UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended September 30, 2010

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period From to

Commission File No. 001-34404

DAWSON GEOPHYSICAL COMPANY

Texas	**75-0970548**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

508 West Wall, Suite 800, Midland, Texas 79701
(Principal Executive Office)
Telephone Number: 432-684-3000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, $0.33 and 1/3 par value	The NASDAQ Stock Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232 405 of the chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer ☑	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ☑

As of March 31, 2010, the aggregate market value of Dawson Geophysical Company common stock, par value $0.33 1/3 per share, held by non-affiliates (based upon the closing transaction price on Nasdaq) was approximately $224,166,842.

On November 23, 2010, there were 7,902,106 shares of Dawson Geophysical Company common stock, $0.33 1/3 par value, outstanding.

As used in this report, the terms "we," "our," "us," "Dawson" and the "Company" refer to Dawson Geophysical Company unless the context indicates otherwise.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for its 2010 Annual Meeting of Shareholders to be held on January 18, 2011 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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FORM 10-K
For the Fiscal Year Ended September 30, 2010

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Statements other than statements of historical fact included in this Form 10-K that relate to forecasts, estimates or other expectations regarding future events, including without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" regarding technological advancements and our financial position, business strategy and plans and objectives of our management for future operations, may be deemed to be forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). When used in this Form 10-K, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to us or our management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of our management, as well as assumptions made by and information currently available to 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 the volatility of oil and natural gas prices, dependence upon energy industry spending, disruptions in the global economy, industry competition, delays, reductions or cancellations of service contracts, high fixed costs of operations, external factors affecting our crews, such as weather interruptions and inability to obtain land access rights of way, the type of contracts we enter into, crew productivity, limited number of customers, credit risk related to our customers, the availability of capital resources and operational disruptions. See "Risk Factors" for more information on these and other factors. These forward-looking statements reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategies and liquidity. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this paragraph. We assume no obligation to update any such forward-looking statements.

Part I

Item 1. ***BUSINESS***

General

Dawson Geophysical Company (the Company) is the leading provider of onshore seismic data acquisition services in the lower 48 states of the United States as measured by the number of active data acquisition crews. Founded in 1952, we acquire and process 2-D, 3-D and multi-component seismic data for our clients, ranging from major oil and gas companies to independent oil and gas operators, as well as providers of multi-client data libraries. In the past few years, substantially all of our clients have been focused on the exploration for and production of natural gas. In recent quarters, we have experienced a shift in activity to oil exploration as oil prices have increased. More than half of our crews are currently working in oil producing basins. Our clients rely on seismic data to identify areas where subsurface conditions are favorable for the accumulation of hydrocarbons and to optimize the development and production of hydrocarbon reservoirs. During fiscal 2010, substantially all of our revenues were derived from 3-D seismic data acquisition operations.

As of September 30, 2010, we operated twelve 3-D seismic data acquisition crews in the lower 48 states of the United States and a seismic data processing center. We market and supplement our services from our headquarters in Midland, Texas and from additional offices in Houston, Denver, Oklahoma City, Michigan and Pennsylvania. Our geophysicists perform data processing in our Midland, Houston and Oklahoma City offices, and our field operations are supported from our field office facility in Midland. The results of a seismic survey conducted for a client belong to that client. We do not acquire seismic data for our own account nor do we participate in oil and gas ventures.

Demand for our data acquisition services is closely linked to oil and natural gas prices and the related level of spending for domestic exploration and development of oil and natural gas reserves. With the decline in the market prices for oil, and especially natural gas following the financial crisis of late 2008, we experienced a severe reduction in demand for our services beginning in early fiscal 2009. As a result, we reduced the number of active data acquisition crews we operated from sixteen in January of 2009 to nine in October 2009. Since the middle of fiscal 2010, we have experienced stronger demand for our services and, as a result, we have redeployed three data acquisition crews during calendar 2010, bringing our current total to twelve active crews.

Business Strategy

Our strategy is to maintain our leadership position in the U.S. onshore market. Key elements of our strategy include:

- Attracting and retaining skilled and experienced personnel for our data acquisition and processing operations;
- Providing integrated in-house services necessary in each phase of seismic data acquisition and processing, including project design, land access permitting, surveying and related support functions as well as continuing the enhancement of our in-house health, safety, security and environmental programs;
- Maintaining the focus of our operations solely on the domestic onshore seismic market;
- Continuing to operate with conservative financial discipline;
- Updating our capabilities to incorporate advances in geophysical and supporting technologies; and
- Acquiring equipment to expand the recording channel capacity on our existing crews and equipping additional crews as market conditions dictate.

Business Description

Geophysical Services Overview. Our business consists of the acquisition and processing of seismic data to produce an image of the earth's subsurface. The seismic method involves the recording of reflected acoustic or sonic waves from below the ground. In our operations, we introduce acoustic energy into the ground by using an acoustic energy source, usually large vibrating machines or through the detonation of dynamite. We then record the subsequent reflected energy, or echoes, with recording devices placed along the earth's surface. These recording devices, or geophones, are placed on the ground individually or in groups connected together as a single recording channel. We generally use thousands of recording channels in our seismic surveys. Additional recording channels enhance the resolution of the seismic survey through increased imaging analysis and provide improved operational efficiencies for our clients.

We are able to collect seismic data using either 2-D or 3-D methods. The 2-D method involves the collection of seismic data in a linear fashion thus generating a single plane of subsurface seismic data. Continued technological advances in seismic equipment and computing allow us to economically acquire and process data by placing large numbers of energy sources and recording channels over a broad area. The industry refers to the technique of broad distribution of energy sources and recording channels as the 3-D seismic method. The 3-D method creates an immense volume of seismic data which produces more precise images of the earth's subsurface. Geophysicists use computers to interpret 3-D seismic data volumes, generate geologic models of the earth's subsurface and identify subsurface features that are favorable for the accumulation of hydrocarbons. During fiscal 2010, substantially all of our revenues were derived from 3-D seismic data acquisition. In recent years, the 2-D seismic method has been used as a regional evaluation tool in many of the limited access shale basins, in particular the Marcellus Shale in the Appalachian Basin, in which we operated one small channel count crew for most of fiscal 2010.

3-D seismic data are used in the exploration for new reserves and enable oil and gas companies to better delineate existing fields and to augment their reservoir completion and management techniques. Benefits of incorporating high resolution 3-D seismic surveys into exploration and development programs include reducing drilling risk, decreasing oil and natural gas finding costs and increasing the efficiencies of reservoir location, delineation, completion and management. In order to meet the requirements necessary to fully realize the benefits of 3-D seismic data, there is an increasing demand for improved data quality with greater subsurface resolution. We are prepared to meet such demands with the implementation of improved techniques and evolving technology. In recent years, we have steadily increased the recording capacity of our crews by increasing channel count and the number of energy source units we operate. These increases allow for a greater density of both channels and energy sources in order to increase resolution and to improve operating efficiencies. We have also utilized multi-component recording equipment on several projects in an effort to gain more information to help our clients enhance their development of producing reservoirs.

Data Acquisition. The seismic survey begins at the time a client requests that we formulate a proposal to acquire seismic data on its behalf. Geophysicists then assist the client in designing the specifications of the proposed 3-D survey. If the client accepts our proposal, permit agents, either our employees or contract agents, then obtain access rights of way from surface and mineral estate owners or lessees where the survey is to be conducted. From time to time, our clients undertake the permitting effort on their own prior to our submittal of a proposal.

Utilizing electronic surveying equipment, survey personnel, either our employees or contract companies, precisely locate the energy source and receiver positions from which the seismic data are collected. We use vibrator energy sources which are mounted on vehicles, the majority of which weigh 62,000 pounds each, to generate seismic energy, or we detonate dynamite charges placed in drill holes below the earth's surface. We use third-party contractors for the drilling of holes and the purchasing, handling and disposition of dynamite charges. We also use third-party helicopter services to move equipment in areas of difficult terrain in an effort to increase efficiency and reduce safety risk.

At fiscal year end 2010, we operated twelve land-based seismic data acquisition crews, utilizing up to 147 vibrator energy source units and over 119,000 recording channels, any of which may be configured to meet the demands of specific survey designs. Each crew consists of approximately forty to one hundred technicians, twenty-five or more vehicles with off-road capabilities, up to 75,000 geophones, a seismic recording system, energy sources, electronic cables and a variety of other equipment.

We currently own sufficient recording equipment, energy sources and ancillary vehicles to operate sixteen fully equipped crews. Of the sixteen recording systems we owned at September 30, 2010, eight are ARAM ARIES cable-based recording systems, six are I/O System II RSR radio-based recording systems and two are I/O System II MRX cable-based recording systems. In November 2009, we purchased 2,000 OYO GSR four-channel recording boxes along with three-component geophones. The GSR can be operated as a 6,000-channel cable-less recording system with 3-C geophones or 2,000 channels with conventional geophones. Alternatively, with the use of our existing geophones and ARAM cables, the system can operate as an 8,000-channel recording system. In either configuration, the GSR can be operated as added channel count with increased operational flexibility with or in place of the Company's existing ARAM or RSR systems. The ARIES, RSR and MRX recording systems all utilize similar types of geophones, and the GSR recording system can use either three-component or conventional geophones. All of our systems record equivalent seismic information but vary in the manner by which seismic data are transferred to the central recording unit, as well as their operational flexibility and channel count expandability.

Of the twelve data acquisition crews in operation at September 30, 2010, seven used ARAM recording systems, four used I/O RSR recording systems and one used an I/O MRX recording system. All of our crews utilize either vibrator energy sources or dynamite energy sources.

Client demand for more recording channels continues to increase as the industry strives for improved data quality with greater subsurface images. We believe this trend will continue and that our ability to deploy a large number of recording channels and multiple energy source units provides us with the competitive advantages of operational versatility and increased productivity, in addition to improved data quality. In October 2010, we placed an order for 2,000 additional OYO GSR four-channel recording boxes along with three-component geophones. As with the previous OYO purchase, the new GSR four-channel recording system can be used in place of or in conjunction with our ARAM or RSR systems. Beginning in October 2010, we will take delivery of ten INOVA AHV4-364 energy sources. The purchase of the additional energy sources will expand our energy source fleet to 157 by the end of the first quarter of fiscal year 2011.

Data Processing. We currently operate a computer center located in Midland, Texas and provide additional processing services through our Houston and Oklahoma City offices. Data processing primarily involves the enhancement of seismic data by improving reflected signal resolution, removing ambient noise and establishing proper spatial relationships of geological features. The data are then formatted in such a manner that computer graphic technology may be employed for examination and interpretation of the data by the user.

We continue to improve data processing efficiency and accuracy with the addition of improved processing software and high-speed computer technology. We purchase, develop or lease seismic data processing software under non-exclusive licensing arrangements.

Our computer center processes seismic data collected by our crews, as well as by other geophysical contractors. In addition, we reprocess previously recorded seismic data using current technology to enhance the data quality. Our processing contracts may be awarded jointly with, or independently from, data acquisition services. Data processing services comprise a small portion of our overall revenues.

Integrated Services. We maintain integrated in-house operations necessary to the development and completion of seismic surveys. Our experienced personnel have the capability to conduct or supervise the seismic survey design, permitting, surveying, data acquisition and processing functions for each seismic program. In-house support operations include health, safety, security and environmental programs as well as facilities for vehicle repair, vehicle paint and body repair, electronics repair, electrical engineering and software development. In addition, we maintain a fleet of tractor trailers to transport our seismic acquisition equipment to our survey sites. We believe that maintaining as many of these functions as possible in-house contributes to better quality control and improved efficiency in our operations. Our clients generally provide their own interpretation of the seismic data we provide.

Equipment Acquisition and Capital Expenditures

We monitor and evaluate advances in geophysical technology and commit capital funds to purchase the equipment we deem most effective to maintain our competitive position. Purchasing new assets and upgrading existing capital assets requires a commitment to capital spending. Our Board of Directors has approved a $30,000,000 capital budget for fiscal 2011 which will be used to purchase 2,000 OYO GSR four-channel recording boxes along with three-component geophones and ten INOVA AHV4-364 vibrator energy source units, and the remainder will be used to increase channel count, make technical improvements in various phases of the Company’s operations and meet maintenance capital requirements. We believe that these additions will allow the Company to maintain its competitive position as it responds to client desire for higher resolution subsurface images.

Clients

Our services are marketed by supervisory and executive personnel who contact clients to determine geophysical needs and respond to client inquiries regarding the availability of crews or processing schedules. These contacts are based principally upon professional relationships developed over a number of years.

Our clients range from major oil and gas companies to small independent oil and gas operators and also providers of multi-client data libraries. The services we provide to our clients vary according to the size and needs of each client. During fiscal 2010, sales to our largest client, Chesapeake Energy Corporation, represented 32% of our revenues. The remaining balance of our fiscal 2010 revenue was derived from varied clients and none represented 10% or more of our fiscal 2010 revenues. Although 32% of our fiscal 2010 revenues were derived from one client, we believe that our relationship with this client is well founded for continued contractual commitments for the foreseeable future in multiple producing basins across the lower 48 states. While still expected to be a significant client, we do anticipate that sales to Chesapeake will represent a smaller percentage of our overall revenues during fiscal 2011.

We do not acquire data for our own account or for future sale, maintain any multi-client data libraries or participate in oil and gas ventures. The results of a seismic survey conducted for a client belong to that client. It is also our policy that none of our officers, directors or employees actively participate in oil and natural gas ventures. All of our clients’ information is maintained in the strictest confidence.

Contracts

Our data acquisition services are conducted under master service contracts with our clients. These master service contracts define certain obligations for us and for our clients. A supplemental agreement setting forth the terms of a specific project, which may be cancelled by either party on short notice, is entered into for every data acquisition project. The supplemental agreements are either “turnkey” agreements that provide for a fixed fee to be paid to us for each unit of data acquired, or “term” agreements that provide for a fixed hourly, daily or monthly fee during the term of the project or projects. Turnkey agreements generally provide us more profit potential, but involve more risks because of the potential of crew downtime or operational delays. We attempt to negotiate on a project-by-project basis some level of weather downtime protection within the turnkey agreements. Under the term agreements, we forego an increased profit potential in exchange for a more consistent revenue stream with improved protection from crew downtime or operational delays.

We operate under both turnkey and term supplemental agreements. The percentage of revenues derived from turnkey contracts has grown in the past few years from approximately half of our revenues in fiscal 2008 to in excess of three-quarters of our revenues in fiscal 2010. Currently, most of our projects are operated under turnkey agreements.

Competition

The acquisition and processing of seismic data for the oil and natural gas industry is a highly competitive business in the United States. Contracts for such services generally are awarded on the basis of price quotations, crew experience and availability of crews to perform in a timely manner, although factors other than price, such as crew safety, performance history and technological and operational expertise are often determinative. Our competitors include companies with financial resources that are significantly greater than our own as well as companies of comparable and smaller size. Our primary competitors are CGG Veritas, Geokinetics Inc., Global Geophysical Services and Tidelands Geophysical Company.

Employees

As of September 30, 2010, we employed approximately 1,170 persons, of which 1,056 were engaged in providing energy sources and acquiring data. With respect to the remainder of our employees, ten are engaged in data processing, forty-five are administrative personnel, forty-five are engaged in equipment maintenance and transport and fourteen are officers. Of the employees listed above, nine are geophysicists. Our employees are not represented by a labor union. We believe we have good relations with our employees.

Available Information

All of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed with or furnished to the Securities and Exchange Commission (“SEC”) on or after May 9, 1995 are available free of charge through our Internet Website, www.dawson3d.com, as soon as reasonably practical after we have electronically filed such material with, or furnished it to, the SEC. Information contained on our Internet Website is not incorporated by reference in this Annual Report on Form 10-K. In addition, the SEC maintains an Internet Website containing reports, proxy and information statements, and other information filed electronically at www.sec.gov. You may also read and copy this information, for a copying fee, at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room.

Item 1A. ***RISK FACTORS***

An investment in our common stock is subject to a number of risks discussed below. You should carefully consider these discussions of risk and the other information included in this Form 10-K. These risk factors could materially adversely affect our business, financial condition or results of operations.

Our business depends on the level of exploration and production activities by the oil and natural gas industry. If oil and natural gas prices or the level of capital expenditures by oil and gas companies were to decline, demand for our services would decline and our results of operations would be adversely affected.

Demand for our services depends upon the level of spending by oil and gas companies for exploration, production, development and field management activities, which depend, in part, on oil and natural gas prices. Significant fluctuations in oil and natural gas exploration activities and commodity prices have adversely affected the demand for our services and our results of operations in years past and would continue to do so if the level of such exploration activities and the prices for oil and natural gas were to decline in the future. While in recent years, the prices of oil and natural gas have been historically high and exploration activities have been strong, since August 2008, the prices of oil and especially natural gas have declined significantly along with the level of exploration activities. In addition to the market prices of oil and natural gas, our clients' willingness to explore, develop and produce depends largely upon prevailing industry conditions that are influenced by numerous factors over which our management has no control, including general economic conditions and the availability of credit. There can be no assurance that the current level of energy prices will be maintained or that exploration and development activities by our clients will resume at the pace prior to the recession that began at the end of 2008. Beginning in fiscal 2009, we experienced a severe reduction in demand for our services as clients reduced the size or delayed seismic projects as a result of the decline in oil and natural gas prices and the disruptions in the capital markets and economy. As a result, we reduced the number of our operating data acquisition crews from sixteen in January 2009 to nine as of October 2009. Since the beginning of fiscal 2010, the financial crisis has eased, the price of oil has stabilized and demand for our services and our financial performance has improved enough to allow us to redeploy three data acquisition crews in fiscal 2010. Any significant decline in exploration or production-related spending by our clients, whether due to a decrease in the market prices for oil and natural gas or otherwise, could cause us to alter our capital spending plans and would have a material adverse effect on our results of operations. Additionally, increases in oil and gas prices may not increase demand for our products and services or otherwise have a positive effect on our results of operations or financial condition.

Factors affecting the prices of oil and natural gas and our clients' desire to explore, develop and produce include:

- the level of supply and demand for oil and natural gas;
- the level of prices, and expectations about future prices, for oil and natural gas;
- the ability of oil and gas producers to raise equity capital and debt financing;
- the worldwide political, military and economic conditions, including the length and severity of the recent recession and the effect of such recession on economic activity;
- the ability of the Organization of Petroleum Exporting Countries to set and maintain production levels and prices for oil;
- the rate of discovery of new oil and gas reserves and the decline of existing oil and gas reserves;
- the cost of exploring for, developing and producing oil and natural gas;
- the ability of exploration and production companies to generate funds or otherwise obtain capital for exploration, development and production operations;
- technological advances affecting energy exploration, production and consumption;

- government policies, including environmental regulations and tax policies, regarding the exploration for, production and development of oil and natural gas reserves and the use of fossil fuels; and
- weather conditions, including large-scale weather events such as hurricanes that affect oil and gas operations over a wide area or affect prices or locally inclement weather that can preclude or delay our seismic operations.

The markets for oil and natural gas have historically been volatile and are likely to continue to be so in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview."

Weakness in the global economy during the past few years decreased demand for our seismic services, caused downward pressure on the prices we charge and affected our results of operations during the past few years, and continued weakness in the global economy would continue to affect us.

Beginning in August 2008, disruptions and instability in the global financial markets and a worldwide recession resulted in a significant reduction in the availability of funds from debt and equity capital markets and other capital markets, increased uncertainty and diminished expectations for many businesses, including producers of oil and natural gas. As a result of these circumstances, many of our customers were unable to implement their development plans and were forced to significantly reduce their capital expenditures during fiscal years 2009 and 2010. As a consequence, beginning in fiscal 2009, we experienced a severe reduction in demand for our services and downward pressure on the prices we charged our customers for our services, and our results of operations were adversely affected. During this period we reduced the number of data acquisition crews we operated from sixteen in January 2009 to nine as of October 2009 to better align our capacity to the reduced demand. Since the beginning of fiscal 2010, the financial crisis has eased, the price of oil has stabilized and demand for our services and our financial performance has improved. Although demand has improved enough to permit us to redeploy three data acquisition crews in fiscal 2010, current economic conditions remain uncertain and challenging. If economic conditions do not continue to improve or were to worsen, or our customers do not continue to maintain or increase their capital expenditures, demand for our seismic services may continue to be weak, may cause continued downward pressure on the prices we charge and would continue to affect our results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview."

We face intense competition in our business that could result in downward pricing pressure and the loss of market share.

The acquisition and processing of seismic data for the oil and natural gas industry is a highly competitive business in the United States. Some of our competitors have financial resources that are significantly greater than our own. Competition from these and other competitors could result in downward pricing pressure and the loss of market share. Many contracts are awarded on a bid basis, which may further increase competition based primarily on price. See "Business — Competition."

Our clients could delay, reduce or cancel their service contracts with us on short notice, which may lead to lower than expected demand and revenues.

Our order book consists of written orders or commitments for our services that we believe to be firm. However, our clients can delay, reduce or cancel their service contracts with us on short notice. As a result, our order book as of any particular date may not be indicative of actual revenues for any succeeding fiscal period.

The high fixed costs of our operations could adversely affect our results of operations.

Our business has high fixed costs, which primarily consist of depreciation, maintenance expenses associated with our seismic data acquisition equipment and certain crew costs. In periods of significant downtime or low crew productivity, these fixed costs do not decline as rapidly as our revenues. As a result, any significant downtime or low productivity caused by reduced demand, weather interruptions, equipment failures, permit delays or other causes could adversely affect our results of operations.

Our revenues are subject to fluctuations that are beyond our control which could adversely affect our results of operations in any financial period. Weather conditions and delays in obtaining land access rights from third parties have particularly affected our results of operations in past periods and are likely to affect our results in future periods.

Our operating results vary in material respects from quarter to quarter and will continue to do so in the future. Factors that cause variations include the timing of the receipt and commencement of contracts for data acquisition, permit and weather delays, holiday schedules, crew repositioning and crew productivity. Combined with our high fixed costs, these revenue fluctuations could produce unexpected adverse results of operations in any fiscal period.

Our seismic data acquisition operations could be adversely affected by inclement weather conditions. Delays associated with weather conditions could adversely affect our results of operations. See "Business — Contracts."

Our seismic data acquisition operations could also be adversely affected by our inability to obtain timely right of way usage from both public and private land and/or mineral owners. In recent years, it has become more difficult, costly and time-consuming to obtain access rights of way as drilling activities have expanded into more populated areas, and landowners have become more resistant to seismic and drilling activities occurring on their property. Delays associated with obtaining such rights of way could negatively affect our results of operations. See "Business — Data Acquisition."

Our profitability is determined, in part, by the productivity of our crews and the type of contracts we enter into and is affected by numerous external factors that are beyond our control.

Our revenue is determined, in part, by the contract price we receive for our services, the productivity of our data acquisition crews and the accuracy of our cost estimates. Crew productivity is partly a function of external factors, such as weather and delays in obtaining land access rights, over which we have no control. If our crews encounter operational difficulties or delays on any data acquisition survey our results of operations may vary, and in some cases, may be adversely affected.

In fiscal 2010, most of our projects were performed on a turnkey basis for which we were paid a fixed price for a defined scope of work or unit of data acquired. The revenue, cost and gross profit realized under our turnkey contracts can vary from our estimates because of changes in job conditions, variations in labor and equipment productivity or because of the performance of our subcontractors. Turnkey contracts may also cause us to bear substantially all of the risks of business interruption caused by external factors over which we may have no control, such as weather, obtaining land access rights, crew downtime or operational delays. These variations, delays and risks inherent in turnkey contracts may result in reducing our profitability. See "Business — Contracts."

A limited number of customers account for a significant portion of our revenues, and the loss of one of these customers could harm our results of operations; we bear the risk if any of our clients become insolvent and fail to pay amounts owed to us, so any failure to pay by these clients could harm our results of operations.

Although our ten largest customers in fiscal 2010 and 2009 have varied, these customers accounted for approximately 70% and 68% of our total revenue for these respective periods. For the years ended September 30, 2010 and 2009, our largest client represented approximately 32% and 31%, respectively, of total revenues. If this client, or any of our other significant clients were to terminate their contracts or fail to contract for our services in the future because they are acquired, alter their exploration or development strategy or for any other reason, our results of operations could be affected. See "Business — Clients."

We bear the credit risk if any of our clients become insolvent and fail to pay amounts owed to us. Although we perform ongoing credit evaluations of our customers' financial conditions, we generally require no collateral from our customers. The worldwide recession and the decrease in oil and especially natural gas prices have affected the financial condition and results of operations of many of our clients, and some of our clients have experienced financial difficulties and even filed bankruptcy while others may do so in the future. It is possible that one or more of our clients will become financially distressed and default on their obligations to us. Furthermore, the bankruptcy of one or more of our clients, or some other similar procedure, might make it difficult for us to collect all or a significant portion of amounts owed by the client. Our inability to collect our accounts receivable could have a materially adverse effect on our results of operations. In addition, from time to time, we experience contractual disputes with our clients regarding the payment of invoices or other matters. While we seek to minimize these disputes and maintain good relations with our clients, we have in the past, and may in the future, experience disputes that could affect our revenues and results of operations in any period.

We may be unable to attract and retain skilled and technically knowledgeable employees which could adversely affect our business and our growth.

Our success depends upon attracting and retaining highly skilled professionals and other technical personnel. A number of our employees are highly skilled scientists and highly trained technicians, and our failure to continue to attract and retain such individuals could adversely affect our ability to compete in the seismic services industry. We may experience significant and potentially adverse competition for these skilled and technically knowledgeable personnel, particularly during periods of increased demand for seismic services. None of our employees are under employment contracts, and we have no key man insurance.

Capital requirements for our operations are large. If we are unable to finance these requirements, we may not be able to maintain our competitive advantage.

Our sources of working capital are limited. We have historically funded our working capital requirements with cash generated from operations, cash reserves and short-term borrowings from commercial banks. In the past, we have also funded our capital expenditures and other financing needs through public equity offerings. Our working capital requirements continue to increase, primarily due to the expansion of our infrastructure in response to client demand for more recording channels, which has increased as the industry strives for improved data quality with greater subsurface resolution images. If we were to expand our operations at a rate exceeding operating cash flow, if current demand or pricing of geophysical services were to decrease substantially or if technical advances or competitive pressures required us to acquire new equipment faster than our cash flow could sustain, additional financing could be required. If we were not able to obtain such financing or renew our existing revolving line of credit when needed, our failure could have a negative impact on our ability to pursue expansion and maintain our competitive advantage. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.”

We rely on a limited number of key suppliers for specific seismic services and equipment.

We depend on a limited number of third parties to supply us with specific seismic services and equipment. Any delay in obtaining equipment could delay our implementation of additional crews and restrict the productivity of existing crews, adversely affecting our business and results of operation. In addition, any adverse change in the terms of our suppliers’ arrangements could affect our results of operations.

Certain of our suppliers may also be our competitors. If competitive pressures were to become such that our suppliers would no longer sell to us, we would not be able to easily replace the technology with equipment that communicates effectively with our existing technology, thereby impairing our ability to conduct our business.

Technological change in our business creates risks of technological obsolescence and requirements for future capital expenditures. If we are unable to keep up with these technological advances, we may not be able to compete effectively.

Seismic data acquisition and data processing technologies historically have progressed rather rapidly, and we expect this progression to continue. Our strategy is to regularly upgrade our data acquisition and processing equipment to maintain our competitive position. However, due to potential advances in technology and the related costs associated with such technological advances, we may not be able to fulfill this strategy, thus possibly affecting our ability to compete.

Our results of operations could be adversely affected by asset impairments.

We periodically review our portfolio of equipment for impairment. If we expect significant sustained decreases in oil and natural gas prices and reduced demand for our services, we may be required to write down the value of our equipment if the future cash flows anticipated to be generated from the related equipment falls below net book value. If we are forced to write down the value of our equipment, these noncash asset impairments could negatively affect our results of operations in the period in which they are recorded. See discussion of "Impairment of Long-Lived Assets" included in "Critical Accounting Policies."

We operate under hazardous conditions that subject us to risk of damage to property or personal injuries and may interrupt our business.

Our business is subject to the general risks inherent in land-based seismic data acquisition activities. Our activities are often conducted in remote areas under extreme weather and other dangerous conditions, including the use of dynamite as an energy source. These operations are subject to risks of injury to our personnel and third parties and damage to our equipment, buildings and other improvements in the areas in which we operate. In addition, our crews often operate in areas where the risk of wildfires is present and may be increased by our activities. Our crews are mobile, and equipment and personnel are subject to vehicular accidents. We use diesel fuel which is classified by the U.S. Department of Transportation as a hazardous material. These risks could cause us to experience equipment losses, injuries to our personnel and interruptions in our business. Delays due to operational disruptions such as equipment losses, personnel injuries and business interruptions could adversely affect our profitability and results of operations.

We may be subject to liability claims that are not covered by our master service agreements or by insurance.

We could be subject to personal injury or real property damage claims in the normal operation of our business. Such claims may not be covered under the indemnification provisions in our master service agreements to the extent that the damage was due to our or our subcontractors' negligence, gross negligence or intentional misconduct.

In addition, we do not carry insurance against certain risks that we could experience, including business interruption resulting from equipment losses or weather delays. We obtain insurance against certain property and personal casualty and other risks when such insurance is available and when our management considers it advisable to do so. Such coverage is not always available or applicable and, when available, is subject to unilateral cancellation by the insuring companies on very short notice. Liabilities for which we are not insured, or which exceed the policy limits of our applicable insurance, could have a materially adverse effect on our results of operations.

We may be held liable for the actions of our subcontractors.

We often work as the general contractor on seismic data acquisition surveys and consequently engage a number of subcontractors to perform services and provide products. While we obtain contractual indemnification and insurance covering the acts of these subcontractors, and require the subcontractors to obtain insurance for our benefit, there can be no assurance we will not be held liable for the actions of these subcontractors. In addition, subcontractors may cause injury to our personnel or damage to our property that is not fully covered by insurance.

Our industry is subject to governmental regulation which may adversely affect our future operations.

Our operations are subject to a variety of federal, state and local laws and regulations, including laws and regulations relating to protection of the environment and archeological sites. We are required to expend financial and managerial resources to comply with such laws and related permit requirements in our operations, and we anticipate that we will continue to be required to do so in the future. The fact that such laws or regulations change frequently makes it impossible for us to predict the cost or impact of such laws and regulations on our future operations. The adoption of laws and regulations that have the effect of reducing or curtailing exploration and production activities by energy companies could also adversely affect our results of operations by reducing the demand for our services. In particular, laws and regulations concerning climate change or regulating hydraulic fracturing could adversely affect our operations and reduce demand for seismic services.

In response to concerns suggesting that emissions of certain gases, commonly referred to as “greenhouse gases” (GHG) (including carbon dioxide and methane) may be contributing to global climate change, legislative and regulatory measures to address the concerns are in various phases of discussion or implementation at the national, and state levels. At least one-third of the states, either individually or through multi-state regional initiatives, have already taken legal measures intended to reduce greenhouse gas emissions, primarily through the planned development of greenhouse gas emission inventories and/or greenhouse gas cap and trade programs.

Although various climate change legislative measures have been under consideration by the U.S. Congress, it is not possible at this time to predict whether or when Congress may act on climate change legislation. The U.S. Environmental Protection Agency (the “EPA”) has promulgated a series of rulemakings and taken other actions that EPA states will result in the regulation of greenhouse gases as “air pollutants” under the existing federal Clean Air Act. Furthermore, in 2010, EPA regulations became effective that require monitoring and reporting of GHG emissions on an annual basis, including extensive GHG monitoring and reporting requirements. While this new rule does not control GHG emission levels from any facilities, it will cause covered facilities to incur monitoring and reporting costs. Moreover, lawsuits have been filed seeking to require individual companies to reduce GHG emissions from their operations. These and other lawsuits relating to GHG emissions may result in decisions by state and federal courts and agencies that could impact our operations.

This increasing governmental focus on global warming may result in new environmental laws or regulations that may negatively affect us, our suppliers and our customers. This could cause us to incur additional direct costs in complying with any new environmental regulations, as well as increased indirect costs resulting from our customers, suppliers or both incurring additional compliance costs that get passed on to us. Moreover, passage of climate change legislation or other federal or state legislative or regulatory initiatives that regulate or restrict emissions of greenhouse gases may curtail production and demand for fossil fuels such as oil and gas in areas where our customers operate and thus adversely affect future demand for our services. Reductions in our revenues or increases in our expenses as a result of climate control initiatives could have adverse effects on our business, financial position, results of operations and prospects.

The U.S. Senate and House of Representatives are currently considering bills entitled, the “Fracturing Responsibility and Awareness of Chemicals Act,” or the “FRAC Act,” that would amend the federal Safe Drinking Water Act, or the “SDWA,” to repeal an exemption from regulation for hydraulic fracturing. If enacted, the FRAC Act would amend the definition of “underground injection” in the SDWA to encompass hydraulic fracturing activities. Such a provision could require hydraulic fracturing operations to meet permitting and financial assurance requirements, adhere to certain construction specifications, fulfill monitoring, reporting, and recordkeeping obligations, and meet plugging and abandonment requirements. The FRAC Act also proposes to require the reporting and public disclosure of chemicals used in the fracturing process, which could make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. The adoption of any future federal or state laws or implementing regulations imposing reporting obligations on, or otherwise limiting, the hydraulic fracturing process could make it more difficult to complete natural gas wells. Shale gas cannot be economically produced without extensive fracturing. In the event this legislation is enacted, demand for our seismic acquisition services may be adversely affected. While proposed legislation is pending in Congress, the U.S. Environmental Protection Agency has reviewed its existing authority under the Safe Drinking Water Act and recently asserted its intent to regulate hydraulic fracturing operations involving diesel additives.

Certain provisions of our charter and bylaws and our shareholder rights plan may make it difficult for a third party to acquire us, even in situations that may be viewed as desirable by shareholders.

Our articles of incorporation and bylaws contain provisions that authorize the issuance of preferred stock and establish advance notice requirements for director nominations and actions to be taken at shareholder meetings. These provisions could discourage or impede a tender offer, proxy contest or other similar transaction involving control of the Company, even in situations that may be viewed as desirable by our shareholders. In addition, we have adopted a shareholder rights plan that would likely discourage a hostile attempt to acquire control of the Company.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our stock price.

If, in the future, we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Failure to achieve and maintain an effective internal control environment could have a material adverse effect on the price of our common stock.

Item 1B. ***UNRESOLVED STAFF COMMENTS***

None.

Item 2. ***PROPERTIES***

Our principal facilities are summarized in the table below.

Location	Owned or Leased	Purpose	Building Area Square Feet
Midland, TX	Leased	Executive offices and data processing	29,960
Midland, TX	Owned	Field office	61,402
		Equipment fabrication facility	
		Maintenance and repairs shop	

We have operating leases in Houston, Denver, Oklahoma City, Lyon Township, Michigan, and Canonsburg, Pennsylvania for general office space.

Our operations are limited to one industry segment and the United States.

Item 3. ***LEGAL PROCEEDINGS***

From time to time, we are a party to various legal proceedings arising in the ordinary course of business. Although we cannot predict the outcomes of any such legal proceedings, our management believes that the resolution of pending legal actions will not have a material adverse effect on our financial condition, results of operations or liquidity.

For a discussion of certain contingencies affecting the Company, please refer to Note 13, “Commitments and Contingencies” to the Financial Statements included herein, which is incorporated by reference herein.

Item 4. ***(REMOVED AND RESERVED)***

Part II

Item 5. *MARKET FOR OUR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS*

Our common stock trades on the Nasdaq Stock Market® under the symbol "DWSN." The table below represents the high and low sales prices per share for the period shown.

Quarter Ended	High	Low
December 31, 2008	$46.15	$14.31
March 31, 2009	$22.23	$ 9.96
June 30, 2009	$31.42	$13.13
September 30, 2009	$35.98	$23.60
December 31, 2009	$29.61	$21.00
March 31, 2010	$32.00	$21.68
June 30, 2010	$31.22	$20.58
September 30, 2010	$26.91	$20.05

As of November 19, 2010, the market price for our common stock was $26.23 per share, and we had 164 common stockholders of record, as reported by our transfer agent.

We have not paid cash dividends on our common stock since becoming a public company and have no plans to do so in the foreseeable future.

The following table summarizes certain information regarding securities authorized for issuance under our equity compensation plans as of September 30, 2010. See information regarding material features of the plans in Note 7, "Stock-Based Compensation" to the Financial Statements included herein.

Equity Compensation Plan Information

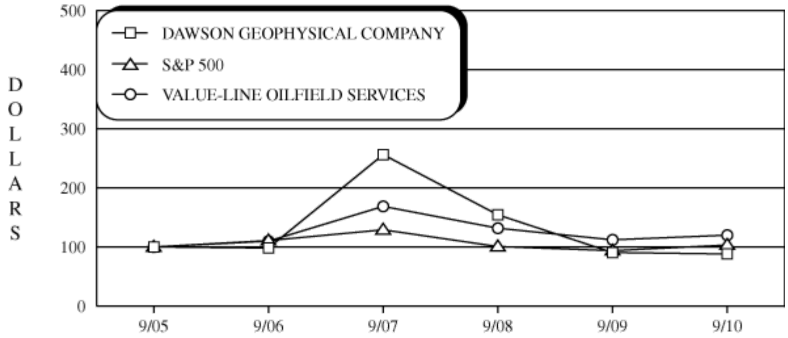
Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options (a)	Weighted-Average Exercise Price of Outstanding Options (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	151,000	$18.91	694,860(1)
Equity compensation plans not approved by security holders	—	—	—
Total	151,000	$18.91	694,860(1)

(1) Although 238,550 shares are available to be issued under the 2004 Incentive Stock Plan, the Company does not intend to grant additional shares from this Plan. There are 456,310 shares available to be issued under the 2006 Stock and Performance Incentive Plan.

Performance Graph

The following graph compares the five-year cumulative total return of the Company's common stock as compared with the S&P 500 Stock Index and a peer group made up of companies in the Value-Line Oilfield Services Industry Index. The Value-Line Oilfield Services Industry Index consists of far larger companies that perform a variety of services as compared to land-based acquisition and processing of seismic data performed by the Company.

Comparison of 5 Year Cumulative Total Return*
Among Dawson Geophysical Company, the S & P 500 Index
and the Value-Line Oilfield Services Index



	9/05	9/06	9/07	9/08	9/09	9/10
DAWSON GEOPHYSICAL COMPANY	100.00	98.18	256.23	154.35	90.51	88.10
S & P 500	100.00	110.79	129.01	100.66	93.70	103.22
VALUE-LINE OILFIELD SERVICES	100.00	109.83	168.64	131.69	112.03	119.90

* $100 invested on 9/30/05 in stock or index, including reinvestment of dividends. Fiscal year ending September 30.

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. ***SELECTED FINANCIAL DATA***

The following selected financial data should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the Company’s financial statements and related notes included in Item 8, “Financial Statements and Supplementary Data.”

Years Ended September 30,	2010	2009	2008	2007	2006
		(In thousands, except per share amounts)			
Operating revenues	$ 205,272	$ 243,995	$ 324,926	$ 257,763	$ 168,550
Net (loss) income	$ (9,352)	$ 10,222	$ 35,007	$ 27,158	$ 15,855
Basic (loss) income per common share	$ (1.20)	$ 1.31	$ 4.57	$ 3.57	$ 2.11
Weighted average equivalent common shares outstanding	7,777	7,807	7,669	7,602	7,518
Total assets	$ 235,076	$ 237,157	$ 233,621	$ 195,862	$ 149,418
Revolving line of credit	$ —	$ —	$ —	$ 5,000	$ —
Long-term debt-less current maturities	$ —	$ —	$ —	$ —	$ —
Stockholders’ equity	$ 190,225	$ 198,379	$ 185,960	$ 149,155	$ 119,208

Item 7. ***MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and notes to those statements included elsewhere in this Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Please see “Risk Factors” and “Disclosure Regarding Forward-Looking Statements” elsewhere in this Form 10-K.

Overview

We are the leading provider of onshore seismic data acquisition services in the lower 48 states of the United States as measured by the number of active data acquisition crews. Substantially all of our revenues are derived from the seismic data acquisition services we provide to our clients, mainly domestic oil and natural gas companies. Demand for our services depends upon the level of spending by these companies for exploration, production, development and field management activities, which depends, in part, on oil and natural gas prices. Significant fluctuations in domestic oil and natural gas exploration activities and commodity prices have affected the demand for our services and our results of operations in years past, and such fluctuations continue today to be the single most important factor affecting our business and results of operations.

Beginning in August 2008, the prices of oil and especially natural gas declined significantly from historic highs due to reduced demand from the global economic slowdown, and during 2009 many domestic oil and natural gas companies reduced their capital expenditures due to the decrease in market prices and disruptions in the credit markets. These factors led to a severe reduction in demand for our services and in our industry during 2009 as well as downward pressure on the prices we charge our customers for our services. In order to better align our crew capacity with reduced demand, we reduced the number of data acquisition crews we operated from sixteen in January 2009 to nine as of October 2009. Due to the reductions in the number of our active data acquisition crews and lower utilization rates for our remaining operating crews, we experienced a reduction in operating revenues and, to a lesser extent, in operating costs during calendar 2009 and into calendar 2010.

Beginning in the second quarter of fiscal 2010, we began to experience an increase in demand for our services, particularly in the oil basins. In response to this demand increase, we redeployed three seismic data acquisition crews in fiscal 2010, bringing our current crew count to twelve active crews. While demand has increased during fiscal 2010, it has not yet returned to the levels we experienced in 2008. Consequently, our revenues remain at a lower level than those we reported in fiscal 2008 and 2009, and they may for some time until demand recovers further. In addition, the seismic data acquisition market in the lower 48 United States remains very competitive, which in turn continues to put pressure on the prices we charge for our services. In light of continuing market challenges, we are maintaining our focus on containing costs and maintaining our financial strength. Equipment and key personnel from crews taken out of service continue to be redeployed on remaining crews as needed or otherwise remain available for rapid expansion of crew count as demand and market conditions dictate in the future.

While our revenues are mainly affected by the level of client demand for our services, our revenues are also affected by the pricing for our services that we negotiate with our clients and the productivity of our data acquisition crews, including factors such as crew downtime related to inclement weather, delays in acquiring land access permits, crew repositioning or equipment failure, and whether we enter into turnkey or day rate contracts with our clients. Consequently, our efforts to negotiate favorable contract terms in our supplemental service agreements, to mitigate access permit delays and to improve overall crew productivity may contribute to growth in our revenues. During fiscal 2010, most of our client contracts were turnkey contracts. The percentage of revenues derived from turnkey contracts has grown in the past few years from approximately half of our revenues in fiscal 2008 to in excess of three-quarters of our revenues in fiscal 2010. While turnkey contracts allow us to capitalize on improved crew productivity, we also bear more risks related to weather and crew downtime. Although our clients may cancel their service contracts on short notice, our current order book reflects commitment levels sufficient to maintain operation of our twelve data acquisition crews well into fiscal 2011.

While the markets for oil and natural gas have been very volatile and are likely to continue to be so in the future, and we can make no assurances as to future levels of domestic exploration or commodity prices, we believe opportunities exist for us to enhance our market position by responding to our clients' continuing desire for higher resolution subsurface images. If economic conditions were to worsen, our customers reduce their capital expenditures, or there is a significant sustained drop in oil and natural gas prices, it would result in diminished demand for our seismic services, may cause continued downward pressure on the prices we charge and would affect our results of operations. The services we are currently providing are balanced between clients seeking oil and natural gas. In recent years, we have experienced periods in which the services we provided were primarily to clients seeking oil and other periods in which our clients were primarily seeking natural gas.

Results of Operations

Fiscal Year Ended September 30, 2010 Versus Fiscal Year Ended September 30, 2009

Operating Revenues. Our operating revenues decreased 16% to $205,272,000 in fiscal 2010 from $243,995,000 in fiscal 2009. The revenue decrease in fiscal 2010 was primarily the result of previously announced reductions in active crew count during the second quarter of fiscal 2009 (four crews), third quarter of fiscal 2009 (two crews), and first quarter of 2010 (one crew), a more competitive pricing environment in 2010 and substantially lower utilization rates of the remaining crews. Revenues in fiscal 2010 continued to include high third-party charges related to the use of helicopter support services, specialized survey technologies and dynamite energy sources. The sustained level of these charges is driven by our continued operations in areas with limited access in the Appalachian Basin, East Texas and Arkansas. We are reimbursed for these charges by our clients.

Operating Costs. Our operating expenses decreased 4% to $185,588,000 in fiscal 2010 from $192,839,000 in fiscal 2009 primarily due to reductions in field personnel and other expenses associated with operating the data acquisition crews taken out of service during fiscal 2009 and 2010. As discussed above, reimbursed charges have a similar impact on operating costs.

General and administrative expenses were 3.5% of revenues in fiscal 2010 as compared to 3.2% of revenues in fiscal 2009. General and administrative expenses decreased by $725,000 in fiscal 2010 as compared to fiscal 2009. The primary factor in the decrease in general and administrative expenses during fiscal 2010 was a decrease in our bad debt expense.

We recognized $27,126,000 of depreciation expense in fiscal 2010 as compared to $26,160,000 in fiscal 2009. Depreciation expense increased a relatively modest 4% from fiscal 2009 to 2010 reflecting our limited maintenance capital expenditures in 2009. Our depreciation expense is expected to continue to increase in fiscal 2011 as a result of our increased capital expenditures during fiscal 2010.

Our total operating costs for fiscal 2010 were $219,845,000, a decrease of 3% from fiscal 2009 primarily due to the factors described above.

Taxes. Income tax benefit was $4,638,000 for fiscal 2010 as compared to income tax expense of $7,493,000 for fiscal 2009. The effective tax rate for the income tax provision for fiscal 2010 and 2009 was 33.2% and 42.3%, respectively. Our effective tax rates differ from the statutory federal rate of 35% for certain items such as state and local taxes, non-deductible expenses, expenses related to share-based compensation that were not expected to result in a tax deduction and changes in reserves for uncertain tax positions.

Fiscal Year Ended September 30, 2009 Versus Fiscal Year Ended September 30, 2008

Operating Revenues. Our operating revenues decreased 25% to $243,995,000 in fiscal 2009 from $324,926,000 in fiscal 2008 as a result of a reduction in active crew count during the second quarter of fiscal 2009 (four crews) and the third quarter of fiscal 2009 (two crews), a more competitive pricing environment, substantially lower utilization rates for remaining crews and, in the fourth quarter, increased downtime for weather. Recorded in fiscal 2009 revenues are continued high third-party charges primarily related to the use of helicopter support services, specialized survey technologies and dynamite energy sources, all of which are utilized in areas with limited access. The sustained level of these charges during fiscal 2009 was driven by our continued operations in areas with limited access in the Appalachian Basin, Arkansas, East Texas and Louisiana. We are reimbursed for these charges by our clients.

Operating Costs. Our operating expenses decreased 19% to $192,839,000 in fiscal 2009 from $237,484,000 in fiscal 2008 primarily due to reductions in field personnel and other expenses of operating the six data acquisition crews taken out of service during the second and third quarters of fiscal 2009. As discussed above, reimbursed charges have a similar impact on operating costs.

General and administrative expenses were 3.2% of revenues in fiscal 2009 as compared to 2.1% of revenues in fiscal 2008. General and administrative expenses increased by approximately $1,094,000 in fiscal 2009 as compared to fiscal 2008. The primary factor in the increase in general and administrative expenses during fiscal 2009 was an increase to our allowance for doubtful accounts during the year of $993,000 offset by bad debts during the year of approximately $515,000 resulting in a net allowance for doubtful accounts at September 30, 2009 of $533,000. The deductions against the bad debt allowance were primarily a result of the settlement of a previously disputed invoice for approximately $450,000. We increased the allowance for doubtful accounts during fiscal 2009 based on our review of the past due accounts and client base. During the second quarter, we became aware that one client with an accounts receivable balance of approximately $1,000,000 and two former clients had filed for reorganization under bankruptcy protection. These facts significantly influenced management’s decision to increase our allowance for doubtful accounts during the second quarter.

We recognized $26,160,000 of depreciation expense in fiscal 2009 as compared to $24,253,000 in fiscal 2008, reflecting the full year of depreciation expense from our fiscal 2008 capital expenditures. Due to market conditions, capital expenditures in fiscal 2009 were limited to necessary maintenance capital requirements.

Our total operating costs for fiscal 2009 were $226,855,000, a decrease of 16% from fiscal 2008 primarily due to the factors described above.

Taxes. Income tax expense was $7,493,000 for fiscal 2009 and $21,400,000 for fiscal 2008. The effective tax rate for the income tax provision for fiscal 2009 and 2008 was 42.3% and 37.9%, respectively. The increase in the effective tax rate between periods was primarily a result of an increase in the unrecognized tax benefits reserve for prior years, changes in tax rates as a result of the varying states in which we operate from year to year and the increasing impact of permanent tax differences resulting from lower income before income taxes.

Liquidity and Capital Resources

Introduction. Our principal sources of cash are amounts earned from the seismic data acquisition services we provide to our clients. Our principal uses of cash are the amounts used to provide these services, including expenses related to our operations and acquiring new equipment. Accordingly, our cash position depends (as do our revenues) on the level of demand for our services. Historically, cash generated from our operations along with cash reserves and short-term borrowings from commercial banks have been sufficient to fund our working capital requirements, and to some extent, our capital expenditures.

Cash Flows. Net cash provided by operating activities was $6,244,000 for fiscal 2010 and $54,598,000 for fiscal 2009. The decrease in net cash provided by operating activities primarily reflects our substantial decline in revenues and income beginning in fiscal 2009. In addition, working capital components had the impact of decreasing cash flows in 2010 while increasing cash flows in 2009. Although our cash flows from accounts receivable fluctuated during this period, this did not reflect any change in our collection experience during the period as the average number of days in accounts receivable has remained at approximately fifty-two over the last twelve months. Amounts in our trade accounts receivable that are over sixty days as of September 30, 2010 represent approximately 20.74% of our total trade accounts receivables, which is relatively high compared to historical levels. The remaining outstanding trade account balances after taking into consideration payments received subsequent to September 30, 2010 and additional payments anticipated by management, is more representative of historical levels. We believe our allowance for doubtful accounts of $639,000 at September 30, 2010 is adequate to cover exposures related to the remaining trade account balances. As discussed above, the decrease in revenues during fiscal 2010 was not matched by a decrease in operating expenses, and as a result, our margins and net results from operating activities were negatively affected.

Net cash used in investing activities was $13,365,000 in fiscal 2010 and $26,538,000 in fiscal 2009. In fiscal 2010, we reinvested $14,964,000 of our $20,000,000 proceeds of matured treasury investments. At September 30, 2010 a treasury note for $5,000,000 had matured and was reflected as cash and cash equivalents on our balance sheet. Approximately $3,000,000 of these funds were invested in certificates of deposit subsequent to September 30, 2010. Due to market conditions, our capital expenditures in fiscal 2009 were limited to necessary maintenance capital requirements rather than investing in additional equipment as in the past few years. During fiscal 2010, our capital expenditures increased as discussed below. During fiscal 2009, we used cash generated from operations in excess of capital expenditures to acquire short-term investments. In fiscal 2009, we collected proceeds from an insurance claim on our equipment burned in a March 2008 wildfire of $2,843,000.

Net cash provided by financing activities in fiscal 2010 and fiscal 2009 of $4,000 and $421,000, respectively, primarily represents proceeds from the exercise of stock options. Net cash used by financing activities in fiscal 2008 of $4,254,000 primarily represents the net decrease on our revolving line of credit loan agreement from a balance at September 30, 2007 of $5,000,000 to a zero balance at September 30, 2008. We have not drawn on our revolving line of credit during fiscal years 2010 or 2009.

Capital Expenditures. For fiscal year 2010, we made capital expenditures of $19,962,000, in part, to purchase OYO GSR recording boxes, expand channel count on existing crews and meet necessary maintenance capital requirements. The Board of Directors has approved an initial fiscal 2011 budget of $30,000,000, which will be used to purchase 2,000 additional OYO GSR four-channel recording boxes along with three-component geophones and ten INOVA AHV4-364 vibrator energy source units, and the remainder will be used to increase channel count, make technical improvements in various phases of our operations and meet maintenance capital requirements. We believe that these additions will allow us to maintain our competitive position as we respond to client desire for higher resolution subsurface images.

We continually strive to supply our clients with technologically advanced 3-D data acquisition recording services and data processing capabilities. We maintain equipment in and out of service in anticipation of increased future demand for our services.

Capital Resources. Historically, we have primarily relied on cash generated from operations, cash reserves and short-term borrowings from commercial banks to fund our working capital requirements and, to some extent, capital expenditures. We have also funded our capital expenditures and other financing needs from time to time through public equity offerings.

Our revolving line of credit loan agreement is with Western National Bank. The agreement permits us to borrow, repay and reborrow, from time to time until June 2, 2011 up to $20.0 million based on the borrowing base calculation as defined in the agreement. Our obligations under this agreement are secured by a security interest in our accounts receivable, equipment and related collateral. Interest on the facility accrues at an annual rate equal to either the 30-day London Interbank Offered Rate ("LIBOR"), plus two and one-quarter percent or the Prime Rate, minus three-quarters percent as we direct monthly, subject to an interest rate floor of 4%. Interest on the outstanding amount under the loan agreement is payable monthly. The loan agreement contains customary covenants for credit facilities of this type, including limitations on disposition of assets, mergers and reorganizations. We are also obligated to meet certain financial covenants under the loan agreement, including maintaining specified ratios with respect to cash flow coverage, current assets and liabilities and debt to tangible net worth. We were in compliance with all covenants as of September 30, 2010 and November 23, 2010. We have not utilized the line of credit loan agreement during the fiscal years ended September 30, 2010 or 2009.

On March 31, 2009, we filed a shelf registration statement with the SEC covering the periodic offer and sale of up to $100.0 million in debt securities, preferred and common stock and warrants. The registration statement allows us to sell securities in one or more separate offerings with the size, price and terms to be determined at the time of sale. The terms of any securities offered would be described in a related prospectus to be filed separately with the SEC at the time of the offering. The filing of the shelf registration statement will enable us to act quickly if and when opportunities arise.

The following table summarizes payments due in specific periods related to our contractual obligations with initial terms exceeding one year as of September 30, 2010.

	Payments Due by Period (in 000's)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating lease obligations	$ 2,082	$ 738	$ 749	$ 581	$ 14

We believe that our capital resources and cash flow from operations are adequate to meet our current operational needs. We believe we will be able to finance our capital requirements through cash flow from operations and, if necessary, through borrowings under our revolving line of credit. However, our ability to satisfy our working capital requirements and fund future capital requirements will depend principally upon our future operating performance, which is subject to the risks inherent in our business including the demand for our seismic services from clients.

Off-Balance Sheet Arrangements

As of September 30, 2010, we had no off-balance sheet arrangements.

Effect of Inflation

We do not believe that inflation has had a material effect on our business, results of operations or financial condition during the past three fiscal years.

Critical Accounting Policies

The preparation of our financial statements in conformity with generally accepted accounting principles requires us to make certain assumptions and estimates that affect the reported amounts of assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting periods. Because of the use of assumptions and estimates inherent in the reporting process, actual results could differ from those estimates.

Revenue Recognition. Our services are provided under cancelable service contracts. These contracts are either “turnkey” or “term” agreements. Under both types of agreements, we recognize revenues when revenue is realizable and services are performed. Services are defined as the commencement of data acquisition or processing operations. Revenues are considered realizable when earned according to the terms of the service contracts. Under turnkey agreements, revenue is recognized on a per unit of data acquired rate, as services are performed. Under term agreements, revenue is recognized on a per unit of time worked rate, as services are performed. In the case of a cancelled service contract, we recognize revenue and bill our client for services performed up to the date of cancellation.

We also receive reimbursements for certain out-of-pocket expenses under the terms of our service contracts. We record amounts billed to clients in revenue at the gross amount including out-of-pocket expenses that are reimbursed by the client.

In some instances, we bill clients in advance of the services performed. In those cases, we recognize the liability as deferred revenue. As services are performed, those deferred revenue amounts are recognized as revenue.

Allowance for Doubtful Accounts. We prepare our allowance for doubtful accounts receivable based on our review of past-due accounts, our past experience of historical write-offs and our current client base. While the collectibility of outstanding client invoices is continually assessed, the inherent volatility of the energy industry's business cycle can cause swift and unpredictable changes in the financial stability of our clients.

Impairment of Long-Lived Assets. We review long-lived assets for impairment when triggering events occur suggesting deterioration in the assets' recoverability or fair value. Recognition of an impairment charge is required if future expected undiscounted net cash flows are insufficient to recover the carrying value of the assets and the fair value of the assets is below the carrying value of the assets. Our forecast of future cash flows used to perform impairment analysis includes estimates of future revenues and expenses based on our anticipated future results while considering anticipated future oil and gas prices, which is fundamental in assessing demand for our services. If the carrying amount of the assets exceeds the estimated expected undiscounted future cash flows, we measure the amount of possible impairment by comparing the carrying amount of the asset to its fair value.

Depreciable Lives of Property, Plant and Equipment. Our property, plant and equipment are capitalized at historical cost and depreciated over the useful life of the asset. Our 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.

Depreciation is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the balance sheet, and any resulting gain or loss is reflected in the results of operations for the period.

Tax Accounting. We account for our income taxes with the recognition of amounts of taxes payable or refundable for the current year and an asset and liability approach in recognizing the amount of deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our financial statements or tax returns. We determine deferred taxes by identifying the types and amounts of existing temporary differences, measuring the total deferred tax asset or liability using the applicable tax rate in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates of deferred tax assets and liabilities is recognized in income in the year of an enacted rate change. The deferred tax asset is reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Our methodology for recording income taxes requires judgment regarding assumptions and the use of estimates, including determining our annual effective tax rate and the valuation of deferred tax assets, which can create a variance between actual results and estimates and could have a material impact on our provision or benefit for income taxes.

Stock-Based Compensation. We measure all employee stock-based compensation awards, including stock options and restricted stock, using the fair value method and recognize compensation cost, net of forfeitures, in our financial statements. We record compensation expense as operating or general and administrative expense as appropriate in the Statements of Operations on a straight-line basis over the vesting period of the related stock options or restricted stock awards.

Recently Issued Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update 2010-06 "Fair Value Measurements and Disclosures (Topic 820)" as new guidance and clarification for improving disclosures about fair value measurements. ASU 2010-06 requires enhanced disclosures regarding transfers in and out of the levels within the fair value hierarchy. Separate disclosures are required for transfers in and out of Level 1 and 2 fair value measurements, and the reasons for the transfers must be disclosed. The new disclosures and clarifications of existing disclosures were effective for us as of January 1, 2010. The adoption of this guidance did not have a material impact on our financial statements.

Item 7A. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

Our primary sources of market risk include fluctuations in commodity prices which affect demand for and pricing of our services as well as interest rate fluctuations. Our revolving line of credit carries a variable interest rate that is tied to market indices and, therefore, our results of operations and our cash flows could be impacted by changes in interest rates. Outstanding balances under our revolving line of credit bear interest at our monthly direction of the lower of the Prime rate minus three-quarters percent or the 30-day LIBOR plus two and one-quarter percent, subject to an interest rate floor of 4%. At September 30, 2010, we had no balances outstanding on our revolving line of credit. The contractual maturities of our short-term investments range from November 2010 to April 2011. Our short-term investments are classified for accounting purposes as available-for-sale. If these short-term investments are not held to maturity, the proceeds obtained when the instruments are sold will be impacted by the current interest rates at the time they are sold. We have not entered into any hedge arrangements, commodity swap agreements, commodity futures, options or other derivative financial instruments. We do not currently conduct business internationally, so we are not generally subject to foreign currency exchange rate risk.

Item 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

The information required by this item appears on pages F-1 through F-23 hereof and are incorporated herein by reference.

Item 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

None.

Item 9A. ***CONTROLS AND PROCEDURES***

Management's Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive and principal financial officers, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President, Secretary and Chief Financial Officer concluded that, as of September 30, 2010, our disclosure controls and procedures were effective, in all material respects, with regard to the recording, processing, summarizing and reporting, within the time periods specified in the SEC's rules and forms, for information required to be disclosed by us in the reports that we file or submit under the Exchange Act. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our President and Chief Executive Officer and our Executive Vice President, Secretary and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our internal controls over financial reporting as of September 30, 2010 using the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, we have concluded that, as of September 30, 2010, our internal control over financial reporting was effective. Our internal control over financial reporting as of September 30, 2010, has been audited by KPMG LLP, the independent registered public accounting firm who also audited our financial statements. Their attestation report appears on page F-3.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934) during the quarter ending September 30, 2010 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. *OTHER INFORMATION*

None.

Part III

Item 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information required by Item 10 is incorporated by reference to our definitive proxy statement for our Annual Meeting of Stockholders to be held on January 18, 2011, which we expect to file with the Securities and Exchange Commission within 120 days after September 30, 2010. Certain information with respect to our executive officers is set forth below. Our code of ethics (as defined in Item 406 of Regulation S-K) was adopted by our Board of Directors on May 25, 2004. The Code of Business Conduct and Ethics applies to our directors, officers and employees, including our principal executive officer, principal financial and principal accounting officer. Our Code of Business Conduct and Ethics is posted on our website at http://www.dawson3d.com in the “Corporate Governance” area of the “Investor Relations” section. Changes to and waivers granted with respect to our Code of Business Conduct and Ethics related to officers identified above, and our other executive officers and directors that we are required to disclose pursuant to applicable rules and regulations of the SEC will also be posted on our website.

Executive Officers of the Registrant

Set forth below are the names, ages and positions of the Company’s executive officers.

Name	Age	Position
L. Decker Dawson	90	Chairman of the Board of Directors
Stephen C. Jumper	49	President, Chief Executive Officer and Director
C. Ray Tobias	53	Executive Vice President, Chief Operating Officer
Christina W. Hagan	55	Executive Vice President, Secretary and Chief Financial Officer
Howell W. Pardue	74	Executive Vice President
K.S. Forsdick	59	Senior Vice President

The Board of Directors elects executive officers annually. Executive officers hold office until their successors are elected and have qualified.

Set forth below are descriptions of the principal occupations during at least the past five years of the Company’s executive officers.

L. Decker Dawson. Mr. Dawson founded the Company in 1952. He served as President of the Company until being elected as Chairman of the Board of Directors and Chief Executive Officer in January 2001. In January 2006, Mr. Dawson was reelected as Chairman of the Board of Directors and retired as Chief Executive Officer of the Company. Prior to 1952, Mr. Dawson was a geophysicist with Republic Exploration Company, a geophysical company. Mr. Dawson served as President of the Society of Exploration Geophysicists (1989-1990), received its Enterprise Award in 1997 and was awarded honorary membership in 2002. He was Chairman of the Board of

Directors of the International Association of Geophysical Contractors in 1981 and is an honorary life member of such association. He was inducted into the Permian Basin Petroleum Museum's Hall of Fame in 1997.

Stephen C. Jumper. Mr. Jumper, a geophysicist, joined the Company in 1985, was elected Vice President of Technical Services in September 1997 and was subsequently elected President, Chief Operating Officer and Director in January 2001. In January 2006, Mr. Jumper was elected President, Chief Executive Officer and Director. Prior to 1997, Mr. Jumper served the Company as manager of technical services with an emphasis on 3-D processing. Mr. Jumper has served the Permian Basin Geophysical Society as Second Vice President (1991), First Vice President (1992) and as President (1993).

C. Ray Tobias. Mr. Tobias joined the Company in 1990 and was elected Vice President in September 1997 and Executive Vice President and Director in January 2001. In January 2006, Mr. Tobias was elected Executive Vice President and Chief Operating Officer. Mr. Tobias supervises client relationships and survey cost quotations to clients. He has served on the Board of Directors of the International Association of Geophysical Contractors and served as President of the Permian Basin Geophysical Society. Prior to joining the Company, Mr. Tobias was employed by Geo-Search Corporation where he was an operations supervisor.

Christina W. Hagan. Ms. Hagan joined the Company in 1988 and was elected Chief Financial Officer and Vice President in 1997 and Senior Vice President, Secretary and Chief Financial Officer in January 2003. In January 2004, Ms. Hagan was elected as Executive Vice President, Secretary and Chief Financial Officer. Prior thereto, Ms. Hagan served the Company as Controller and Treasurer. Ms. Hagan is a certified public accountant.

Howell W. Pardue. Mr. Pardue joined the Company in 1976 as Vice President of Data Processing and Director. Mr. Pardue was elected Executive Vice President of Data Processing in 1997. Prior to joining the Company, Mr. Pardue was employed in data processing for 17 years by Geosource, Inc. and its predecessor geophysical company.

K.S. Forsdick. Mr. Forsdick joined the Company in 1993, was elected Vice President in January 2001 and was subsequently elected Senior Vice President in March 2009. Mr. Forsdick is responsible for soliciting, designing and bidding seismic surveys for prospective clients. Prior to joining the Company, Mr. Forsdick was employed by Grant Geophysical Company and Western Geophysical Company and was responsible for marketing and managing land and marine seismic surveys for domestic and international operations. He has served on the Governmental Affairs Committee of the International Association of Geophysical Contractors.

Item 11. *EXECUTIVE COMPENSATION*

The information required by Item 11 is incorporated by reference to our definitive proxy statement for our Annual Meeting of Stockholders to be held on January 18, 2011, which we expect to file with the Securities and Exchange Commission within 120 days after September 30, 2010.

Item 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

The information required with respect to our equity compensation plans is set forth in Item 5 of this Form 10-K. Other information required by Item 12 is incorporated by reference to our definitive proxy statement for our Annual Meeting of Stockholders to be held on January 18, 2011, which we expect to file with the Securities and Exchange Commission within 120 days after September 30, 2010.

Item 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE*

The information required by Item 13 is incorporated by reference to our definitive proxy statement for our Annual Meeting of Stockholders to be held on January 18, 2011, which we expect to file with the Securities and Exchange Commission within 120 days after September 30, 2010.

Item 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

The information required by Item 14 is incorporated by reference to our definitive proxy statement for our Annual Meeting of Stockholders to be held on January 18, 2011, which we expect to file with the Securities and Exchange Commission within 120 days after September 30, 2010.

Part IV

Item 15. ***EXHIBITS AND FINANCIAL STATEMENT SCHEDULES***

(a) The following documents are filed as part of this report:

(1) *Financial Statements.*

The following financial statements of the Company appear on pages F-1 through F-21 and are incorporated by reference into Part II, Item 8:

Reports of Independent Registered Public Accounting Firm
Balance Sheets
Statements of Operations
Statements of Stockholders' Equity and Other Comprehensive Income (Loss)
Statements of Cash Flows
Notes to Financial Statements

(2) *Financial Statement Schedules.*

The following financial statement schedule appears on page F-22 and is hereby incorporated by reference:

Schedule II — Valuation and Qualifying Accounts for the three years ended September 30, 2010, 2009 and 2008.

All other schedules are omitted because they are either not applicable or the required information is shown in the financial statements or notes thereto.

(3) *Exhibits.*

The information required by this item 15(a)(3) is set forth in the Index to Exhibits accompanying this Annual Report of Form 10-K and is hereby incorporated by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Midland, and the State of Texas, on the 23rd day of November, 2010.

DAWSON GEOPHYSICAL COMPANY

By: /s/ Stephen C. Jumper
Stephen C. Jumper
President and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ L. Decker Dawson L. Decker Dawson	Chairman of the Board of Directors	11-23-10
/s/ Stephen C. Jumper Stephen C. Jumper	President, Chief Executive Officer and Director (principal executive officer)	11-23-10
/s/ Paul H. Brown Paul H. Brown	Director	11-23-10
/s/ Craig W. Cooper Craig W. Cooper	Director	11-23-10
/s/ Gary M. Hoover Gary M. Hoover	Director	11-23-10
/s/ Jack D. Ladd Jack D. Ladd	Director	11-23-10
/s/ Ted R. North Ted R. North	Director	11-23-10
/s/ Tim C. Thompson Tim C. Thompson	Director	11-23-10
/s/ Christina W. Hagan Christina W. Hagan	Executive Vice President, Secretary and Chief Financial Officer (principal financial and accounting officer)	11-23-10

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Dawson Geophysical Company:

We have audited the accompanying balance sheets of Dawson Geophysical Company as of September 30, 2010, and 2009, and the related statements of operations, stockholders' equity and other comprehensive income (loss), and cash flows for each of the years in the three-year period ended September 30, 2010. In connection with our audits of the financial statements, we also have audited financial statement Schedule II. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dawson Geophysical Company as of September 30, 2010 and 2009, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2010, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Dawson Geophysical Company's internal control over financial reporting as of September 30, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated November 23, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Dallas, Texas
November 23, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Dawson Geophysical Company:

We have audited Dawson Geophysical Company's internal control over financial reporting as of September 30, 2010 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Dawson Geophysical Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Dawson Geophysical Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheets of Dawson Geophysical Company as of September 30, 2010 and 2009, and the related statements of operations, stockholders' equity and other comprehensive income (loss), and cash flows for each of the years in the three-year period ended September 30, 2010, and the related financial statement schedule, and our report dated November 23, 2010, expressed an unqualified opinion on those financial statements.

KPMG LLP

Dallas, Texas
November 23, 2010

DAWSON GEOPHYSICAL COMPANY

BALANCE SHEETS

	September 30, 2010	September 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,675,000	$ 36,792,000
Short-term investments	20,012,000	25,267,000
Accounts receivable, net of allowance for doubtful accounts of $639,000 and $533,000 at September 30, 2010 and 2009, respectively	57,726,000	40,106,000
Prepaid expenses and other assets	7,856,000	7,819,000
Current deferred tax asset	1,764,000	1,694,000
Total current assets	117,033,000	111,678,000
Property, plant and equipment	248,943,000	240,820,000
Less accumulated depreciation	(130,900,000)	(115,341,000)
Net property, plant and equipment	118,043,000	125,479,000
Total assets	$ 235,076,000	$ 237,157,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 14,274,000	$ 6,966,000
Accrued liabilities:		
Payroll costs and other taxes	3,625,000	2,720,000
Other	7,963,000	10,600,000
Deferred revenue	204,000	2,230,000
Total current liabilities	26,066,000	22,516,000
Deferred tax liability	18,785,000	16,262,000
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; 50,000,000 shares authorized, 7,902,106 and 7,822,994 shares issued and outstanding at September 30, 2010 and 2009 respectively	2,634,000	2,608,000
Additional paid-in capital	90,406,000	89,220,000
Other comprehensive income, net of tax	4,000	18,000
Retained earnings	97,181,000	106,533,000
Total stockholders' equity	190,225,000	198,379,000
Total liabilities and stockholders' equity	$ 235,076,000	$ 237,157,000

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

STATEMENTS OF OPERATIONS

	Years Ended September 30, 2010	2009	2008
Operating revenues	$ 205,272,000	$ 243,995,000	$ 324,926,000
Operating costs:			
Operating expenses	185,588,000	192,839,000	237,484,000
General and administrative	7,131,000	7,856,000	6,762,000
Depreciation	27,126,000	26,160,000	24,253,000
	219,845,000	226,855,000	268,499,000
(Loss) income from operations	(14,573,000)	17,140,000	56,427,000
Other income (expense):			
Interest income	185,000	249,000	497,000
Interest expense	—	—	(482,000)
Other income (expense)	398,000	326,000	(35,000)
(Loss) income before income tax	(13,990,000)	17,715,000	56,407,000
Income tax benefit (expense):			
Current	7,102,000	(5,193,000)	(17,834,000)
Deferred	(2,464,000)	(2,300,000)	(3,566,000)
	4,638,000	(7,493,000)	(21,400,000)
Net (loss) income	$ (9,352,000)	$ 10,222,000	$ 35,007,000
Basic (loss) income per common share	$ (1.20)	$ 1.31	$ 4.57
Diluted (loss) income per common share	$ (1.20)	$ 1.30	$ 4.53
Weighted average equivalent common shares outstanding	7,777,404	7,807,385	7,669,124
Weighted average equivalent common shares outstanding- assuming dilution	7,777,404	7,853,531	7,728,651

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

STATEMENTS OF STOCKHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME (LOSS)

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance September 30, 2007	7,658,494	$ 2,553,000	$ 85,090,000	$ —	$ 61,512,000	$ 149,155,000
Impact of adopting certain provisions of ASC 740-10					(208,000)	(208,000)
Net income					35,007,000	35,007,000
Excess tax benefit of employee stock plan			440,000			440,000
Stock-based compensation expense			836,000			836,000
Issuance of common stock as compensation	6,500	2,000	423,000			425,000
Issuance of restricted stock awards and unearned compensation	94,500	31,000	(32,000)			(1,000)
Exercise of stock options	35,250	12,000	294,000			306,000
Balance September 30, 2008	7,794,744	2,598,000	87,051,000	—	96,311,000	185,960,000
Net income					10,222,000	10,222,000
Other comprehensive income net of tax:						
Unrealized holding gains arising during the period				31,000		
Income tax expense				(13,000)		
Other comprehensive income				18,000		18,000
Comprehensive income for the period						10,240,000
Excess tax benefit of employee stock plan			5,000			5,000
Stock-based compensation expense			1,667,000			1,667,000
Issuance of common stock as compensation	5,000	2,000	89,000			91,000
Exercise of stock options	23,250	8,000	408,000			416,000
Balance September 30, 2009	7,822,994	2,608,000	89,220,000	18,000	106,533,000	198,379,000
Net loss					(9,352,000)	(9,352,000)
Other comprehensive loss net of tax:						
Realization of losses on investment				(28,000)		
Unrealized holding gains arising during the period				3,000		
Income tax benefit				11,000		
Other comprehensive loss				(14,000)		(14,000)
Comprehensive loss for the period						(9,366,000)
Stock-based compensation expense			1,398,000			1,398,000
Issuance of common stock as compensation	8,340	3,000	182,000			185,000
Issuance of restricted stock awards and unearned compensation	84,100	28,000	(28,000)			—
Exercise of stock options	250		4,000			4,000
Shares exchanged for taxes on stock-based compensation	(13,578)	(5,000)	(370,000)			(375,000)
Balance September 30, 2010	7,902,106	$ 2,634,000	$ 90,406,000	$ 4,000	$ 97,181,000	$ 190,225,000

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

STATEMENTS OF CASH FLOWS

	Years Ended September 30, 2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	$ (9,352,000)	$ 10,222,000	$ 35,007,000
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation	27,126,000	26,160,000	24,253,000
Noncash compensation	1,583,000	1,758,000	1,259,000
Deferred income tax expense	2,464,000	2,300,000	3,566,000
Excess tax benefit from share-based payment arrangement	—	(5,000)	(440,000)
Provision for bad debts	256,000	993,000	32,000
Other	(343,000)	106,000	443,000
Change in current assets and liabilities:			
(Increase) decrease in accounts receivable	(17,876,000)	31,641,000	(15,743,000)
Increase in prepaid expenses and other assets	(37,000)	(6,942,000)	(62,000)
Increase (decrease) in accounts payable	6,181,000	(7,960,000)	2,900,000
(Decrease) increase in accrued liabilities	(1,732,000)	(4,912,000)	1,644,000
(Decrease) increase in deferred revenue	(2,026,000)	1,237,000	(1,929,000)
Net cash provided by operating activities	6,244,000	54,598,000	50,930,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures, net of noncash capital expenditures summarized below in noncash investing activities	(18,835,000)	(4,192,000)	(53,269,000)
Acquisition of short-term investments	(14,964,000)	(25,313,000)	—
Proceeds from maturity of short-term investments	20,000,000	—	—
Proceeds from disposal of assets	434,000	124,000	29,000
Proceeds on fire insurance claim	—	2,843,000	—
Net cash used in investing activities	(13,365,000)	(26,538,000)	(53,240,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from exercise of stock options	4,000	416,000	306,000
Proceeds from revolving line of credit	—	—	15,000,000
Repayment on revolving line of credit	—	—	(20,000,000)
Excess tax benefit from share-based payment arrangement	—	5,000	440,000
Net cash provided (used) by financing activities	4,000	421,000	(4,254,000)
Net (decrease) increase in cash and cash equivalents	(7,117,000)	28,481,000	(6,564,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	36,792,000	8,311,000	14,875,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 29,675,000	$ 36,792,000	$ 8,311,000
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest expense	$ —	$ —	$ 541,000
Cash paid during the period for income taxes	$ 839,000	$ 13,222,000	$ 18,812,000
Cash received during the period for income taxes	$ 8,125,000	$ —	$ —
NONCASH INVESTING ACTIVITIES:			
Accrued purchases of property and equipment	$ 1,127,000	$ —	$ 382,000
Equipment purchase through asset trade in	$ 2,260,000	$ —	$ —
Equipment purchase through reduction of insurance proceeds	$ —	$ 638,000	$ —
Unrealized gain on investments	$ 3,000	$ 31,000	$ —

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Nature of Operations

Founded in 1952, the Company acquires and processes 2-D, 3-D and multi-component seismic data for its clients, ranging from major oil and gas companies to independent oil and gas operators as well as providers of multi-client data libraries.

Cash Equivalents

For purposes of the financial statements, the Company considers demand deposits, certificates of deposit, overnight investments, money market funds and all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Short-Term Investments

The Company classifies its investments consisting of U.S. Treasury Securities and FDIC guaranteed bonds as “available-for-sale” and records the net unrealized holding gains and losses as accumulated comprehensive income in stockholders’ equity. The cost of short-term investments sold is based on the specific identification method.

Fair Value of Financial Instruments

The carrying amounts for cash and cash equivalents, short-term investments, trade and other receivables, other current assets, accounts payable and other current liabilities approximate the fair values based on the short-term nature of the financial instruments. The fair value of investments is based on quoted market prices.

Concentrations of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk at any given time may consist of cash and cash equivalents, money market funds and overnight investment accounts, short-term investments, trade and other receivables and other current assets. At September 30, 2010 and 2009, the Company had deposits with domestic banks in excess of federally insured limits. Management believes the credit risk associated with these deposits is minimal. Money market funds seek to preserve the value of the investment, but it is possible to lose money investing in these funds. The Company invests funds overnight under a repurchase agreement with its bank which is collateralized by securities of the United States Federal agencies. The Company invests primarily in short-term U.S. Treasury Securities. During fiscal 2009, the Company also invested funds in FDIC guaranteed bonds. The Company believes all of its investments are low risk investments. The Company’s sales are to clients whose activities relate to oil and natural gas exploration and production. The Company generally extends unsecured credit to these clients; therefore, collection of receivables may be affected by the economy surrounding the oil and natural gas industry. The Company closely monitors extensions of credit and may negotiate payment terms that mitigate risk. At September 30, 2010, sales to the Company’s largest client represented 32% of its revenues and 25% of its revenues net of third-party charges as compared to 31% and 22%, respectively, at September 30, 2009. The remaining balance of the Company’s fiscal 2010 revenues was derived from varied clients and none represented 10% or more of its fiscal 2010 revenues.

Property, Plant and Equipment

Property, plant and equipment are 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.

Depreciation is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the balance sheet, and any resulting gain or loss is reflected in the results of operations for the period.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when triggering events occur suggesting deterioration in the assets' recoverability or fair value. Recognition of an impairment charge is required if future expected undiscounted net cash flows are insufficient to recover the carrying value of the assets and the fair value of the assets is below the carrying value of the assets. Management's forecast of future cash flows used to perform impairment analysis includes estimates of future revenues and expenses based on the Company's anticipated future results while considering anticipated future oil and natural gas prices which is fundamental in assessing demand for the Company's services. If the carrying amount of the assets exceed the estimated expected undiscounted future cash flows, the Company measures the amount of possible impairment by comparing the carrying amount of the assets to the fair value. No impairment charges were recognized in the Statements of Operations for the years ended September 30, 2010, 2009 or 2008.

Revenue Recognition

Services are provided under cancelable service contracts. These contracts are either "turnkey" or "term" agreements. Under both types of agreements, the Company recognizes revenues when revenue is realizable and services have been performed. Services are defined as the commencement of data acquisition or processing operations. Revenues are considered realizable when earned according to the terms of the service contracts. Under turnkey agreements, revenue is recognized on a per unit of data acquired rate as services are performed. Under term agreements, revenue is recognized on a per unit of time worked rate as services are performed. In the case of a cancelled service contract, revenue is recognized and the customer is billed for services performed up to the date of cancellation.

The Company receives reimbursements for certain out-of-pocket expenses under the terms of the service contracts. Amounts billed to clients are recorded in revenue at the gross amount including out-of-pocket expenses that are reimbursed by the client.

In some instances, customers are billed in advance of services performed. In those cases, the Company recognizes the liability as deferred revenue. As services are performed, those deferred revenue amounts are recognized as revenue.

Allowance for Doubtful Accounts

Management prepares its allowance for doubtful accounts receivable based on its review of past-due accounts, its past experience of historical write-offs and its current client base. While the collectibility of outstanding client invoices is continually assessed, the inherent volatility of the energy industry's business cycle can cause swift and unpredictable changes in the financial stability of the Company's clients.

Tax Accounting

The Company accounts for income taxes by recognizing amounts of taxes payable or refundable for the current year and by using an asset and liability approach in recognizing the amount of deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Management determines deferred taxes by identifying the types and amounts of existing temporary differences, measuring the total deferred tax asset or liability using the applicable tax rate in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates of deferred tax assets and liabilities is recognized in income in the year of an enacted rate change. The deferred tax asset is reduced by a valuation allowance if, based on available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. Management's methodology for recording income taxes requires judgment regarding assumptions and the use of estimates, including determining the annual effective tax rate and the valuation of deferred tax assets, which can create variances between actual results and estimates and could have a material impact on the Company's provision or benefit for income taxes.

Use of Estimates in the Preparation of Financial Statements

Preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Because of the use of assumptions and estimates inherent in the reporting process, actual results could differ from those estimates.

Stock-Based Compensation

The Company measures all employee stock-based compensation awards, including stock options and restricted stock, using the fair value method and recognizes compensation cost, net of forfeitures, in its financial statements. The Company records compensation expense as operating or general and administrative expense as appropriate in the Statements of Operations on a straight-line basis over the vesting period of the related stock options or restricted stock awards.

2. Short-term Investments

The components of the Company's short-term investments are as follows:

	As of September 30, 2010 (in 000's)			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Short-term investments:				
U.S. Treasury bills	$ 14,991	$ 2	$ —	$ 14,993
FDIC guaranteed bonds	5,015	4	—	5,019
Total	$ 20,006	$ 6(a)	$ —	$ 20,012

(a) Other comprehensive income reflected on the Balance Sheet reflects unrealized gains and losses net of the tax effect of approximately $2,000.

	As of September 30, 2009 (in 000's)			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Short-term investments:				
U.S. Treasury bills	$ 9,987	$ 7	$ —	$ 9,994
U.S. Treasury notes	10,153	20	—	10,173
FDIC guaranteed bonds	5,096	4	—	5,100
Total	$ 25,236	$ 31(a)	$ —	$ 25,267

(a) Other comprehensive income reflected on the Balance Sheet reflects unrealized gains and losses net of the tax effect of approximately $13,000.

The Company's short-term investments have contractual maturities ranging from November 2010 to April 2011. These investments have been classified as available-for-sale.

3. Fair Value of Financial Instruments

At September 30, 2010 and 2009 the Company's financial instruments included cash and cash equivalents, short-term investments, trade and other receivables, other current assets, accounts payable and other current liabilities. Due to the short-term maturities of cash and cash equivalents, trade and other receivables, other current assets, accounts payables and other current liabilities, the carrying amounts approximate fair value at the respective balance sheet dates.

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including short-term investments.

The fair value measurements of these short-term investments were determined using the following inputs:

	As of September 30, 2010 (in 000's) Fair Value Measurements at Reporting Date Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments:				
U.S. Treasury bills	$ 14,993	$ 14,993	$ —	$ —
FDIC guaranteed bonds	5,019	5,019	—	—
Total	$ 20,012	$ 20,012	$ —	$ —

	As of September 30, 2009 (in 000's) Fair Value Measurements at Reporting Date Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments:				
U.S. Treasury bills	$ 9,994	$ 9,994	$ —	$ —
U.S. Treasury notes	10,173	10,173	—	—
FDIC guaranteed bonds	5,100	5,100	—	—
Total	$ 25,267	$ 25,267	$ —	$ —

Investments in U.S. Treasury bills and notes and FDIC guaranteed corporate bonds classified as available-for-sale are measured using unadjusted quoted market prices (Level 1) at the reporting date provided by the Company's investment custodian.

4. Property, Plant and Equipment

Property, plant and equipment, together with annual depreciation rates, consist of the following:

	September 30, 2010	September 30, 2009	Useful Lives
Land, building and other	$ 6,467,000	$ 5,589,000	3 to 40 years
Recording equipment	155,949,000	149,444,000	5 to 10 years
Vibrator energy sources	59,103,000	58,745,000	10 to 15 years
Vehicles	27,133,000	26,856,000	2 to 10 years
Other(a)	291,000	186,000	—
	248,943,000	240,820,000	
Less accumulated depreciation	(130,900,000)	(115,341,000)	
Net property, plant and equipment	$ 118,043,000	$ 125,479,000	

(a) Other represents accumulated costs associated with equipment fabrication and modification not yet completed.

5. Supplemental Balance Sheet Information

Accounts receivable consist of the following at September 30, 2010 and 2009:

	September 30, 2010	September 30, 2009
Trade and accrued trade receivables	$ 54,697,000	$ 33,910,000
Allowance for doubtful accounts	(639,000)	(533,000)
Insurance receivable associated with fire damage	—	1,836,000
Accrued receivable for workers' compensation stop loss policy	3,668,000	4,893,000
Total accounts receivable	$ 57,726,000	$ 40,106,000

Prepaid expenses and other assets consist of the following at September 30, 2010 and 2009:

	September 30, 2010	September 30, 2009
Prepaid expenses and other	$ 616,000	$ 591,000
Income tax receivable	7,240,000	7,228,000
Total prepaid expenses and other assets	$ 7,856,000	$ 7,819,000

Other current liabilities consist of the following at September 30, 2010 and 2009:

	September 30, 2010	September 30, 2009
Accrued self insurance reserves	$ 5,318,000	$ 6,698,000
Accrued bonus and profit sharing	—	1,014,000
Income and franchise taxes payable	879,000	674,000
Other accrued expenses and current liabilities	1,766,000	2,214,000
Total other current liabilities	$ 7,963,000	$ 10,600,000

6. Debt

The Company's revolving line of credit loan agreement is with Western National Bank. The agreement permits the Company to borrow, repay and reborrow, from time to time until June 2, 2011, up to $20.0 million based on the borrowing base calculation as defined in the agreement. The Company's obligations under this agreement are secured by a security interest in its accounts receivable, equipment and related collateral. Interest on the facility accrues at an annual rate equal to either the 30-day London Interbank Offered Rate ("LIBOR"), plus two and one-quarter percent or the Prime Rate, minus three-quarters percent as the Company directs monthly, subject to an interest rate floor of 4%. Interest on the outstanding amount under the loan agreement is payable monthly. The loan agreement contains customary covenants for credit facilities of this type, including limitations on disposition of assets, mergers and reorganizations. The Company is also obligated to meet certain financial covenants under the loan agreement, including maintaining specified ratios with respect to cash flow coverage, current assets and liabilities and debt to tangible net worth. The Company was in compliance with all covenants as of September 30, 2010 and November 23, 2010. The Company has not utilized the line of credit loan agreement during the fiscal years ended September 30, 2010 or 2009.

7. Stock-Based Compensation

At September 30, 2010, the Company had two stock-based compensation plans. Each plan, the awards outstanding under these plans and the associated accounting treatment are discussed below.

In fiscal 2004, the Company adopted the 2004 Incentive Stock Plan (the "2004 Plan") which provides 375,000 shares of authorized but unissued common stock of the Company. The option price is the market value of the Company's common stock at the date of grant. Options are exercisable 25% annually from the date of the grant, and the options expire five years from the date of grant. The 2004 Plan provides that of the 375,000 shares, up to 125,000 shares may be awarded to officers, directors, and employees of the Company, and up to 125,000 shares may be awarded with restrictions for the purpose of additional compensation. Although shares are available under the 2004 Plan, the Company does not intend to issue shares from this plan in the future.

In fiscal 2007, the Company adopted the Dawson Geophysical Company 2006 Stock and Performance Incentive Plan ("the Plan"). The Plan provides 750,000 shares of authorized but unissued common stock of the Company which may be awarded to officers, directors, employees and consultants of the Company in various forms including options, grants, restricted stock grants and others. Stock option grant prices awarded under the Plan may not be less than the fair market value of the common stock subject to such option on the grant date, and the term of stock options shall extend no more than ten years after the grant date.

Incentive Stock Options:

The Company estimates the fair value of each stock option on the date of grant using the Black-Scholes option pricing model. The expected volatility is based on historical volatility. The expected term represents the average period that the Company expects stock options to be outstanding and is determined based on the Company's historical experience. The risk free interest rate used by the Company as the discounting interest rate is based on the U.S. Treasury rates on the grant date for securities with maturity dates of approximately the expected term. As the Company has not historically declared dividends and does not expect to declare dividends over the near term, the dividend yield used in the calculation is zero. Actual value realized, if any, is dependent on the future performance of the Company's common stock and overall stock market conditions. There is no assurance the value realized by an optionee will be at or near the value estimated by the Black-Scholes model.

The fair values of stock options granted during 2009 were $8.59 and $10.49 using the Black-Scholes model and included the following assumptions:

	Group A	Group B
Expected term	4 years	6 years
Expected volatility	57.57%	56.85%
Risk free interest rate	1.67%	2.82%
Expected dividend yield	—	—

A summary of the Company's employee stock options as of September 30, 2010, as well as activity during the year then ended is presented below.

	Number of Optioned Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value ($000)
Balance as of September 30, 2009	152,000	$ 18.91		
Granted	—	—		
Exercised	(250)	18.91		$ 1
Forfeited	(750)	18.91		
Balance as of September 30, 2010	151,000	$ 18.91	8.172	$ 1,169
Exercisable as of September 30, 2010	37,750	$ 18.91	8.172	$ 292

No options were granted during fiscal 2010 and 2008. During fiscal 2009, 152,000 options were issued to employees of the Company. These options vest 25% annually from the date of grant and expire ten years from the date of grant. These options had a weighted average grant date fair value of $18.91. The total intrinsic value of options exercised during fiscal 2010, 2009 and 2008 was $1,000, $206,000 and $1,812,000, respectively. The total fair value of options vested during fiscal 2010, 2009 and 2008 was $719,000, $148,000 and $201,000, respectively.

A summary of the status of the Company's nonvested stock option awards as of September 30, 2010 and changes during the fiscal year ended September 30, 2010 is presented below.

	Number of Nonvested Share Awards	Weighted Average Grant Date Fair Value
Nonvested option awards outstanding September 30, 2009	152,000	$ 18.91
Granted	—	—
Vested	(38,000)	18.91
Forfeited	(750)	18.91
Nonvested option awards outstanding September 30, 2010	113,250	$ 18.91

Outstanding options at September 30, 2010 expire in December 2018 and have an exercise price of $18.91. As of September 30, 2010, there was approximately $765,000 of unrecognized compensation cost related to nonvested stock option awards to be recognized over a weighted average period of 2.2 years.

Stock options issued under the Company's 2006 Plan are incentive stock options. No tax deduction is recorded when options are awarded. If an exercise and sale of vested options results in a disqualifying disposition, a tax deduction for the Company occurs. For the year ended September 30, 2010, there were no excess tax benefits from disqualifying dispositions. For fiscal years ended 2009 and 2008, excess tax benefits from disqualifying dispositions of options of $5,000 and $440,000, respectively, were reflected in both cash flows from operating activities and cash flows from financing activities on the Statements of Cash Flows.

Cash received from option exercises under all share-based payment arrangements during the years ended September 30, 2010 and 2009 was $4,000 and $416,000, respectively.

The Company recognized compensation expense associated with stock option awards of $363,000, $315,000 and $78,000 in fiscal 2010, 2009 and 2008, respectively. This amount is included in operating or general and administrative expense as appropriate in the Statements of Operations.

Stock Awards:

The Company granted 84,100 and 38,500 shares of restricted stock to employees in fiscal 2010 and 2008, respectively. There were no restricted stock grants in fiscal 2009. The weighted average grant date fair value of restricted stock awards in 2010 and 2008 was $23.33 and $67.25, respectively. The fair value of the restricted stock granted equals the market price on the grant date and vests after three years.

	Number of Restricted Share Awards	Weighted Average Grant Date Fair Value
Nonvested restricted shares outstanding September 30, 2009	94,500	$ 43.43
Granted	84,100	$ 23.33
Vested	(56,000)	$ 27.05
Nonvested restricted shares outstanding September 30, 2010	122,600	$ 37.12

The Company's tax benefit with regards to restricted stock awards is consistent with the tax election of the recipient of the award. No elections under IRC Section 83(b) have been made for the restricted stock awards granted by the Company. As a result, the compensation expense recorded for restricted stock resulted in a deferred tax asset for the Company equal to the tax effect of the amount of compensation expense recorded.

The Company recognized compensation expense related to restricted stock awards of $1,035,000, $1,352,000 and $758,000 in fiscal 2010, 2009 and 2008, respectively. This amount is included in operating or general and administrative expense as appropriate in the Statements of Operations. As of September 30, 2010, there was approximately $2,300,000 of unrecognized compensation cost related to nonvested restricted stock awards granted. The cost is expected to be recognized over a weighted average period of 2.3 years.

The Company granted common shares with immediate vesting to outside directors and employees in 2010, 2009 and 2008:

	Number of Shares Granted	Weighted Average Grant Date Fair Value
2010	8,340	$22.11
2009	5,000	$18.19
2008	6,500	$65.30

The Company recognized expense of $185,000, $91,000 and $423,000 in fiscal 2010, 2009 and 2008, respectively, as well as the related tax benefit associated with these awards.

8. Employee Benefit Plans

The Company provides a 401(k) plan as part of its employee benefits package in order to retain quality personnel. During 2010, 2009 and 2008, the Company elected to match 100% of the employee contributions up to a maximum of 6% of the participant’s gross salary. The Company’s matching contributions for fiscal 2010, 2009 and 2008 were approximately $1,270,000, $1,213,000 and $1,117,000, respectively.

9. Advertising Costs

Advertising costs are charged to expense as incurred. Advertising costs totaled $256,000, $181,000 and $288,000 during the fiscal years ended September 30, 2010, 2009 and 2008, respectively.

10. Income Taxes

The Company recorded income tax benefit in the current year of $4,638,000 as compared to income tax expense of $7,493,000 and $21,400,000 in 2009 and 2008, respectively. The decrease in the provision for 2010 from 2009 is primarily the result of a shift from net income in fiscal 2009 to net losses in fiscal 2010.

Income tax (benefit) expense from operations:

	Year Ended September 30,		
	2010	2009	2008
Current Federal	$ (7,342,000)	$ 3,770,000	$ 16,082,000
Current State	240,000	1,423,000	1,752,000
Deferred Federal	2,817,000	1,921,000	3,296,000
Deferred State	(353,000)	379,000	270,000
Total	$ (4,638,000)	$ 7,493,000	$ 21,400,000

The income tax provision differs from the amount computed by applying the statutory federal income tax rate to income from continuing operations before income taxes as follows:

	Year Ended September 30, 2010	2009	2008
Tax (benefit) expense computed at statutory rate of 35%	$ (4,896,000)	$ 6,200,000	$ 19,743,000
Change in valuation allowance	(39,000)	(12,000)	(18,000)
State income tax (benefit) expense	(82,000)	1,089,000	1,270,000
Other	379,000	216,000	405,000
Income tax (benefit) expense	$ (4,638,000)	$ 7,493,000	$ 21,400,000

The principal components of the Company's net deferred tax liability are as follows:

	September 30, 2010	2009
Deferred tax assets:		
Receivables	$ 129,000	$ 199,000
Restricted stock	802,000	978,000
Workers' compensation	368,000	408,000
State tax net operating loss (NOL) carry forward	484,000	—
Other	580,000	716,000
Total gross deferred tax assets	2,363,000	2,301,000
Less valuation allowance	(19,000)	(58,000)
Total net deferred tax assets	2,344,000	2,243,000
Deferred tax liabilities:		
Property and equipment	(19,363,000)	(16,798,000)
Other	(2,000)	(13,000)
Total gross deferred tax liabilities	(19,365,000)	(16,811,000)
Net deferred tax liability	$ (17,021,000)	$ (14,568,000)
Current portion of net deferred tax asset/liability	$ 1,764,000	$ 1,694,000
Non-current portion of net deferred tax asset/liability	(18,785,000)	(16,262,000)
Total net deferred tax liability	$ (17,021,000)	$ (14,568,000)

At September 30, 2010, the Company had a net operating loss (NOL) for U.S. federal and state income tax purposes of approximately $19,047,000. The Company intends to carryback the federal portion of the net operating loss for two years to offset against prior taxable income. In addition to the federal net operating loss, the Company also had state net operating losses that will affect state tax of approximately $484,000 at September 30, 2010. State net operating losses will begin to expire in 2015. Carryback provisions are not allowed by states, so the entire state net operating losses give rise to a deferred tax asset. The Company expects to have taxable income in which to use the state net operating loss carryforwards before they expire. As such, no valuation allowance was considered necessary related to the state net operating losses.

At September 30, 2010, all of the valuation allowance of $19,000 was related to the Company's deferred tax assets for capital loss carryforwards that are deemed more likely than not to not be realized in the foreseeable future.

The following presents a roll forward of the Company's unrecognized tax benefits:

	September 30, 2010	September 30, 2009
Balance at beginning of fiscal year	$ 416,000	$ 135,000
Increase (decrease) in prior year tax positions	—	350,000
Increase (decrease) in current year tax positions	—	—
Settlement with taxing authorities	—	—
Expiration of statutes of limitations	(181,000)	(69,000)
Balance at end of fiscal year	$ 235,000	$ 416,000

As of September 30, 2010, the Company recognized $344,000 of liabilities for unrecognized tax benefits of which $109,000 related to penalties and interest. The Company expects approximately $75,000 of the liabilities for unrecognized tax benefits to settle or lapse in the statutes of limitations by September 30, 2011.

The tax years generally subject to future examination by tax authorities are for years ending September 30, 2006 and after. While it is expected that the amount of unrecognized tax benefits will change in the next twelve months, the Company does not expect any change to have a significant impact on its results of operations. The recognition of the total amount of unrecognized tax benefits of $344,000 would have an impact on the effective tax rate.

The Company's continuing practice is to recognize interest and penalties related to unrecognized tax benefits in income tax expense. In fiscal 2009, the Company's net accrued interest and penalties increased by approximately $55,000. In fiscal 2010, the Company's net accrued interest and penalties decreased by approximately $54,000.

11. Net Income (loss) per Common Share

Basic net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares and common share equivalents outstanding during the period.

The following table sets forth the computation of basic and diluted net income (loss) per common share.

	2010	2009	2008
Numerator:			
Net (loss) income and numerator for basic and diluted net (loss) income per common share — income available to common shareholders	$ (9,352,000)	$ 10,222,000	$ 35,007,000
Denominator:			
Denominator for basic net (loss) income per common share-weighted average common shares	7,777,404	7,807,385	7,669,124
Effect of dilutive securities-employee stock options and restricted stock grants	—	46,146	59,527
Denominator for diluted net (loss) income per common share-adjusted weighted average common shares and assumed conversions	7,777,404	7,853,531	7,728,651
Basic (loss) income per common share	$ (1.20)	$ 1.31	$ 4.57
Diluted (loss) income per common share	$ (1.20)	$ 1.30	$ 4.53

The Company had a net loss in 2010, therefore the denominator for diluted loss per common share is the same as the denominator for basic loss per common share. Because the Company had a net loss the effect of outstanding stock options and restricted stock on the computation of diluted loss per common share would be anti-dilutive.

12. Major Customers

The Company operates in only one business segment, contract seismic data acquisition and processing services. The major customers in fiscal 2010, 2009 and 2008 have varied. Sales to these customers, as a percentage of operating revenues that exceeded 10%, were as follows:

	2010	2009	2008
A	32%	31%	36%
B	—	—	20%

Although 32% of the Company's fiscal 2010 revenues were derived from one client ("A"), the Company believes that the relationship is well founded for continued contractual commitments for the foreseeable future in multiple producing basins across the lower 48 states. Although not a client in 2010, the Company's client "B" in the table remained one of the Company's clients in 2009; however, sales to this customer as a percentage of operating revenue did not exceed 10%.

13. Commitments and Contingencies

On March 14, 2008, a wildfire in West Texas burned a remote area in which one of the Company's data acquisition crews was operating. The fire destroyed approximately $2.9 million net book value of the Company's equipment, all of which was covered by the Company's liability insurance, net of the deductible. In addition to the loss of equipment, a number of landowners in the fire area suffered damage to their grazing lands, livestock, fences and other improvements. The Company repaired damage incurred by such landowners as a result of the fire. The total cost to repair landowner damages was approximately $1.8 million. In fiscal 2009, the Company received insurance proceeds for equipment losses sustained by the Company during the fire and for the Company's debris pick-up costs. In fiscal 2010, the Company received insurance proceeds for all costs to repair landowner damages.

During the quarter ended March 31, 2009, one of the Company's clients filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. As of September 30, 2010, this client had an accounts receivable balance with the Company of approximately $1.0 million. On October 29, 2010 the Bankruptcy Court approved a compromise settlement between the Company and the former client's Liquidating Trustee. The Company believes that the current allowance for doubtful accounts will cover estimated exposures related to the bankruptcy.

On October 4, 2010, a wildfire in Douglas, Wyoming burned an area in which one of the Company's data acquisition crews was operating. The fire destroyed an immaterial amount of the Company's equipment. In addition to the loss of equipment, a number of landowners in the fire area suffered damage to their grazing lands, livestock, fences, equipment and other improvements. Although the Company cannot currently estimate the likely amount of damages, the Company believes its insurance coverage is adequate to cover losses related to the fire.

From time to time, the Company is a party to various legal proceedings arising in the ordinary course of business. Although the Company cannot predict the outcomes of any such legal proceedings, management believes that the resolution of pending legal actions will not have a material adverse effect on the Company's financial condition, results of operations or liquidity as the Company believes it is adequately indemnified and insured.

The Company experiences contractual disputes with its clients from time to time regarding the payment of invoices or other matters. While the Company seeks to minimize these disputes and maintain good relations with its clients, the Company has in the past, and may in the future, experience disputes that could affect its revenues and results of operations in any period.

The Company has non-cancelable operating leases for office space in Midland, Houston, Denver, Oklahoma City, Lyon Township, Michigan and Canonsburg, Pennsylvania.

The following table summarizes payments due in specific periods related to the Company's contractual obligations with initial terms exceeding one year as of September 30, 2010.

	Payments Due by Period (in 000's)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating lease obligations	$ 2,082	$ 738	$ 749	$ 581	$ 14

Some of the Company's operating leases contain predetermined fixed increases of the minimum rental rate during the initial lease term. For these leases, the Company recognizes the related expense on a straight-line basis and records the difference between the amount charged to expense and the rent paid as deferred rent. Rental expense under the Company's operating leases with initial terms exceeding one year was $619,000, $575,000 and $528,000 for fiscal 2010, 2009 and 2008, respectively.

As of November 23, 2010, the Company had unused letters of credit totaling $3,580,000. The Company's letters of credit principally back obligations associated with the Company's self-insured retention on workers' compensation claims.

14. Rights Agreement

On July 8, 2009, the Board of Directors of the Company authorized and declared a dividend to the holders of record at the close of business on July 23, 2009 of one Right (a "Right") for each outstanding share of the Company's common stock. When exercisable, each Right will entitle the registered holder to purchase from the Company a unit consisting of one one-hundredth of a share (a "Fractional Share") of Series A Junior Participating Preferred Stock, par value $1.00 per share, of the Company (the "Preferred Shares"), at a purchase price of $130.00 per Fractional Share, subject to adjustment (the "Purchase Price"). The description and terms of the Rights are set forth in a Rights Agreement (the "Rights Agreement") effective as of the close of business on July 23, 2009 as it may from time to time be supplemented or amended between the Company and Mellon Investor Services LLC, as Rights Agent. The Rights Agreement replaced the previous rights plan that was originally adopted in 1999 which expired on July 23, 2009.

Initially, the Rights are attached to all certificates representing outstanding shares of Common Stock. The Rights will only separate from the Common Stock and a "Distribution Date" will only occur, with certain exceptions, upon the earlier of (i) ten days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of Common Stock, or (ii) ten business days following the commencement of a tender offer or exchange offer that would result in a person's becoming an Acquiring Person. In certain circumstances, the Distribution Date may be deferred by the Board of Directors.

The Rights are not exercisable until the Distribution Date and will expire at the close of business on July 23, 2019, unless earlier redeemed or exchanged by the Company as described below.

In the event (a "Flip-In Event") that a person becomes an Acquiring Person (except pursuant to a tender or exchange offer for all outstanding shares of Common Stock at a price and on terms that a majority of the directors of the Company who are not, and are not representatives, nominees, Affiliates or Associates of, an Acquiring Person or the person making the offer determines to be fair to and otherwise in the best interests of the Company and its shareholders (a "Permitted Offer")), each holder of a Right will thereafter have the right to receive, upon exercise of such Right, a number of shares of Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a Current Market Price (as defined in the Rights Agreement) equal to two times the exercise price of the Right. Notwithstanding the foregoing, following the occurrence of any Triggering Event, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by or transferred to an Acquiring Person (or by certain related parties) will be null and void in the circumstances set forth in the Rights Agreement. However, Rights are not exercisable following the occurrence of any Flip-In Event until such time as the Rights are no longer redeemable by the Company as set forth below.

DAWSON GEOPHYSICAL COMPANY

NOTES TO FINANCIAL STATEMENTS — (Continued)

In the event (a “Flip-Over Event”) that, at any time from and after the time an Acquiring Person becomes such, (i) the Company is acquired in a merger or other business combination transaction (other than certain mergers that follow a Permitted Offer), or (ii) 50% or more of the Company’s assets, cash flow or earning power is sold or transferred, each holder of a Right (except Rights that are voided as set forth above) shall thereafter have the right to receive, upon exercise, a number of shares of common stock of the acquiring company having a Current Market Price equal to two times the exercise price of the Right. Flip-In Events and Flip-Over Events are collectively referred to as “Triggering Events.”

At any time until ten days following the first date of public announcement of the occurrence of a Flip-In Event, the Company may redeem the Rights in whole, but not in part, at a price of $0.01 per Right, payable, at the option of the Company, in cash, shares of Common Stock or such other consideration as the Board of Directors may determine. After a person becomes an Acquiring Person, the right of redemption is subject to certain limitations in the Rights Agreement.

At any time after the occurrence of a Flip-In Event and prior to a person’s becoming the beneficial owner of 50% or more of the shares of Common Stock then outstanding or the occurrence of a Flip-Over Event, the Company may exchange the Rights (other than Rights owned by an Acquiring Person or an affiliate or an associate of an Acquiring Person, which will have become void), in whole or in part, at an exchange ratio of one share of Common Stock, and/or other equity securities deemed to have the same value as one share of Common Stock, per Right, subject to adjustment.

Until a Right is exercised, the holder thereof, as such, will have no rights as a shareholder of the Company, including, without limitation, the right to vote or to receive dividends.

15. Recently Issued Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update 2010-06 “Fair Value Measurements and Disclosures (Topic 820)” as new guidance and clarification for improving disclosures about fair value measurements. ASU 2010-06 requires enhanced disclosures regarding transfers in and out of the levels within the fair value hierarchy. Separate disclosures are required for transfers in and out of Level 1 and 2 fair value measurements, and the reasons for the transfers must be disclosed. The new disclosures and clarifications of existing disclosures were effective for the Company as of January 1, 2010. The adoption of this guidance did not have a material impact on the Company’s financial statements.

16. Subsequent Events

The Company has evaluated events subsequent to the balance sheet date (September 30, 2010) through the issue date of this Form 10-K and concluded that no subsequent events have occurred other than those described above in Note 13, “Commitments and Contingencies.”

DAWSON GEOPHYSICAL COMPANY

NOTES TO FINANCIAL STATEMENTS — (Continued)

17. Quarterly Financial Data (Unaudited)

	Quarter Ended December 31	Quarter Ended March 31	Quarter Ended June 30	Quarter Ended September 30
Fiscal 2009:				
Operating revenues	$ 80,216,000	$ 64,625,000	$ 52,319,000	$ 46,835,000
Income (loss) from operations	$ 12,445,000	$ 9,951,000	$ (2,337,000)	$ (2,919,000)
Net income (loss)	$ 7,734,000	$ 6,170,000	$ (1,626,000)	$ (2,056,000)
Net income (loss) per common share	$ 1.00	$ 0.79	$ (0.21)	$ (0.26)
Net income (loss) per common share assuming dilution	$ 0.99	$ 0.79	$ (0.21)	$ (0.26)
Fiscal 2010:				
Operating revenues	$ 36,330,000	$ 48,585,000	$ 61,178,000	$ 59,179,000
(Loss) income from operations	$ (6,720,000)	$ (4,330,000)	$ (1,571,000)	$ (1,952,000)
Net (loss) income	$ (4,216,000)	$ (2,706,000)	$ (1,019,000)	$ (1,411,000)
Net (loss) income per common share	$ (0.54)	$ (0.35)	$ (0.13)	$ (0.18)
Net (loss) income per common share assuming dilution	$ (0.54)	$ (0.35)	$ (0.13)	$ (0.18)

Net income (loss) per common share (basic) and net income (loss) per common share assuming dilution (diluted) are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

Schedule II

Dawson Geophysical Company

Valuation and Qualifying Accounts

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Balance at End of Period
Allowance for doubtful accounts*:				
Fiscal Year:				
2010	$ 533,000	$ 256,000	$ 150,000	$ 639,000
2009	55,000	993,000	515,000	533,000
2008	176,000	32,000	153,000	55,000
Valuation allowance for deferred tax assets:				
Fiscal Year:				
2010	$ 58,000	$ (39,000)	$ —	$ 19,000
2009	70,000	(12,000)	—	58,000
2008	88,000	(18,000)	—	70,000

* Deductions related to allowance for doubtful accounts represent amounts that have been deemed uncollectible and written off by the Company.

INDEX TO EXHIBITS

Number	Exhibit
3.1	Second Restated Articles of Incorporation of the Company, as amended (filed on February 9, 2007 as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the first quarter ended December 31, 2006 (File No. 000-10144) and incorporated herein by reference and filed on November 28, 2007 as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 000-10144) and incorporated herein by reference).
3.2*	Second Amended and Restated Bylaws of the Company, as amended.
3.3	Statement of Resolution Establishing Series of Shares of Series A Junior Participating Preferred Stock of the Company (filed on July 9, 2009 as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 000-10144) and incorporated herein by reference).
4.1	Rights Agreement effective as of July 23, 2009 between the Company and Mellon Investor Services LLC as Rights Agent, which includes as Exhibit A the form of Statement of Resolution Establishing Series of Shares of Series A Junior Participating Preferred Stock setting forth the terms of the Preferred Stock, as Exhibit B the form of Rights Certificate and as Exhibit C the Summary of Rights to Purchase Preferred Stock (filed on July 9, 2009 as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 000-10144) and incorporated herein by reference).
10.1†	Dawson Geophysical Company 2006 Stock and Performance Incentive Plan (the "2006 Plan"), dated November 28, 2006 (filed on January 29, 2007 as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 000-10144) and incorporated herein by reference).
10.2†	Dawson Geophysical Company 2004 Incentive Stock Plan (filed on March 12, 2004 as Exhibit 10.1 to the Company's Registration Statement on Form S-8 (File No. 333-113576) and incorporated herein by reference).
10.3†	Form of Restricted Stock Agreement for the 2006 Plan (filed on February 11, 2008 as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 000-10144) and incorporated herein by reference).
10.4†	Form of Stock Option Agreement for the 2006 Plan (filed on February 11, 2008 as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (File No. 000-10144) and incorporated herein by reference).
10.5†	Form of Restricted Stock Agreement for the 2006 Plan (filed on August 6, 2007 as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 000-10144) and incorporated herein by reference).
10.6†	Form of Stock Option Agreement for the 2006 Plan (filed on August 6, 2007 as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 000-10144) and incorporated herein by reference).
10.7†	Description of Profit Sharing Plan (filed on December 3, 2007 as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 000-10144) and incorporated herein by reference).
10.8†	Description of Profit Sharing Plan (filed on September 29, 2008 as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 000-10144) and incorporated herein by reference).
10.9†	Summary of Non-Employee Director Compensation (filed on February 9, 2009 as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 000-10144) and incorporated herein by reference).
10.10	Form of Master Geophysical Data Acquisition Agreement (filed on December 11, 2003 as Exhibit 10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2003 (File No. 000-10144) and incorporated herein by reference).
10.11	Master Geophysical Data Acquisition Agreement between SandRidge Energy, Inc. and the Company, dated December 19, 2006 (filed on February 9, 2009 as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 000-10144) and incorporated herein by reference).
10.12	Master Service Contract between Chesapeake Operating, Inc. and the Company, dated December 18, 2003 (filed on February 9, 2009 as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 000-10144) and incorporated herein by reference).
10.13	Revolving Line of Credit Loan Agreement, dated June 2, 2009, between the Company and Western National Bank (filed on June 5, 2009 as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 000-10144) and incorporated herein by reference).
10.14	Security Agreement, dated June 2, 2009, between the Company and Western National Bank (filed on June 5, 2009 as Exhibit 10.2 to the Company's Current Report on Form 8-K and incorporated herein by reference).
23.1*	Consent of Independent Registered Public Accounting Firm.

Number	Exhibit
31.1*	Certification of Chief Executive Officer of Dawson Geophysical Company pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer of Dawson Geophysical Company pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32.1*	Certification of Chief Executive Officer of Dawson Geophysical Company pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code. Pursuant to SEC Release 34-47551, this Exhibit is furnished to the SEC and shall not be deemed to be "filed."
32.2*	Certification of Chief Financial Officer of Dawson Geophysical Company pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code. Pursuant to SEC Release 34-47551, this Exhibit is furnished to the SEC and shall not be deemed to be "filed."

* Filed herewith.

† Identifies exhibit that consists of or includes a management contract or compensatory plan or arrangement.

DAWSON GEOPHYSICAL COMPANY

SECOND AMENDED AND RESTATED BYLAWS

(Amended and Restated by Resolution of the Board of Directors on July 26, 2010
and further amended on November 17, 2010)

ARTICLE I

OFFICES

Section 1. Principal Office. The principal office of the Corporation shall be in the City of Midland, County of Midland, State of Texas.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1. Time and Place of Meetings. All meetings of the shareholders for the election of directors shall be held at the offices of the Corporation in Midland, Texas, unless otherwise provided by resolution by the Board of Directors. Meetings of shareholders for any other purpose may be held at such time and place, within or without the State of Texas, as shall be stated in the Notice of Meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The Annual Meeting of the Shareholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors or as may otherwise be stated in the notice of the meeting, at which time the Shareholders shall elect a Board of Directors, and transact such other business as may be properly brought before the meeting.

Section 3. Notice of Meetings. Notice stating the date and time of any meeting of shareholders, the means of any remote communications by which shareholders may be considered present and may vote at the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each shareholder entitled to vote at the meeting not later than the tenth (10th) day and not earlier than the sixtieth (60th) day before the date of the meeting. The notice may be given in person, by electronic transmission (on consent of a shareholder), or by mail at the direction of the President, Secretary, or other person calling the meeting. If mailed, such notice shall be deemed to be given on the date notice is deposited in the United States mail with postage paid in an envelope addressed to the shareholder at the shareholder's address as it appears on the stock transfer records of the corporation. If by electronic transmission, such notice shall be deemed to be provided when the notice is (i) transmitted to a facsimile number provided by the shareholder for the purpose of receiving notice; (ii) transmitted to an electronic mail address provided by the shareholder for the purpose of receiving notice; (iii) posted on an electronic network and a message is sent to the shareholder at the address provided by the shareholder for the purpose of alerting the shareholder of a posting; or (iv) communicated to the shareholder by any other form of electronic transmission consented to by the shareholder.

Section 4. Voting List. Not later than the eleventh (11th) day before the date of each meeting of the shareholders of the Corporation, a complete list of the shareholders entitled to vote at said election, arranged in alphabetical order with the address of each shareholder, the type of shares and the number of shares held by each and the number of votes that each shareholder is entitled to (if the number of votes is different than the number of shares held), shall be prepared by the Secretary. Such list shall be open at the registered office or principal office of the Corporation during regular business hours for ten days prior to the meeting, and may be examined by any shareholder, and shall be produced and kept at the time and place of the meeting during the whole time thereof, and subject to the inspection of any shareholder who may be present. If the meeting is held by means of remote communication, the list shall be open to the examination of any shareholder for the duration of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided to shareholders with the notice of the meeting.

Section 5. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, and unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President or Secretary at the request in writing of shareholders owning twenty-five percent (25%) or more in amount of the shares of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Notice of Special Meetings. Written notice of a special meeting of shareholders, stating the time and place and object thereof, shall be served upon or mailed to each shareholder entitled to vote thereat at such address as appears on the books of the Corporation, at least ten (10) days before such meeting.

Section 7. Proper Business of Special Meetings. Business transacted at all special meetings shall be confined to the objects stated in such notice of the meeting.

Section 8. Quorum. The holders of a majority of the shares entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute, by the Articles of Incorporation or by these Bylaws. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 9. Voting at Meetings. When a quorum is present at any meeting, the vote of the holders of a majority of the shares having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Texas statutes or of the Articles of Incorporation or of these

Bylaws, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. Voting Power. At any meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such shareholder and bearing a date not more than eleven months prior to said meeting, unless said instrument provides for a longer period. Each shareholder shall have one vote for each share having voting power, registered in the shareholder's name on the books of the Corporation. Each outstanding share having voting power shall be entitled to one vote for each Director to be elected. Except where the transfer books of the Corporation shall have closed or a date shall have been fixed as a record date for the determination of its shareholders entitled to vote, no share shall be voted at any election for Directors which shall have been transferred on the books of the Corporation within twenty days next preceding such election of Directors. A telegram, telex, cablegram, or other form of electronic transmission, including telephonic transmission, by the shareholder, or a photographic, photostatic, facsimile, or similar reproduction of a writing executed by a shareholder will be treated as an execution in writing for voting purposes. Any electronic transmission must contain or be accompanied by information from which it can be determined that the transmission has been authorized by the shareholder.

Section 11. Presiding Officer of Meetings. Meetings of the shareholders shall be presided over by the Chairman of the Board of Directors, if one shall be elected, or in the absence of a Chairman of the Board of Directors, by the Vice Chairman, if one shall be elected, the Chief Executive Officer, the President or by any Vice President, or, in the absence of any such officers, by a chairman to be chosen by a majority of the shareholders entitled to vote at the meeting who are present in person or by proxy. The Secretary, or, in the Secretary's absence, any Assistant Secretary or any person appointed by the individual presiding over the meeting, shall act as secretary at meetings of the shareholders.

Section 12. Unanimous Written Consent in Lieu of Meeting. Whenever the vote of shareholders at a meeting thereof is required or permitted to be taken in connection with any corporate action by any provisions of the statutes or of the Articles of Incorporation or of these Bylaws, the meeting and vote of shareholders may be dispensed with, if all the shareholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken.

Section 13. Nomination of Directors. Nominations for the election of directors may be made by the Board of Directors or by any shareholder (the "Nominator") entitled to vote in the election of directors. Such nominations, other than those made by the Board of Directors, shall be made in writing pursuant to timely notice delivered to or mailed and received by the Secretary of the Corporation as set forth in this Section 13. To be timely in connection with an annual meeting of shareholders, a Nominator's notice, setting forth the name and address of the person to be nominated, shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the date on which the immediately preceding year's annual meeting of shareholders was held; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 60 days after the first anniversary of the preceding year's annual meeting, notice by the Nominator to be timely must be so delivered not earlier than 120 days prior to such annual meeting and not later than the last to occur of the close of business on (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which the Corporation first makes public announcement of the date of such meeting by (A) a mailing to shareholders, (B) a press release or (C) a filing with the Commission pursuant to Section 13(a) or 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). To be timely in connection with any election of a director at a special meeting of the shareholders, a Nominator's notice, setting forth the name of the person to be nominated, shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 40 days nor more than 60 days prior to the date of such meeting; provided, however, that in the event that less than 47 days' notice or prior public disclosure of the date of the special meeting of the shareholders is given or made to the shareholders, the Nominator's notice to be timely must be so received not later than the close of business on the seventh day following the day on which such notice of date of the meeting was mailed or such public disclosure was made. At such time, the Nominator shall also submit written evidence, reasonably satisfactory to the Secretary of the Corporation, that the Nominator is a shareholder of the Corporation and shall identify in writing (a) the name and address of the Nominator, (b) the number of shares of each class of capital stock of the Corporation owned beneficially by the Nominator, (c) the name and address of each of the persons with whom the Nominator is acting in concert, (d) the number of shares of capital stock beneficially owned by each such person with whom the Nominator is acting in concert, and (e) a description of all arrangements or understandings between the Nominator and each nominee and any other persons with whom the Nominator is acting in concert pursuant to which the nomination or nominations are to be made. At such time, the Nominator shall also submit in writing (i) the information with respect to each such proposed nominee that would be required to be provided in a proxy statement prepared in accordance with Regulation 14A under the Exchange Act and (ii) a notarized affidavit executed by each such proposed nominee to the effect that, if elected as a member of the Board of Directors, he will serve and that he is eligible for election as a member of the Board of Directors. Within 30 days (or such shorter time period that may exist prior to the date of the meeting) after the Nominator has submitted the aforesaid items to the Secretary of the Corporation, the Secretary of the Corporation shall determine whether the evidence of the Nominator's status as a shareholder submitted by the Nominator is reasonably satisfactory and shall notify the Nominator in writing of his determination. The failure of the Secretary of the Corporation to find such evidence reasonably satisfactory, or the failure of the Nominator to submit the requisite information in the form or within the time indicated, shall make the person to be nominated ineligible for nomination at the meeting at which such person is proposed to be nominated. The presiding person at each meeting of shareholders shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. Beneficial ownership shall be determined in accordance with Rule 13d-3 under the Exchange Act. This Section 13 shall be the exclusive means for a shareholder to make nominations for directors at any annual or special meeting of shareholders.

Section 14. Proper Business of Annual Meeting of Shareholders; Shareholder Proposals. At any annual meeting of shareholders, only such business shall be conducted as shall be a proper subject for the meeting and shall have been properly brought before the meeting. To be properly brought before an annual meeting of shareholders, business (other than business relating to (i) any nomination of directors, which is governed by Article II, Sections 13, or (ii) any alteration, amendment or repeal of the Bylaws or any adoption of new Bylaws, which is governed by Article VIII hereof) must (a) be specified in the notice of such meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise be properly brought before the meeting by or at the direction of the Chairman of the Meeting or the Board of Directors (or any duly authorized committee thereof) or (c) otherwise (i) be properly requested to be brought before the meeting by a shareholder of record entitled to vote in the election of directors generally, in compliance with the provisions of this Section 14 and (ii) constitute a proper subject to be brought before such meeting. For business to be properly brought before an annual meeting of shareholders, any shareholder who intends to bring any matter (other than a matter relating to (i) any nomination of directors, which is governed by Article II, Section 13, or (ii) any alteration, amendment or repeal of the Bylaws or any adoption of new Bylaws, which is governed by Article VIII hereof) before an annual meeting of shareholders and is entitled to vote on such matter must deliver written notice of such shareholder's intent to bring such matter before the annual meeting of shareholders, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation. Such notice must be received by the Secretary not less than 90 days nor more than 120 days prior to the first anniversary of the date on which the immediately preceding year's annual meeting of shareholders was held; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 60 days after the first anniversary of the preceding year's annual meeting, notice by the shareholder to be timely must be so delivered not earlier than 120 days prior to such annual meeting and not later than the last to occur of the close of business on (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which the Corporation first makes public announcement of the date of such meeting by (A) a mailing to shareholders, (B) a press release or (C) a filing with the Securities and Exchange Commission (the "Commission") pursuant to Section 13(a) or 14(a) of the Exchange Act. In no event shall the public disclosure of an adjournment of an annual meeting of shareholders commence a new time period for the giving of a shareholder's notice as described above.

To be in proper written form, a shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting of shareholders (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (b) the name and address, as they appear on the Corporation's books and records, of the shareholder proposing such business, (c) evidence reasonably satisfactory to the Secretary of the Corporation, of such shareholder's status as such and of the number of shares of each class of capital stock of the Corporation of which such shareholder is the beneficial owner, (d) a description of all arrangements or understandings between such shareholder and any other person or persons (including their names) in connection with the proposal of such business by such shareholder and any material interest of such shareholder in such business and (e) a representation that such shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting. No business shall be conducted at an annual meeting of shareholders except in accordance with the procedures set forth in this Section 14. Beneficial ownership shall be determined in accordance with Rule 13d-3 under the Exchange Act. When used in these Bylaws, "person" has the meaning ascribed to such term in Section 2(a)(2) of the Securities Act of 1933, as amended, as the context may require.

Within 30 days after such shareholder shall have submitted the aforesaid items, the Secretary or the Board of Directors of the Corporation shall determine whether the proposed business has been properly requested to be brought before the annual meeting of shareholders and shall notify such shareholder in writing of its determination. If such shareholder fails to submit a required item in the form or within the time indicated, or if the Secretary or the Board of Directors of the Corporation determines that the proposed business otherwise has not been properly requested, then such proposal by such shareholder shall not be voted upon by the shareholders of the Corporation at such annual meeting of shareholders. The Chairman of the Meeting shall, if the facts warrant, determine and declare to the meeting that a proposal made by a shareholder of the Corporation pursuant to this Section 14 was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare to the meeting and the defective proposal shall be disregarded.

This Section 14 shall be the exclusive means for a shareholder to submit other business (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting) at any annual meeting of shareholders.

Nothing in this Section 14 shall be interpreted or construed to require the inclusion of information about any such proposal in any proxy statement distributed by, at the direction of, or on behalf of the Board of Directors or the Corporation.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number and Election. The number of Directors which shall constitute the whole Board shall not be less than five nor more than fifteen. Within the limits above specified, the number of Directors shall be determined by resolution of the Board of Directors or by the shareholders at the Annual Meeting. The Directors shall be elected at the Annual Meeting of the Shareholders, except as provided in Section 2 of this Article, and each Director elected shall hold office until his successor shall be elected and shall qualify. Directors need not be shareholders.

Section 2. Vacancies. If any vacancies occur in the Board of Directors caused by death, resignation, retirement, disqualification, or removal from office of any Directors or otherwise, or any new directorship is created by an increase in the authorized number of Directors, a majority of the Directors then in office though less than a quorum may choose a successor or successors, or fill the newly created directorship and the Directors so chosen shall hold office until the next annual election of Directors and until their successors shall be duly elected and qualified, unless sooner displaced.

Section 3. Powers. The property and business of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

Section 4. Place of Meetings. The Directors of the Corporation may hold their meetings, both regular and special, either within or without the State of Texas. Meetings of the

Board of Directors may also be held by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate with each other.

Section 5. First Meeting. The first meeting of each newly elected Board shall be held at such time and place as shall be fixed by the vote of the shareholders at the Annual Meeting and no notice of such meeting shall be necessary to the newly elected Directors in order to legally constitute the meeting provided a quorum shall be present, or they may meet at such place and time as shall be fixed by the consent in writing of all the Directors.

Section 6. Regular Meetings. Regular meetings of the Board may be held without notice at such time and place as shall, from time to time, be determined by the Board.

Section 7. Special Meetings. Special meetings of the Board may be called by the President on five days' notice to each Director, either personally or by mail, or, with the Director's consent, by electronic transmission; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

Section 8. Quorum. At all meetings of the Board the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meetings at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation or by these Bylaws. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Unanimous Written Consent in Lieu of Meeting. Unless otherwise restricted by law, the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if prior to such action all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing and writing or writings are filed with the minutes of proceedings of the Board of Directors or the committee. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, members of the Board of Directors or of any committee thereof may participate in a meeting of such Board of Directors or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting in such manner shall constitute presence in person at such meeting.

Section 10. Committees of Directors

(a) The Board of Directors may designate one or more committees, each committee to consist of two or more of the Directors of the Corporation, which shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, subject to the restrictions as may be contained in the Articles of Incorporation or that may be imposed by the Texas Business Organizations Code, as amended, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

(b) The committees shall keep regular minutes of their proceedings and report the same to the Board when required.

Section 11. Compensation of Directors. Directors shall receive such compensation for their services as shall be determined by the Board of Directors. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

WAIVER OF NOTICE

Section 1. Waiver. Whenever any notice is required to be given under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated thereon, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Directors and shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also choose (i) a Chairman of the Board, who must be a member of the Board of Directors; (ii) if a Chairman of the Board is chosen, the Board of Directors may also choose a Vice Chairman, who must be a member of the Board of Directors; (iii) a Chief Executive Officer, who need not be a member of the Board of Directors; and (iv) additional Vice Presidents, and one or more Assistant Secretaries and Assistant Treasurers. Two or more offices may be held by the same person, except that the offices of President and Secretary shall not be held by the same person.

Section 2. Election of Officers. So far as is practicable, all elected officers shall be elected by the Board of Directors at the annual meeting of the Board of Directors in each year, and except as otherwise provided in this Article V, shall hold office until the next such meeting of the Board of Directors in the subsequent year and until their respective successors are elected and qualified or until their earlier death, resignation or removal. All appointed officers shall hold office at the pleasure of the Board of Directors. If any vacancy shall occur in any office, the Board of Directors may elect or appoint a successor to fill such vacancy for the remainder of the term.

Section 3. Other Officers. The Board may appoint such other offices and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Compensation. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

Section 5. Term of Office and Removal. The officers of the Corporation shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 6. The Chairman of the Board. The Chairman of the Board, if one shall be elected, shall preside at all meetings of the shareholders and Board of Directors and shall be ex officio a member of all standing committees of the Corporation. In addition, the Chairman of the Board shall perform whatever duties and shall exercise all powers that are given by the Board of Directors. Unless otherwise designated by the Board of Directors, the Chairman of the Board, if one shall be elected, shall also be the Chief Executive Officer of the Corporation. In the absence of the Chairman, such of the Chairman's duties shall be performed and authority exercised by either the Vice Chairman, if one shall be elected, or the Chief Executive Officer, if one shall be elected, as may be designated by the Chairman with the right reserved to the Board of Directors to designate or supersede any designation so made.

Section 7. The President. The President shall, in the absence of the Chairman of the Board and the Vice Chairman, if one shall be appointed, preside at meetings of the shareholders and Board of Directors, shall implement the general directives, plans and policies formulated by the Board of Directors; and shall further have the duties, responsibilities and authorities as may be assigned by the Board of Directors. The President may sign, with any other proper officer, certificates for shares of the Corporation and any deeds, bonds, mortgages, contracts and other documents which the Board of Directors has authorized to be executed, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors or these Bylaws, to some other officer or agent of the Corporation. In the absence of the President, the duties of the President shall be performed and the President's authority may be exercised by a Vice President of the Corporation as may have been designated by the President with the right reserved to the Board of Directors to designate or supersede any designation so made.

Section 8. Vice Presidents. The Vice Presidents in the order of their seniority shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Board of Directors shall prescribe.

Section 9. The Secretary. The Secretary shall attend all sessions of the Board and all meetings of the shareholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision the Secretary shall be. The Secretary shall keep in safe custody the seal of the Corporation and, when authorized by the Board, affix the same to any instrument requiring it and, when so fixed, it shall be attested by the Secretary's signature or by the signature of the Treasurer or an Assistant Secretary.

Section 10. Assistant Secretaries The Assistant Secretaries in order of their seniority shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties as the Board of Directors shall prescribe.

Section 11. Treasurer.

(a) The Treasurer shall have the custody of corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

(b) The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all the Treasurer's transactions as Treasurer and of the financial condition of the Corporation.

(c) If required by the Board of Directors, the Treasurer shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of the Treasurer's office and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control, belonging to the Corporation.

Section 12. Assistant Treasurers. The Assistant Treasurers in order of their seniority shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as the Board of Directors shall prescribe.

ARTICLE VI

SHARES

Section 1. Share Certificates. The share certificates of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by the President or Vice President and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. The designations, preferences and relative, participating, optional or other special rights of each class of shares or series thereof and the qualifications, limitations, or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificates which the Corporation shall issue to represent such class or series of shares. If any certificate is signed by (1) a transfer agent or an assistant transfer agent, or (2) a transfer clerk acting on behalf of the Corporation and a Registrar, the signature of any such officer may be facsimile.

Section 2. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may require the owner of such lost or destroyed certificate or certificates, or the owner's legal representatives, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 3. Transfer of Shares. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 4. Closing of Transfer Books. The Board of Directors may close the stock transfer books of the Corporation for a period of not less than ten days nor more than sixty days preceding the date of any meeting of shareholders or the date for payment of any distribution or the date for the allotment of rights or the date when any change or conversion or exchange of shares shall go into effect or for a period of not less than ten days nor more than sixty days in connection with obtaining the consent of shareholders for any purpose. In lieu of closing the stock transfer books as aforesaid, the Board of Directors may fix in advance a date, not less than ten days nor more than sixty days preceding the date of any meeting of shareholders, or the date for the payment of any distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such distribution, or to any such allotment of rights, or to exercise the rights in respect of any change, conversion or exchange of shares, or to give such consent, and in such case such shareholders and only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such distribution, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any such record date fixed as aforesaid.

Section 5. Registered Shareholders. The Corporation shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Texas.

Section 6. Uncertificated Shares. The Corporation may adopt a system of issuance, recordation and transfer of its shares by electronic or other means not involving any issuance of certificates, including provisions for notice to purchasers in substitution for any required statements on certificates, and as may be required by applicable corporate securities laws or stock exchange regulation. Any system so adopted shall not become effective as to issued and outstanding certificated securities until their certificates have been surrendered to the Corporation.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Distributions.

(a) Distributions upon the shares of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Distributions may be paid in cash, in property, or in shares of the corporation, subject to the provisions of the Articles of Incorporation.

(b) Before payment of any distribution, there may be set aside out of any funds of the Corporation available for distributions such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing distributions, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interests of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Annual Statement. The Board of Directors shall present at each Annual Meeting and when called for by vote of the shareholders at any special meeting of the shareholders, a full and clear statement of the business and conditions of the Corporation.

Section 3. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 4. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October of each year and end on the last day of September of each year.

Section 5. Seal. The corporate seal shall have inscribed thereon the name of the Corporation and the words “Corporate Seal” so as to make an impression similar to that on the margin hereof. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

AMENDMENT OF BYLAWS

Section 1. Vote Requirements. These Bylaws may be altered or repealed at any regular meeting of the shareholders or at any special meeting of the shareholders at which a quorum is present or represented, provided notice of the proposed alteration or repeal be contained in the notice of such special meeting, by the affirmative vote of a majority of the shares entitled to vote at such meeting and present or represented thereat, or by the affirmative vote of a majority of the Board of Directors at any regular meeting of the Board or at any special meeting of the Board if notice of the board proposed alteration or repeal be contained in the notice of such special meeting.

ARTICLE IX

INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

Section 1. General. To the fullest extent permitted by Texas law as the same may exist or be hereinafter amended (but in the case of any such amendment, with respect to matters occurring before such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), the Corporation shall indemnify and hold harmless any present or former Director, officer, employee or agent of the Corporation against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses actually incurred by the person in connection with a proceeding in which the person was, is, or is threatened to be made a named defendant or respondent because the person is or was a Director, officer, employee or agent of the Corporation.

Section 2. Advancement or Reimbursement of Expenses. The rights of any indemnitee provided under Section 1 of this Article IX shall include, but not be limited to, the right to be indemnified and to have all expenses advanced (including the payment of expenses before final disposition of any proceeding) in all proceedings to the fullest extent permitted, or not prohibited, by the Texas law. In addition, to the extent any indemnitee is a witness or otherwise participates in any proceeding at a time when he is not named a defendant or respondent in the proceeding, he shall be indemnified against all expenses actually and reasonably incurred by him or on his behalf in connection therewith. The indemnitee shall be advanced expenses, within ten days after any request for such advancement, to the fullest extent permitted, or not prohibited, by Texas law; provided that the indemnitee has provided to the Corporation all affirmations, acknowledgments, representations and undertakings that may be required of any indemnitee by Texas law.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Dawson Geophysical Company:

We consent to the incorporation by reference in the Registration Statements (Nos. 333-113576 and 333-146460) on Form S-8 and (No. 333-158330) on Form S-3 of Dawson Geophysical Company of our reports dated November 23, 2010, with respect to the balance sheets of Dawson Geophysical Company as of September 30, 2010 and 2009, and the related statements of operations, stockholders' equity and other comprehensive income (loss), and cash flows for each of the years in the three-year period ended September 30, 2010, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of September 30, 2010, which reports appear in the September 30, 2010 annual report on Form 10-K of Dawson Geophysical Company.

KPMG LLP

Dallas, Texas
November 23, 2010

Exhibit 31.1

CERTIFICATIONS

I, Stephen C. Jumper, certify that:

1. I have reviewed this annual report on Form 10-K of Dawson Geophysical Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 23, 2010

/s/ Stephen C. Jumper
Stephen C. Jumper
President and Chief Executive Officer (principal executive officer)

Exhibit 31.2

CERTIFICATIONS

I, Christina W. Hagan, certify that:

1. I have reviewed this annual report on Form 10-K of Dawson Geophysical Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 23, 2010

/s/ Christina W. Hagan
Christina W. Hagan
Executive Vice President, Secretary and Chief Financial Officer (principal financial and accounting officer)

Exhibit 32.1

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 annual report of Dawson Geophysical Company (the “Company”) on Form 10-K for the fiscal year ended September 30, 2010, as filed with the Securities and Exchange Commission (the “Report”), I, Stephen C. Jumper, President 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 to my knowledge:

(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: November 23, 2010

/s/ Stephen C. Jumper
Stephen C. Jumper
President and Chief Executive Officer

Exhibit 32.2

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 annual report of Dawson Geophysical Company (the “Company”) on Form 10-K for the fiscal year ended September 30, 2010, as filed with the Securities and Exchange Commission (the “Report”), I, Christina W. Hagan, Executive Vice President, Secretary 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 to my knowledge:

(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: November 23, 2010

/s/ Christina W. Hagan
Christina W. Hagan
Executive Vice President, Secretary and Chief
Financial Officer