

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON D.C. 20549

(Mark One)

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

For the quarterly period ended March 31, 1995

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 March 31, 1995 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.)

208 S. Marienfeld, Midland, Texas
 (Address of principal executive offices)

79701
 (Zip Code)

(Registrant's telephone number, including area code) 915/682-7356

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 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 March 31, 1995
Common Stock, \$.33 1/3 par value	4,145,300 shares

DAWSON GEOPHYSICAL COMPANY

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PART I. FINANCIAL INFORMATION

DAWSON GEOPHYSICAL COMPANY

STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31		Six Months Ended March 31	
	1995	1994	1995	1994
Operating revenues	\$7,467,000	\$5,979,000	\$14,483,000	\$10,695,000
Operating costs:				
Operating expenses	5,234,000	3,874,000	10,184,000	7,189,000
General and administrative	260,000	212,000	578,000	495,000
Depreciation	1,043,000	703,000	1,943,000	1,339,000
	6,537,000	4,789,000	12,705,000	9,023,000
Income from operations	930,000	1,190,000	1,778,000	1,672,000
Other income (expense):				
Interest and dividend income	137,000	53,000	233,000	105,000
Interest expense	(64,000)	(75,000)	(165,000)	(143,000)
Gain on disposal of assets	22,000	35,000	22,000	35,000
Other income	-	16,000	19,000	18,000
Non-cash donation	-	-	-	(44,000)
Income before income tax	1,025,000	1,219,000	1,887,000	1,643,000
Income tax expense	(378,000)	(438,000)	(693,000)	(598,000)
Net income	\$ 647,000	\$ 781,000	\$1,194,000	\$1,045,000
Net income per common share	\$.15	\$.25	\$.32	\$.34
Weighted average equivalent shares outstanding	4,188,111	3,041,822	3,784,871	3,042,443

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

BALANCE SHEETS

	March 31, 1995 (UNAUDITED)	September 30, 1994
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,869,000	\$ 151,000
Marketable securities	3,736,000	3,102,000
Accounts receivable	5,425,000	4,304,000
Prepaid expenses	368,000	199,000
Total current assets	12,398,000	7,756,000
Marketable securities	1,750,000	2,250,000
Property, plant and equipment	35,876,000	28,851,000
Less accumulated depreciation	(15,826,000)	(13,915,000)
Total property, plant and equipment	20,050,000	14,936,000
	\$34,198,000	\$24,942,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term and current maturities of long-term debt	\$ 1,000,000	\$ 4,125,000
Accounts payable	987,000	134,000
Accrued liabilities:		
Salaries and wages	334,000	478,000
Payroll and other taxes	69,000	65,000

Other	99,000	44,000
Federal and state income taxes payable	77,000	121,000
Total current liabilities	2,566,000	4,967,000
Long-term debt, less current maturities	1,750,000	2,250,000
Deferred income taxes	39,000	39,000
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, 4,145,300 and 2,996,050 shares issued and outstanding	1,382,000	1,001,000
Additional paid-in capital	16,958,000	6,437,000
Net unrealized loss on marketable securities	(30,000)	(91,000)
Retained earnings	11,533,000	10,339,000
Total stockholders' equity	29,843,000	17,686,000
	\$34,198,000	\$24,942,000

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended March 31	
	1995	1994
Cash flows from operating activities:		
Net income	\$ 1,194,000	\$1,045,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,943,000	1,339,000
Gain on disposal of assets	(22,000)	(35,000)
Non-cash donation	-	44,000
Non-cash interest income	(114,000)	(18,000)
Deferred income taxes	-	43,000
Change in current assets and liabilities:		
Increase in accounts receivable	(1,121,000)	(842,000)
Decrease (increase) in prepaid expenses	(169,000)	26,000
Increase in accounts payable	853,000	235,000
Increase (decrease) in accrued liabilities	(85,000)	87,000
Increase (decrease) in federal and state income taxes payable	(44,000)	569,000
Net cash provided by operating activities	2,435,000	2,493,000
Cash flows from investing activities:		
Proceeds from disposal of assets	22,000	35,000
Capital expenditures	(7,057,000)	(4,564,000)
Proceeds from maturity of marketable securities	4,000,000	-
Investment in marketable securities	(3,959,000)	-
Net cash used in investing activities	(6,994,000)	(4,529,000)
Cash flows from financing activities:		
Principal payments on debt	(5,125,000)	(8,000,000)
Proceeds from debt	1,500,000	9,967,000
Proceeds from public offering	10,785,000	-
Proceeds from exercise of stock options	117,000	-
Net cash provided by financing activities	7,277,000	1,967,000
Net increase (decrease) in cash and cash equivalents	2,718,000	(69,000)
Cash and cash equivalents at beginning of period	151,000	95,000
Cash and cash equivalents at end of period	\$ 2,869,000	\$ 26,000

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 presented. The results of operations for the three months and the six months ended March 31, 1995, are not necessarily indicative of the results to be expected for the fiscal year.

2. NOTES PAYABLE

As of December 14, 1993, the Company entered into a \$4,000,000 term note with a bank. The term note matures December 31, 1997 (at March 31, 1995, the principal balance was \$2,750,000). The note is secured by eligible accounts receivable and pledged marketable securities. The interest rate on the note is the bank's prime rate (9% at March 31, 1995). The term note requires monthly principal and interest payments. The term note is subject to a loan agreement that contains various restrictive covenants and compliance requirements which include limitations on the incurrence of additional indebtedness. The Company paid off the term note on April 7, 1995 and currently has no debt.

3. PUBLIC OFFERING

On November 21, 1994, the Company completed a public offering of 1,000,000 shares and on December 21, 1994, the underwriters, Principal Financial Securities, Inc., exercised an option for an additional 114,000 shares. The proceeds of the offering were approximately \$11,000,000 after deducting costs payable by the Company.

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

Overview

Since 1989, oil and gas industry demand for 3-D seismic services has increased significantly. To meet this demand, the Company converted its operations from the traditional 2-D seismic method to the more technologically advanced 3-D seismic method. Because of increased demand and the related expansion of its 3-D seismic capabilities, the Company's results of operations have shown significant improvement over the past few years.

As a result of the Company's public offering completed during the first quarter of fiscal year 1995, the Company has issued an additional 1,114,000 shares for net proceeds of \$10,785,000. In February 1995, the Company placed into service a new 3-D recording system to increase its capabilities to five data acquisition crews utilizing \$7,057,000 of the offering proceeds. In April 1995, the Company extinguished all debt for a total of \$2,750,000.

In reviewing the Company's financial statements, it should be noted that fluctuations in the Company's results of operations can occur due to weather and other factors.

Results of Operations

The Company's operating revenues for the first six months of 1995 totaled \$14,483,000 versus \$10,695,000 for the same period of fiscal 1994, an increase of 35.4%. For the three month ended March 31, 1995, operating revenues increased \$1,488,000 or 24.9%. The increase for the six months is attributable primarily to the increasing industry demand for 3-D data acquisition services and the benefit of the 3-D seismic crews placed into service in

February 1994 and February 1995. The increase for the quarter ended March 31, 1995, as compared to the same quarter of fiscal 1994, is less than expected due to the negative impact of unfavorable weather. Minimal revenues were generated through the acquisition and processing of 2-D seismic data.

Operating expenses for the six months ended March 31, 1995 totaled \$10,184,000, an increase of \$2,995,000, or 41.7%, over the same period of fiscal 1994. For the quarter ended March 31, 1995, operating expenses increased \$1,360,000, or 35.1%. Operating expenses increased primarily as a result of operating four crews during the six months ended March 31, 1995 versus three crews for the same period of the prior year with the additional expenses of increased personnel and other expenses of placing crews into service in February 1994 and February 1995.

General and administrative expenses for the six months ended March 31, 1995 totaled \$578,000, an increase of \$83,000 over the same period of fiscal 1994. For the three months ended March 31, 1995, general and administrative expenses totaled \$260,000 versus \$212,000 for the same period of the prior year. General and administrative expenses totaled 4.0% of operating revenue for the six months ended March 31, 1995 versus 4.6% of operating revenues for the same period of the prior year. This decline as a percentage of operating revenue is a result of economies of scale and improved operating efficiency.

Depreciation for the six months ended March 31, 1995 totaled \$1,943,000, an increase of \$604,000 from the same period of fiscal 1994. For the quarter ended March 31, 1995, depreciation increased \$340,000 to \$1,043,000. Depreciation increased as a result of the capital expansion discussed below in "Liquidity and Capital Resources."

Total operating costs increased \$3,682,000 to \$12,705,000 for the six months and \$1,748,000 to \$6,537,000 for the quarter ended March 31, 1995 due to the operating expenses of starting up the new crew and the associated increase in depreciation. These increases in costs combined with a reduction of revenues due to adverse weather in the quarter ended March 31, 1995 produced lower than anticipated income from operations.

Interest income increased \$128,000 for the six months and \$84,000 for the quarter ended March 31, 1995 as compared to the comparable periods of the prior year primarily due to the interest earned from the investment of the offering proceeds pending use for capital expenditures and retirement of debt.

The Company's effective tax rate for the six months ended March 31, 1995 was 36.7% as compared to 36.4% for the six month period ended March 31, 1994. These rates reflect the current income taxes for the periods reported.

Liquidity and Capital Resources

Cash Flows

Net cash provided by operating activities increased to \$2,435,000, which includes an increase in net income and depreciation, represents a slight decrease from the prior year primarily as the result of the combined increases and decreases relating to working capital items resulting from the increased benefits provided by 3-D technology.

Net cash used in investing activities increased to \$6,994,000 for the six months ended March 31, 1995 from \$4,529,000 for the same period of fiscal 1994. This change was primarily due to capital expenditures. During the quarter ended March 31, 1995, capital expenditures of \$5,673,000 were made toward the total cost of \$7,057,000 for the new 3-D crew.

Net cash provided by financing activities increased primarily due to the proceeds of the public offering used to finance the addition of equipment for the fifth 3-D seismic crew and the extinguishment of short-term debt.

Capital Expenditures

Capital expenditures of \$7,057,000 for the six months ended

March 31, 1995 represent the addition of a fifth 3-D data acquisition crew placed into service during the second quarter of fiscal 1995. The Company expects to use the remainder of the proceeds of approximately \$1,000,000 from the public offering to expand and enhance the equipment of the existing crews and data processing facilities according to technological and market demands.

Credit Agreement

As of December 14, 1993, the Company entered into a \$4,000,000 term note with a bank. The term note matures December 31, 1997 (at March 31, 1995, the principal balance was \$2,750,000). The note is secured by eligible accounts receivable and pledged marketable securities and require monthly principal and interest payments at Norwest Bank's prime interest rate (9.0% as of March 31, 1995). The term note is subject to a loan agreement that contains various restrictive covenants and compliance requirements which include limitations on the incurrence of additional indebtedness and the inability to borrow amounts subsequent to the initial funding.

The Company paid off the term note on April 7, 1995 and currently has no debt.

Capital Resources

The Company believes that cash flow from operations are adequate to meet its current operational needs. Future capital expenditures will depend on anticipated demand, technological developments, and the Company's evaluation of financing alternatives.

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:

L. Decker Dawson
President

Christina W. Hagan
Treasurer, Controller

DATE: April 28, 1995

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SEP-30-1995
MAR-31-1995
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