 also describes a probability-weighted cash flow estimation approach to deal with situations in which alternative courses of action to recover the carrying amount of a long-lived asset are under consideration or a range is estimated for the amount of possible future cash flows. The statement also establishes a "primary-asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years, with early adoption encouraged. The Company is currently assessing the impact to its financial statements.

In April, 2002, the FASB issued Statement No. 145, "Recission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No.13, and Technical Corrections." Most significantly, this Statement eliminates the requirement under Statement 4 to aggregate all gains and losses from extinguishment of debt, and if material, be classified as an extraordinary item. As a result, gains and losses from extinguishment of debt should be classified as extraordinary items only if they meet the criteria in Opinion 30. Applying the provisions of Opinion 30 will distinguish transactions that are part of an entity's recurring operations from those that are unusual or infrequent or that meet the criteria for classification as an extraordinary item. There is no current impact to the Company as there is no debt.

In July 2002, the FASB issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Statement 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Company expects no impact to its financial statements as the Company does not anticipate exiting or disposing of any of its activities.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The primary sources of market risk include fluctuations in commodity prices which effect demand for and pricing of the Company's services and interest rate fluctuations. At June 30, 2002 the Company had no indebtedness. The Company's short-term investments were fixed-rate and the Company does not necessarily intend to hold them to maturity, and therefore, the short-term investments expose the Company to the risk of earnings or cash flow loss due to changes in market interest rates. As of June 30, 2002, the carrying value of the investments approximate fair value. The Company has not entered into any hedge arrangements, commodity swap agreements, commodity futures, options or other derivative financial instruments. The Company does not currently conduct business internationally so it is generally not subject to foreign currency exchange rate risk.

Part II. OTHER INFORMATION

Item 5. Other Information

Dawson Geophysical Company (the Company) is furnishing herewith the Certification Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of its Principal Executive Officer and its Principal Financial Officer regarding facts and circumstances relating to Exchange Act filings as Exhibits 99.1 and 99.2, respectively, which are included herein. L. Decker Dawson, Chairman and Chief Executive Officer of the Company, and Christina W. Hagan, Vice President and Chief Financial Officer of the Company, signed these statements on August 9, 2002.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
The information required by this Item 6(a) is set forth in the Index to Exhibits accompanying this quarterly report and is incorporated herein by reference.

(b) No reports on Form 8-K were filed by the Company during the quarter ended June 30, 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DAWSON GEOPHYSICAL COMPANY
(REGISTRANT)

By: /s/ L. Decker Dawson
L. Decker Dawson
Chairman of the Board, CEO

/s/ Christina W. Hagan
Christina W. Hagan
Chief Financial Officer

DATE: August 12, 2002

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
99.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the periodic report of Dawson Geophysical Company (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, L. Decker Dawson, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 12, 2002

/s/ L. Decker Dawson

Chairman and Chief Executive Officer

EXHIBIT 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the periodic report of Dawson Geophysical Company (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christina W. Hagan, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 12, 2002

/s/ Christina W. Hagan

Vice President and Chief Financial Officer