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

FORM 10-Q

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

For the Quarterly Period Ended December 31, 2005

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. 0-10144

DAWSON GEOPHYSICAL COMPANY

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

508 West Wall, Suite 800, Midland, Texas 79701
(Principal Executive Office)

Telephone Number: 432-684-3000

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer ☑ Non-accelerated filer o

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

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

Title of Each Class	Outstanding at January 31, 2006
Common Stock, $.33 1/3 par value	**7,502,994 shares**

DAWSON GEOPHYSICAL COMPANY

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DAWSON GEOPHYSICAL COMPANY
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended December 31, 2005	2004
Operating revenues	$ 35,493,000	$ 21,559,000
Operating costs:		
Operating expenses	28,138,000	16,844,000
General and administrative	1,127,000	794,000
Depreciation	2,976,000	1,470,000
	32,241,000	19,108,000
Income from operations	3,252,000	2,451,000
Other income:		
Interest income	161,000	24,000
Loss on disposal of assets	(6,000)	—
Loss on sale of investments	(11,000)	—
Other	40,000	6,000
Income before income tax	3,436,000	2,481,000
Income tax (expense) benefit:		
Current	(535,000)	
Deferred	(601,000)	(881,000)
Net income	$ 2,300,000	$ 1,600,000
Net income per common share	0.31	0.28
Net income per common share-assuming dilution	$ 0.30	$ 0.28
Weighted average equivalent common shares outstanding	7,486,389	5,638,365
Weighted average equivalent common shares outstanding-assuming dilution	7,584,165	5,742,149

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY
BALANCE SHEETS

	December 31, 2005 (Unaudited)	September 30, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,155,000	$ 2,803,000
Short-term investments	16,314,000	20,326,000
Accounts receivable, net of allowance for doubtful accounts of $108,000 in December 2005 and $331,000 in September 2005	33,300,000	28,696,000
Prepaid expenses and other assets	220,000	1,127,000
Current deferred tax asset	239,000	1,229,000
Total current assets	51,228,000	54,181,000
Property, plant and equipment	137,914,000	124,478,000
Less accumulated depreciation	(67,392,000)	(64,532,000)
Net property, plant and equipment	70,522,000	59,946,000
	$ 121,750,000	$ 114,127,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,857,000	$ 6,601,000
Accrued liabilities:		
Payroll costs and other taxes	725,000	1,198,000
Other	1,590,000	2,182,000
Deferred revenue	2,444,000	190,000
Total current liabilities	15,616,000	10,171,000
Deferred tax liability	1,663,000	2,052,000
Stockholders' equity:		
Preferred stock-par value $1.00 per share; 5,000,000 shares authorized, none outstanding	—	—
Common stock-par value $.33 1/3 per share; 10,000,000 shares authorized, 7,493,544 and 7,484,044 shares issued and outstanding in each period	2,498,000	2,495,000
Additional paid-in capital	81,250,000	80,987,000
Other comprehensive income, net of tax	(76,000)	(77,000)
Retained earnings	20,799,000	18,499,000
Total stockholders' equity	104,471,000	101,904,000
	$ 121,750,000	$ 114,127,000

See accompanying notes to the financial statements.

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DAWSON GEOPHYSICAL COMPANY
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,300,000	$ 1,600,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,976,000	1,470,000
Non-cash compensation	186,000	45,000
Deferred income tax expense	601,000	881,000
Loss on disposal of assets	6,000	—
Realized loss on sale of marketable securities	11,000	—
Excess tax benefit from share based payment arrangement	(37,000)	—
Other	(10,000)	27,000
Change in current assets and liabilities:		
Decrease (increase) in accounts receivable	(4,604,000)	2,969,000
Decrease in prepaid expenses	907,000	3,000
Increase in accounts payable	4,256,000	1,653,000
Increase in deferred revenue	2,254,000	513,000
Decrease in accrued liabilities	(1,065,000)	(725,000)
Net cash provided by operating activities	7,781,000	8,436,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(13,535,000)	(10,490,000)
Proceeds from disposal of assets	4,000	—
Proceeds from sale of short-term investments	4,022,000	—
Net cash used in investing activities	(9,509,000)	(10,490,000)
CASH FLOW FROM FINANCING ACTIVITIES:		
Excess tax benefit from share based payment arrangement	37,000	—
Proceeds from exercise of stock options	43,000	35,000
Net cash provided by financing activities	80,000	35,000
Net decrease in cash and cash equivalents	(1,648,000)	(2,019,000)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,803,000	3,587,000
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,155,000	$ 1,568,000
NON CASH INVESTING ACTIVITIES:		
Unrealized loss on investments	$ (11,000)	$ (14,000)

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF OPERATIONS

Dawson Geophysical Company (the "Company") is the leading provider of onshore seismic data acquisition services in the United States as measured by the number of active data acquisition crews. 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.

2. OPINION OF MANAGEMENT

Although the information furnished is unaudited, in the opinion of management of the Company, the accompanying financial statements reflect all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the financial condition and results of operations necessary for the periods presented. The results of operations for the three months ended December 31, 2005, are not necessarily indicative of the results to be expected for the fiscal year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted in this Form 10-Q report pursuant to certain rules and regulations of the Securities and Exchange Commission. These financial statements should be read with the financial statements and notes included in the Company's 2005 Form 10-K.

Critical Accounting Policies

The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires that certain assumptions and estimates be made that affect the reported amounts of 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.

Revenue Recognition. Contracts for services are provided under cancelable service contracts. These contracts are either "turnkey" or "term" agreements. The Company recognizes revenues when services are performed under both types of agreements. Services are defined as the commencement of data acquisition or processing operations. 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 our 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, clients are billed in advance of the services performed. In those cases, the Company recognizes the liability as deferred revenue.

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

Impairment of Long-lived Assets. Long-lived assets are reviewed for impairment when triggering events occur suggesting deterioration in the assets' recoverability or fair value. Recognition of an impairment charge is required if future expected net cash flows are insufficient to recover the carrying value of the asset. Management's forecast of future cash flow used to perform impairment analysis includes estimates of future revenues and future gross margins. If the Company is unable to achieve these cash flows, management's estimates would be revised, potentially resulting in an impairment charge in the period of revision.

Depreciable Lives of Property, Plant and Equipment. Property, plant and equipment is capitalized at historical cost and depreciated over the useful life of the asset. Management's estimation of this useful life is based on circumstances that exist in the seismic industry and information available at the time of the purchase of the asset. The technology of the equipment used to gather data in the seismic industry has historically evolved such that obsolescence does not occur quickly. As circumstances change and new information becomes available, these estimates could change. Depreciation is computed using the straight-line method.

Tax Accounting. The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires 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 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 and reducing the deferred tax asset 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. 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 variance between actual results and estimates. The process involves making forecasts of current and future years' taxable income and unforeseen events may significantly affect these estimates. Those factors, among others, could have a material impact on the Company's provision or benefit for income taxes.

Stock Based Compensation. On December 16, 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)"). SFAS 123(R) requires companies to measure all employee stock-based compensation awards using a fair value method and recognize compensation cost in its financial statements. SFAS 123(R) is effective beginning as of the first annual reporting period beginning after June 15, 2005. The Company adopted on a prospective basis SFAS 123(R) beginning October 1, 2005 for stock-based compensation awards granted after that date and for unvested awards outstanding at that date using the modified prospective application method. The Company recognizes the fair value of stock-based compensation awards as wages in the Statements of Operations on a straight-line basis over the vesting period.

Prior to October 1, 2005, the Company accounted for stock-based compensation utilizing the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations. Under APB 25, no compensation expense was recognized for stock-based compensation. The following pro forma information, as required by Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123"), as amended by Statement of Financial Accounting Standards No. 148 ("SFAS 148"), presents net income and earnings per share information as if the stock options issued since February 2, 1999 were accounted for using the fair value method. The fair value of stock options issued for each year was estimated at the date of grant using the Black-Scholes option pricing model.

The SFAS 123 pro forma information for the three months ended December 31, 2004 is as follows:

	Three Months Ended December 31, 2004
Net income, as reported	$ 1,600,000
Add: Stock-based employee compensation expense included in net income (loss), net of tax	45,000
Deduct: Stock-based employee compensation expense determined under fair value based method (SFAS 123), net of tax	(143,000)
Net income, pro forma	$ 1,502,000
Basic:	
Net income per common share, as reported	$ 0.28
Net income per common share, pro forma	$ 0.27
Diluted:	
Net income per common share, as reported	$ 0.28
Net income per common share, pro forma	$ 0.26

The adoption of SFAS 123(R) in the first quarter of fiscal year 2006 resulted in prospective changes in our accounting for stock-based compensation awards including recording stock-based compensation expense related to stock options that became vested during the quarter on a prospective basis. Because the Company's plans are incentive stock option plans, no tax deduction is recorded when options are granted. If an exercise and sale of vested options results in a disqualifying disposition, a tax deduction for the Company occurs. The excess tax benefit from the disqualifying disposition is reflected in the cash flow statement.

The adoption of SFAS 123(R) resulted in the recognition of compensation expense of $91,000, or $0.01 per share, in wages in the Statement of Operations for the three months ended December 31, 2005. In accordance with the modified prospective application method of SFAS 123(R), prior period amounts have not been restated to reflect the recognition of stock-based compensation costs. The total cost related to non-vested awards not yet recognized at December 31, 2005 totals approximately $465,000 which is expected to be recognized over a weighted average of 2.06 years.

In periods ending prior to October 1, 2005, the income tax benefits from the exercise of stock options were classified as net cash provided by operating activities pursuant to Emerging Issues Task Force Issue No. 00-15. However, for periods ending after December 31, 2005, pursuant to SFAS 123(R), the excess tax benefits are required to be reported in net cash provided by financing activities. For the three months ended December 31, 2005, excess tax benefits from disqualifying dispositions of options of $37,000 were reflected as an outflow in cash flows from operating activities and an inflow in cash flows from financing activities in the Statements of Cash Flows. In the prior year period, income tax benefits resulting from the disqualifying disposition of options of $19,000 were reflected in net cash provided by operating activities.

The Company adopted the 2000 Incentive Stock Plan during fiscal 1999, which provides options to purchase 500,000 shares of authorized but unissued common stock of the Company. The option price is the market value of the Company's common stock at 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 2000 Plan provides that 50,000 of the 500,000 shares of authorized but unissued common stock may be awarded to officers, directors and employees of the Company for the purpose of additional compensation.

In fiscal 2004, the Company adopted the 2004 Incentive Stock Plan which provides 375,000 shares of authorized but unissued common stock of the Company. The 2004 Incentive Stock Plan operates like the 2000 Incentive Stock Plan except that of the 375,000 shares, up to 125,000 shares may be awarded to officers, directors, and employees of the Company for the purpose of additional compensation and up to 125,000 shares may be awarded with restrictions.

Options for 80,500, 55,500 and 204,750 shares were exercisable with weighted average exercise prices of $7.02, $7.42 and $6.94 as of September 30, 2005, 2004 and 2003, respectively.

Outstanding options at December 31, 2005 expire between April, 2006 and November, 2009 and have exercise prices ranging from $5.21 to $17.91.

The fair value of each stock option is estimated on the date of grant using the Black-Scholes valuation model. The expected volatility is based on historical volatility over the expected vesting term of 48 months. As the Company has not declared dividends since it became a public entity, no dividend yield is used in the calculation. 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. There were no stock options granted during the quarter ended December 31, 2005. Option activity for the three months ended December 31, 2005 is summarized as follows:

	Weighted Average Price	Number of Optioned Shares
Balance as of September 30, 2005	$ 8.87	224,500
Exercised	$ 6.54	(6,500)
Balance as of December 31, 2005	$ 8.94	218,000

The weighted average grant date fair value of options granted during the first quarter of fiscal 2005 was $10.18. There were no options granted during the first quarter of fiscal 2006. The total intrinsic value of options exercised during the quarters ended December 31, 2005 and December 31, 2004 was $156,795 and $110,567, respectively.

Recently Issued Accounting Pronouncements

In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections,” which supersedes APB Opinion No. 20, “Accounting Changes,” and SFAS No. 3, “Reporting Accounting Changes in Interim Financial Statements.” SFAS No. 154 changes the requirements for the accounting for and reporting of changes in accounting principles. The statement requires the retroactive application to prior periods’ financial statements of changes in accounting principles, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 does not change the guidance for reporting the correction of an error in previously issued financial statements or the change in an accounting estimate. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS No. 154 to have a material impact on its financial position and results of operations and financial condition.

2. NET INCOME PER COMMON SHARE

The Company accounts for earnings per share in accordance with Statement of Financial Accounting Standards No. 128, “Earnings per Share” (Statement 128”). Statement 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented, and when appropriate, restated to conform to the Statement 128 requirements.

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

	Three Months Ended December 31,	
	2005	2004
Numerator:		
Net income and numerator for basic and diluted net income per common share-income available to common stockholders	$ 2,300,000	$ 1,600,000
Denominator:		
Denominator for basic net loss per common share-weighted average common shares	7,486,389	5,638,365
Effect of dilutive securities-employee stock options	97,776	103,784
Denominator for diluted net income per common share-adjusted weighted average common shares and assumed conversions	7,584,165	5,742,149
Net income per common share	$ .31	$ .28
Net income per common share-assuming dilution	$ .30	$ .28

3. DEBT

On December 22, 2004, the Company entered into a revolving line of credit loan agreement with Western National Bank under which it may borrow, repay and reborrow, from time to time until December 22, 2005, up to $10.0 million. The Company’s obligations under this agreement are secured by a security interest in the Company’s accounts receivable and related collateral. Interest on the outstanding amount under the line of credit loan agreement is payable monthly at a rate equal to the greater of (i) the Prime Rate or (ii) 5.0%. The loan agreement contains customary covenants for credit facilities of this type, including limitations on distributions and dividends, disposition of assets and mergers and acquisitions. There are certain financial covenants under the loan agreement, including maintaining a minimum tangible net worth (as defined in the loan agreement) of $40.0 million and maintaining specified ratios with respect to cash flow coverage, current assets and liabilities, and debt to tangible net worth. On January 18, 2006, the Company renewed this revolving line of credit loan agreement for an additional year on the same terms and conditions. The Company is in compliance with all covenants and as of February 8, 2006, no funds have been borrowed under this credit loan agreement.

In connection with equipping and deploying two crews in fiscal 2005 the Company borrowed $10 million on the revolving line of credit loan agreement. As of March 31, 2005, the Company repaid the $10,000,000 balance outstanding under the loan agreement and the associated interest as a partial use of proceeds from the public offering of 1,800,000 shares of common stock. The Company did not borrow under the loan agreement during the remainder of fiscal or 2005 or during the first quarter of fiscal 2006.

4. CONTINGENCY

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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Company's financial statements and notes thereto included elsewhere in this Form 10-Q.

Forward Looking Statements

All statements other than statements of historical fact included in this Form 10-Q, including without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding technological advancements and our financial position, business strategy and plans and objectives of our management for future operations, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this Form 10-Q, 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 dependence upon energy industry spending, weather interruptions, managing growth, inability to obtain land access rights of way, the volatility of oil and gas prices, and the availability of capital resources. A discussion of these factors, including risks and uncertainties, is set forth under "Risk Factors" in our Form 10-K and in our other reports filed from time to time with the Securities and Exchange Commission. 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.

Overview

We are the leading provider of onshore seismic data acquisition services in 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 gas companies. Demand for our services depends upon the level of spending by these oil and gas companies for exploration, production, development and field management activities, which activities depend, in part, on oil and natural gas prices. 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 continue to be the single most important factor affecting our business and results of operations.

Accordingly, our return to profitability beginning in fiscal 2004 after several years of losses is directly related to an increase in the level of exploration for domestic oil and natural gas reserves by the petroleum industry since 2003. The increased level of exploration is a function of higher prices for oil and natural gas. As a result of the increase in domestic exploration spending, we have experienced an increased demand for our seismic data acquisition and processing services. While the markets for oil and natural gas have historically been 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' desire for higher resolution subsurface images.

We continue to focus on increasing revenues from and profitability of our existing crews by upgrading our recording capacity, expanding the channel count on existing crews and adding to our energy source fleet. We anticipate placing an additional data acquisition crew, our twelfth, into service in May of 2006. 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, or equipment failure. Consequently, our successful efforts to negotiate more favorable weather protection provisions in our supplemental service agreements, to mitigate access permit delays and to improve overall crew productivity may contribute to growth in our revenues. Although our clients may cancel their supplemental service agreement with us on short notice, we believe we currently have a sufficient order book to sustain operations at full capacity well into calendar year 2006, with several of the crews booked into calendar year 2007. Our data processing operation has also shown significant improvements during the first quarter of fiscal 2006 due to client recognition of quality performance and our expansion into the Houston market for these services.

Highlights of the Quarter Ended December 31, 2005

Our financial performance from operations for the first quarter of fiscal 2006 significantly improved when compared to our financial performance for the first quarter of fiscal 2005 as a result of continuing high demand for our services due to increased exploration and development activity by domestic oil and gas companies and increases in oil and gas prices. As a result of continuing high demand:

- We operated eleven acquisition crews during the first fiscal quarter of 2006, as compared to nine crews in the first fiscal quarter of 2005.
- We continued to experience price improvements and more favorable contract terms in our agreements with clients. These factors helped improve our revenues during the first quarter of fiscal 2006.
- We continued to grow by upgrading our recording capacity, expanding the channel count of existing crews, adding to our energy source fleet and making technical improvements in all phases of our operations.

Results of Operations

Operating Revenues. Our operating revenues for the first quarter of fiscal 2006 increased 64.6% to $35,493,000 from $21,559,000 in the first quarter of fiscal 2005 as a result of increased demand for our services. As a result of this increased demand we deployed two additional data acquisition crews in fiscal 2005, and we are preparing to deploy our twelfth data acquisition crew expected in May of 2006. In addition, our revenues have been positively affected by our ability to obtain price improvements in the markets for our services and negotiate favorable contract provisions. We began fiscal 2005 with nine data acquisition crews. Due to continued demand for our services, we put our tenth crew into operation in January 2005, and our eleventh crew into operation in the third quarter of fiscal 2005.

Operating Costs. Our operating expenses increased 67% from $16,844,000 in fiscal 2005 to $28,138,000 in fiscal 2006 due to the ongoing expenses of the two crews added after the first quarter of fiscal 2005.

General and administrative expenses were approximately 3.2% and 3.7% of revenues in the first quarter of fiscal 2006 and 2005, respectively. The increase in general and administrative expenses from $794,000 in the first fiscal quarter of 2005 to $1,127,000 in the first quarter of fiscal 2006 was due principally to the increase in expenses necessary to support expanded field operations and to maintain compliance with Sarbanes-Oxley reporting requirements. We intend to maintain a low ratio of general and administrative expenses to revenue, however; the absolute level of general and administrative expenses are expected to continue to increase as we expand operations. In the first quarter of fiscal 2006, we adjusted our allowance for doubtful accounts in response to business activity and accounts receivable. Historically, we have had no significant write-offs of trade accounts receivable; however, we believe that it is prudent to monitor the allowance for doubtful accounts in response to increased demand from new customers.

We recognized $2,976,000 of depreciation expense in the first quarter of fiscal 2006 as compared to $1,470,000 in the comparable quarter of fiscal 2005 as a result of the significant capital expenditures we made during 2005. Our depreciation expense is also expected to increase during the remaining quarters of fiscal 2006 reflecting our significant capital expenditures in fiscal 2005 and the first quarter of fiscal 2006 and our capital budget for the remainder of fiscal 2006.

Our total operating costs for the first quarter of fiscal 2006 were $32,241,000, an increase of 68.7% from the first quarter of fiscal 2005 primarily due to the factors described above.

Taxes. The provision for income taxes was $0.15 per share during the first quarter of fiscal 2006 as compared to $0.16 per share during the first quarter of fiscal 2005. The reduced expense per share reflects the increased number of Company shares outstanding at December 31, 2005 and the adjustment of deferred taxes in conjunction with the filing of the prior year tax return. We anticipate we will recognize increased income tax expense in the future as we fully utilize our federal net operating loss carryforwards and alternative minimum tax credit carryforwards.

Liquidity and Capital Resources

Introduction. Our principal source of cash is 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 has been sufficient to fund our working capital requirements, and to some extent, our capital expenditures. In March 2005 we completed a public offering of 1,800,000 shares of our common stock that raised net proceeds of approximately $41 million. We have used these proceeds for continued expansion and to repay borrowing under our revolving line of credit agreement and have invested the remainder in short-term investments.

Cash Flows. Net cash provided by operating activities was $7,781,000 for the first quarter of fiscal 2006 and $8,436,000 for the first quarter of fiscal 2005. These amounts primarily reflect results of operations offset by changes in working capital components. Cash provided by operating activities in the first quarter of fiscal 2006 resulted primarily from the increase in depreciation and the increase in net income. The decrease in net cash provided by operating activities from the quarter ended December 31, 2004 to the quarter ended December 31, 2005 reflects the increase in accounts receivable at December 31, 2005. We received payments with respect to a significant portion of these accounts receivable in January 2006.

Net cash used in investing activities was $9,509,000 in the quarter ended December 31, 2005 and $10,490,000 in the quarter ended December 31, 2004. These results represent capital expenditures and activity in the short-term investment portfolio. Capital expenditures were made with cash generated from operations and the sale of short-term investments.

Net cash provided by financing activities in the quarter ended December 31, 2005 was $80,000 and reflects proceeds from the exercise of stock options and the excess tax benefits from disqualifying dispositions in the quarter.

Capital Expenditures. Capital expenditures during the first quarter of fiscal 2006 were $13,535,000, which we used to acquire additional recording channels and energy source units to complete the outfitting of our tenth and eleventh data acquisition crews, to expand the capabilities of our existing crews and for maintenance capital requirements.

We have approved budgeted capital expenditures of approximately $11,000,000 for the remainder of fiscal year 2006, of which approximately $10,000,000 will be used to field and equip our twelfth crew.

The remainder will be used to expand and update existing crews and for maintenance capital requirements.

We continually strive to supply market demand with technologically advanced 3-D seismic data acquisition recording systems 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 through public equity offerings. Due to our recent increased capital needs as a result of the continued expansion of our business, we obtained a $10 million revolving line of credit in December 2004 that has been renewed through January 18, 2007.

On December 22, 2004, we entered into a revolving line of credit loan agreement with Western National Bank under which we may borrow, repay and reborrow, from time to time until December 22, 2005, up to $10.0 million. Our obligations under this agreement are secured by a security interest in our accounts receivable and related collateral. Interest on the outstanding amount under the line of credit loan agreement is payable monthly at a rate equal to the greater of (i) the Prime Rate or (ii) 5.0%. The loan agreement contains customary covenants for credit facilities of this type, including limitations on distributions and dividends, disposition of assets and mergers and acquisitions. We are also obligated to meet certain financial covenants under the loan agreement, including maintaining a minimum tangible net worth (as defined in the loan agreement) of $40.0 million and maintaining specified ratios with respect to cash flow coverage, current assets and liabilities, and debt to tangible net worth. On January 18, 2006, we renewed this revolving line of credit loan agreement for an additional year on the same terms and conditions. We are in compliance with all covenants, and as of February 8, 2006, we have not borrowed any funds under this credit loan agreement.

On August 5, 2005, we filed a shelf registration statement with the Securities and Exchange Commission covering the offer and sale from time to time of up to $75 million in debt securities, preferred and common stock, and warrants. The registration statement allows us to sell securities, after the registration statement has been declared effective by the SEC, 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 separately filed with the SEC at the time of the offering. We do not expect to make an offering at this time. However, the filing will enable us to act quickly as opportunities arise.

The following table summarizes payments due in specific periods related to our contractual obligations as of December 31, 2005:

	Payments Due by Period				
	Total	Within 1 Year	1-3 Years	3-5 Years	After 5 Years
			(In thousands)		
Operating lease obligations	$ 377	$ 151	$ 226	0	0

We believe that our capital resources, including our short-term investments and cash flow from operations are adequate to meet our current operational needs. We believe we will be able to finance our remaining fiscal 2006 capital requirements through our short-term investments, cash flow from operations, and borrowings under our revolving line of credit. However, our ability to satisfy our working capital requirements and to fund future capital requirements will depend principally upon our future operating performance, which is subject to the risks inherent in our business.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

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 period. 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. The Company recognizes revenues when services are performed under both types of agreements. Services are defined as the commencement of data acquisition or processing operations. 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.

Allowance for Doubtful Accounts. We prepare our allowance for doubtful accounts receivable based on our past experience of historical write-offs, our current customer base and our review of past due accounts. The inherent volatility of the energy industry’s business cycle can cause swift and unpredictable changes in the financial stability of our customers.

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 net cash flows are insufficient to recover the carrying value of the asset. Our forecast of future cash flows used to perform impairment analysis includes estimates of future revenues and future gross margins based on our historical results and analysis of future oil and gas prices which is fundamental in assessing demand for our services. If we are unable to achieve these cash flows, our estimates would be revised potentially resulting in an impairment charge in the period of revision.

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. The technology of the equipment used to gather data in the seismic industry has historically evolved such that obsolescence does not occur quickly. As circumstances change and new information becomes available, these estimates could change. We amortize these capitalized items using the straight-line method.

Tax Accounting. We account for our income taxes in accordance with SFAS No. 109, “Accounting for Income Taxes,” which requires 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 and reducing the deferred tax asset 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 variance between actual results and estimates. The process involves making forecasts of current and future years’ taxable income and unforeseen events may significantly affect these estimates. Those factors, among others, could have a material impact on our provision or benefit for income taxes.

Stock Based Compensation. In prior periods we accounted for share-based compensation utilizing the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" ("ABP 25") and related interpretations. No compensation expense was recorded for stock options or other stock-based awards that were granted with an exercise price equal to or above the common stock market price on the grant date. Pro forma disclosures were made as required by Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123"), as amended by Statement of Financial Accounting Standards No. 148 ("SFAS 148"), presenting net income and earnings per share information as if the stock options issued since February 2, 1999 were accounted for using the fair value method. The fair value of stock options issued for each year was estimated at the date of grant using the Black-Scholes option pricing model.

Without making modifications to outstanding share options, we adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)") as of October 1, 2005. SFAS 123(R) requires us to recognize compensation expense for all share-based payment arrangements based on the fair value of the share-based payment on the date of grant. We elected the modified prospective application method of adoption, which requires compensation expense to be recorded for all stock-based awards granted after October 1, 2005 and for all unvested stock options outstanding as of October 1, 2005, beginning in the first quarter of adoption. For all unvested options outstanding as of October 1, 2005, the remaining previously measured but unrecognized compensation expense, based on the fair value at the original grant date, will be recognized as wages in the Statements of Income on a straight-line basis over the remaining vesting period. For share-based payments granted subsequent to October 1, 2005, compensation expense, based on the fair value on the date of grant, will be recognized in the Statements of Operations in wages on a straight-line basis over the vesting period. We did not grant stock options in the quarter ended December 31, 2005. In determining the fair value of stock options that may be granted in the future, we plan to continue to use the Black-Scholes option pricing model that employs the following assumptions:

§ Expected volatility of our stock price on historical volatility over the expected term of the option.

§ Expected term of the option based on historical employee stock option exercise behavior, the vesting term of the respective option and the contractual term.

§ Risk-free interest rate for periods within the expected term of the option

§ Dividend yield.

Our stock price volatility and expected option lives are based on management's best estimates at the time of grant, both of which impact the fair value of the option calculated under the Black-Scholes methodology and, ultimately, the expense that will be recognized over the vesting term of the option.

SFAS 123(R) also requires that we recognize compensation expense for only the portion of share-based payment arrangements that are expected to vest. Therefore, we apply estimated forfeiture rates that are based on historical employee termination behavior. We periodically adjust the estimated forfeiture rates so that only the compensation expense related to share-based payment arrangements that vest are included in wages. If the actual number of forfeiture differs from those estimated by management, additional adjustments to compensation expense may be required in future periods.

Recently Issued Accounting Pronouncements

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections," which supersedes APB Opinion No. 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." SFAS No. 154 changes the requirements for the accounting for and reporting of changes in accounting principles. The statement requires the retroactive application to prior periods' financial statements of changes in accounting principles, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 does not change the guidance for reporting the correction of an error in previously issued financial statements or the change in an accounting estimate. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We do not expect the adoption of SFAS No. 154 to have a material impact on our financial position and results of operations and financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The primary sources of market risk include fluctuations in commodity prices which affect demand for and pricing of our services and interest rate fluctuations. At December 31, 2005, we had no indebtedness. Our short-term investments were fixed-rate and we do not necessarily intend to hold them to maturity, and therefore, the short-term investments expose us to the risk of earnings or cash flow loss due to changes in market interest rates. As of December 31, 2005, the carrying value of our investments approximates fair value. 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 generally not subject to foreign currency exchange rate risk.

ITEM 4. CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. 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 December 31, 2005 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, management has concluded that, as of December 31, 2005, our internal control over financial reporting was effective. There have not been any changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act) during the quarter ended December 31, 2005 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. 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.

ITEM 6. EXHIBITS

The information required by this Item 6 is set forth in the Index to Exhibits accompanying this Form 10-Q and is hereby incorporated by reference.

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SIGNATURES

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

	DAWSON GEOPHYSICAL COMPANY
DATE: February 9, 2006	By: /s/ Stephen C. Jumper Stephen C. Jumper President and Chief Executive Officer
DATE: February 9, 2006	By: /s/ Christina W. Hagan Christina W. Hagan Executive Vice President, Treasurer, Secretary and Chief Financial Officer

INDEX TO EXHIBITS

Number	Exhibit
3.1	Restated Articles of Incorporation of the Company (filed on December 10, 2004 as Exhibit 3.1 to the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2004 (File No. 000-10144) and incorporated herein by reference).
3.2	Bylaws of the Company, as amended (filed on December 11, 2003 as Exhibit 3 to the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2003 (File No. 000-10144) and incorporated herein by reference).
4.1	Rights Agreement by and between the Company and Mellon Investor Services, LLC (f/k/a Chasemellon Shareholder Services, L.L.C.), as Rights Agent, dated July 13, 1999 (filed on December 11, 2003 as Exhibit 4 to the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2003 (File No. 000-10144) and incorporated herein by reference).
10.1*	Revolving Line of Credit Loan Agreement, dated January 18, 2006, between the Company and Western National Bank.
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.

Exhibit 10.1

WESTERN NATIONAL BANK
508 WEST WALL STREET, SUITE 1100
MIDLAND, TEXAS
79701

January 18, 2006

Dawson Geophysical Company
508 W. Wall Street, Ste. 800
Midland, Texas 79701

RE: Revolving Line of Credit Loan from Western National Bank to Dawson Geophysical Company

Gentlemen:

Pursuant to the terms of a letter loan agreement, dated December 22, 2004, (the "**Original Loan Agreement**"), Western National Bank (alternatively, "**Western**" or the "**Bank**") has previously committed to provide to Dawson Geophysical Company (alternatively "**Dawson Geophysical**" or the "**Borrower**"), a revolving line of credit loan in the original principal amount of Ten Million and No/Dollars ($10,000,000.00) (the "**Existing Loan**"). The Existing Loan is evidenced by a revolving line of credit note, of even date herewith, executed by the Borrower on behalf of Western in the original principal amount of Ten Million and No/100 Dollars ($10,000,000.00) (the "**Existing Note**"). The Existing Note is secured by that certain Security Agreement, dated December 22, 2004, covering those accounts receivables described therein (the "**Existing Security Agreement**"). From time to time, the Security Agreement, and any financing statements filed to perfect the security interest created thereunder, may be collectively referred to herein as the "**Existing Security Instruments**".

Borrower has now requested that Western renew and extend the Existing Loan into a new revolving line of credit loan, dated of even date herewith, in the original principal amount of Ten Million and No/100 Dollars ($10,000,000.00) (the "**Loan**"). The Loan will be evidenced by a revolving line of credit note, of even date herewith, in the original principal amount of Ten Million and No/100 Dollars ($10,000,000.00), which will be in renewal and extension of the Original Note (the "**Note**"). The Borrower's performance under the Note will be secured by the execution of a new Security Agreement, of even date herewith, the security interest of which will be perfected by the filing of amendments to the financing statement, both covering the accounts receivables described therein (collectively, the "**Security Instruments**".

Western has agreed to renew the Existing Loan into the Loan. In consideration of Western's renewal of the Existing Loan into the Loan, Borrower has agreed to execute this Loan Agreement, the Note and the Security Agreements required by the Bank, subject to the fulfillment of the following terms and conditions of this letter agreement (the "**Agreement**"):

I. <u>TERMS</u>

<u>Agreement</u>

This letter agreement, dated as of **January 18, 2006**, and any extensions, renewals, or modifications hereof.

<u>Borrower</u>

Dawson Geophysical Company

<u>Bank</u>

Western National Bank

<u>Commitment</u>

The lesser of the following amounts: (a) the face amount of the Note; or (b) the Borrowing Base then in effect.

<u>Rate</u>

Interest under the Note shall accrue at an annual rate equal to the Prime Rate, but in no event should be less than five percent (5.0%). For purposes of this Agreement, the **"Prime Rate"** shall be defined as that rate established as the prime rate in the money rate table of *The Wall Street Journal*, a Dow Jones publication, as of each Business Day, as hereinafter defined, (and for holidays or weekends, the Prime Rate shall be the prime rate published in that money rate table of *The Wall Street Journal*, as of the close of business on the most recent Business Day immediately preceding such weekend or holiday). Without notice to the Borrower or any other person, the Prime Rate may change from time to time pursuant to the preceding sentence, with the effective date of each change to be the effective date reflected in the money rate table of *The Wall Street Journal*. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Bank may make commercial loans or other loans at rates of interest at, above, or below the Prime Rate. **"Business Day"** shall mean any day other than a Saturday, Sunday or legal holiday for commercial banks under the laws of the State of Texas.

<u>Security</u>

The Loan shall be secured by the Security Instruments.

Structure

Under the Note, funds will be available on a revolving basis through **January 18, 2007**, the maturity date of the Revolver Loan (the "**Revolving Period**"). During the Revolving Period, the Borrower may borrow, repay, and re-borrow funds as long as the aggregate amount (including outstanding letters of credit) does not exceed the Commitment.

Borrowing Base

At any time, and from time to time, the amounts outstanding under the Revolver Note shall not exceed the lesser of: (a) the face amount of the Revolver Note; or (b) the Borrowing Base, as determined from time to time by the Bank, acting in its sole and unlimited discretion (said lesser amount being referred to herein as the "**Revolver Commitment**"). As used in this Agreement, the term "**Borrowing Base**" shall mean an amount equal to seventy-five percent (75%) of the Borrower's Eligible Accounts.

For the purposes of this Agreement, the term "**Eligible Account**" shall mean an account receivable of any of the Borrower (net of any credit balance, trade discount, or unbilled amount or retention) that is contractually due, for which each of the following statements is accurate and complete (and the Borrower, by including such account receivable in any computation of the Borrowing Base, shall be deemed to represent and warrant to the Bank the accuracy and completeness of such statements):

a. Said account receivable is a binding and valid obligation of the obligor thereon, in full force and effect, and enforceable in accordance with its terms;

b. Said account receivable is genuine, in all respects, as appearing on its face as represented in the books and records of Borrower, and all information set forth therein is true and correct;

c. Said account receivable is free of all default of any party thereto, counterclaims, offsets, and defenses, and from any rescission, cancellation, or avoidance, and all right thereof, whether by operation of law or otherwise;

d. The payment of said account receivable is not more than ninety (90) days past due the invoice date thereof;

e. Said account receivable is free of concessions or understandings with the obligor thereon of any kind not disclosed to and approved by the Bank in writing;

f. Said account receivable is, and at all times will be, free and clear of all liens except those in favor of the Bank;

g. Said account receivable is not a receivable arising from intercompany indebtedness existing between or among any of the Borrower;

h. Said account receivable is derived from sales made or services rendered to the obligor in the ordinary course of the business of the Borrower;

i. The obligor on said account receivable (i) is located within the United States or the District of Columbia; (ii) is not the subject of any bankruptcy or insolvency proceeding, nor has a trustee or receiver been appointed for all or a substantial part of its property, nor has said obligor made an assignment for the benefit of creditors, admitted its inability to pay its debts as they mature or suspended its business, (iii) is not affiliated, directly or indirectly, with Borrower, as a subsidiary or affiliate, employee or otherwise; and (iv) is not a state or federal government department, commission, board, bureau, or agency;

j. Said account receivable did not arise from a single customer whose accounts receivable to Borrower constitute more than twenty-five percent (25%) of Borrower's accounts receivable;

k. Said account receivable is not owed by a customer whose principal place of business is located in a foreign country; and

l. Said account receivable did not arise from sales to an obligor as to whom fifteen percent (15%) or more of the total accounts receivable owing by such obligor to the Borrower are delinquent accounts receivable (that is, an account that is more than ninety (90) days delinquent).

The Borrower may request in writing an increase in the Borrowing Base, such request to be accompanied by a description and evaluation of any additional collateral to be provided by the Bank. The Bank may evaluate such for an increase in its sole and absolute discretion, and in conjunction with such evaluation, may conduct a full credit analysis of the Borrower and the existing or additional collateral.

If the aggregate amounts outstanding under the Note exceeds the Revolver Commitment at any time, the Bank will provide written notice of that event to Borrower. On or before the tenth (10th) day following receipt of such notification by Borrower, Borrower will either, at the direction of the Bank, acting in its sole and absolute discretion: (a) make a mandatory payment to the Bank of the principal of the Note in an amount at least equal to the amount necessary to cause the outstanding principal balance of the Note to be less than or equal to the Revolver Commitment; or (b) create liens on other assets of Borrower, satisfactory in nature, quantity, and value to the Bank, acting in its sole discretion, said assets to have a fair market value sufficient to at least equal to the amount necessary to cause the outstanding principal balance of the Note to be less than or equal to the Revolver Commitment.

Non-Recourse

Borrower shall have no personal liability for payment of principal and interest on the Obligations or for the breach by Borrower of any covenant, agreement, representation, or warranty set forth in this Agreement or any other loan documentation. The Bank shall look solely to the Collateral for satisfaction in the payment of such principal and interest and shall not institute any action or proceeding seeking a deficiency or other personal judgment against the Borrower in the event that the sale of the Collateral shall be insufficient to satisfy the Indebtedness. Nothing herein contained shall, however, impair any right, remedy or security of the Bank with respect to the Collateral under any other loan documentation.

Purpose

Funds from the Loan shall be to renew and extend the Original Loan and to provide working capital to offset the increase in receivables due to the significant growth in Borrower's business. No proceeds from the Loan shall be used for the purpose of purchasing or carrying margin stock in violation of Regulations G, U, or X of the Board of Governors of the Federal Reserve System.

Maturity Date

As stated, the maturity date of the Note is **January 18, 2007.**

II. REPRESENTATIONS AND WARRANTIES

A. Good Standing and Identity. The Borrower is a corporation, duly organized and in good standing under the laws of Texas. The Borrower's legal name is that reflected in the address of this Agreement. Borrower has the power to own its property and to carry on its business in each jurisdiction in which the Borrower operates.

B. Authority and Compliance. The Borrower has full power and authority to enter into this Agreement, to make the borrowing hereunder, to execute and deliver the Note, to mortgage those interests covered by the Security Instruments, and to incur the obligations provided for herein, all of which will be duly authorized by all proper and necessary corporate action. No consent or approval of any public authority is required as a condition to the validity of this Agreement, the Note, and the Security Instrument, and Borrower is in compliance with all laws and regulatory requirements to which he is subject.

C. Litigation. There are no proceedings pending or, to the knowledge of Borrower, threatened before any court or administrative agency that will or may have a material adverse effect on the financial condition or operations of Borrower, except as disclosed to the Bank in writing prior to the date of this Agreement.

D. Ownership of Assets. As of the date of this Agreement, Borrower has good title to the interests covered by the Security Instruments and any other collateral pledged and the other collateral is owned free and clear of liens. Borrower will at all times maintain its tangible property, real and personal, in good order and repair, taking into consideration reasonable wear and tear.

E. Taxes. All income taxes and other taxes due and payable through the date of this Agreement have been paid prior to becoming delinquent.

F. Financial Statements. The books and records of the Borrower properly reflect the financial condition of the Borrower in all material respects, and there has been no material change in Borrower's financial condition as represented in its most recent financial statements.

G. Hazardous Wastes and Substances. To the best knowledge of the Borrower, the Borrower and its properties are in compliance with applicable state and federal environmental laws and regulations and the Borrower is not aware of and has not received any notice of any violation of any applicable state or federal environmental law or regulation and there has not heretofore been filed any complaint, nor commenced any administrative procedure, against the Borrower or any of its predecessors, alleging a violation of any environmental law or regulation. Currently and from time to time, the Borrower, in the course of its regular business, may use or generate on a portion of its properties materials which are Hazardous Materials, as hereinafter defined. The Borrower has and will make a good faith attempt to comply with all applicable statutes and regulations in the use, generation and disposal of such materials. To the best of its knowledge, the Borrower has not otherwise installed, used, generated, stored or disposed of any hazardous waste, toxic substance, asbestos or related material ("**Hazardous Materials**") on its properties. For the purposes of this Agreement, Hazardous Materials shall include, but shall not be limited to, substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9061, et seq., Hazardous Materials Transportation Act, 49 U.S.C. §1802, et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., or as "hazardous substances," "hazardous waste" or "pollutant or contaminant" in any other applicable federal, state or local environmental law or regulation. There do not exist upon any property owned by Borrower any underground storage tanks or facilities, and to the knowledge of Borrower, none of such property has ever been used for the treatment, storage, recycling, or disposal of any Hazardous Materials.

III. CONDITIONS PRECEDENT

The provisions of this Agreement will serve as the proposed terms of the borrowing arrangements. Prior to any funds being made available, Borrower will execute and deliver to the Bank, in form and substance satisfactory to the Bank, this Agreement, the Note, and the Security Instruments.

IV. COVENANTS

Unless the Bank will otherwise consent in writing, and so long as any debt remains outstanding or the commitment still available, the Borrower agrees to comply with the following covenants:

A. Affirmative Covenants.

1. As soon as available, but in any event not later than ninety (90) days after the end of each fiscal year, Borrower will provide financial statements, in form and substance satisfactory to the Bank, reflecting Borrower's financial performance as of the end of such year and the related statements of income and changes in cash flows for such year, with the first fiscal year ending on September 30, 2006, such statements to be audited by an independent certified accountant and to be prepared according to generally accepted accounting principals, consistently applied ("**GAAP**")

2. Within ninety (90) days of the end of each calendar quarter, with the next quarter ending on March 31, 2006, the Borrower will submit to the Bank a financial statement reflecting Borrower's financial performance during the previous calendar quarter, such statements to be reviewed by an independent certified accountant and to be prepared according to GAAP.

3. Within thirty (30) days of the end of each calendar month, Borrower shall provide internally prepared financial statements reflecting Borrower's financial performance during the previous month, such statements to be prepared according GAAP.

4. Within thirty (30) days of the end of each calendar month, Borrower shall provide monthly accounts receivable aging reports.

5. Within thirty (30) days of transmitting any tax return to any governmental authority, the Borrower will submit to the Bank a copy of that tax return.

6. Within thirty (30) days following the end of each calendar month, Borrower shall provide a monthly compliance certificate in the form attached hereto as Exhibit "A".

7. Within thirty (30) days following the end of each calendar month, Borrower shall provide a monthly borrowing base report in the form attached hereto as Exhibit "B".

8. Borrower shall maintain an average Cash Flow Coverage Ratio of not less than 1.50 to 1.0, calculated monthly, beginning on **January 31, 2006**, from the date of the Loan to maturity. For purposes of this Agreement, "**Cash Flow Coverage Ratio**" means, with respect to any period of calculation thereof, the ratio of the sum of: (i) the net income (or loss) from continuing operations of Borrower during such period calculated after any and all distributions to shareholders, plus (ii) interest, depreciation, depletion, and amortization expenses of Borrower during such period, less (iii) gains from the sale of any assets; plus (iv) losses from the sale of any assets; less (v) extraordinary adjustments to net income divided by (vi) scheduled capital lease obligations and Principal and Interest payments, all determined in accordance with GAAP.

9. Borrow shall maintain a Current Ratio of not less than 1.50 to 1.0, measured monthly, beginning on **January 31, 2006**, from the date of the Loan to maturity. For purposes of this Agreement, "**Current Ratio**" means, with respect to any period of calculation thereof, the ratio of the sum of: (i) current assets, plus (ii) availability under the Revolver Loan, divided by (iii) current liabilities. Current assets shall include a minimum balance of cash, plus marketable securities, of not less than $3,500,000.00.

10. Borrower shall submit copies of all financial statements, reports, notices, and proxy statements sent or made available generally by the Borrower to its shareholders, of all regular and periodic reports and all private placement memorandums and all registration statements and prospectuses, if any, filed by the Borrower with any securities exchange or with the Security Exchange Commission; and all press releases and other statements made available generally by the Borrower to the public concerning material changes in the business of the Borrower upon their becoming available, but in no event later than 10 days after the same was sent.

11. Borrower shall maintain a minimum Tangible Net Worth of $40,000,000.00, to be measured monthly. “**Tangible Net Worth**” means the excess, if any, of the total assets of any person over all items of indebtedness, obligations, or liability which would be classified as liabilities of that person, for the time period to be measured, each to be determined in accordance with GAAP; provided, however, that for the purposes of any such computation of Tangible Net Worth, “assets” will not include (a) goodwill (whether representing the excess of cost over book value of assets acquired or otherwise), and (b) patents, trademarks, trade names, copyrights, franchises, and deferred charges.

12. For any time period for which reporting is required, Borrower will maintain a Debt to Tangible Net Worth ratio of at least 1.50 to 1.00 to be measured monthly. For purposes of this paragraph, “**Debt**” shall mean, as to any person, all liabilities, obligations, and indebtedness to any person, of any kind or nature, now or hereafter owing, arising, due or payable, howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed, or otherwise, and “**Tangible Net Worth**” shall have the same meaning set forth in Paragraph (11) above.

13. The Borrower will maintain its existence in good standing and comply with all laws, regulations and governmental requirements applicable to it or to any of its property, business operations and transactions.

14. The Borrower will promptly pay any reasonable costs incurred by the Bank in connection with the preparation or enforcement of this Agreement, the Notes, the Security Instruments, and any other documentation executed concurrently herewith.

15. The Borrower will remain in substantial compliance with same and will not place or permit to be placed any Hazardous Materials on any of its properties in violation of applicable state and federal environmental laws. In the event that the Borrower should discover any Hazardous Materials on any of its properties that could result in a breach of the foregoing covenant, the Borrower shall notify the Bank within three (3) days after such discovery. The Borrower shall dispose of all material amounts of Hazardous Materials that it generates only at facilities or with carriers that maintain valid governmental permits under the Resource Conservation and Recovery Act, 42 U.S.C. §6901. In the event of any notice or filing of any procedure against the Borrower alleging a violation of any environmental law or regulation, the Borrower shall give notice to the Bank within five (5) days after receiving notice of such notice or filing.

16. The Borrower will provide such other information as the Bank may reasonably request from time to time in its sole discretion.

B. Negative Covenants.

1. The Borrower will not make any change in its present accounting method or change its present fiscal year.

2. The Borrower will not make any substantial change in the nature of its business as now conducted.

3. The Borrower will not reorganize or merge with any other entity, without the prior written consent of the Bank.

4. With respect to the Borrower's interest in any of the properties covered by the Security Instrument, the Borrower will not sell, contract to sell, convey, assign, transfer, mortgage, pledge, hypothecate, encumber, or in any way alienate that interest in such properties, without the consent of the Bank.

5. Borrower shall not pay any dividends or distributions to shareholders with the exception of those used to pay income tax liabilities incurred in connection with the Borrower's business.

V. EVENTS OF DEFAULT

The occurrence and continuing existence of any one of the following will constitute an Event of Default under this Agreement and the Note:

A. Borrower fails to pay when due any principal, interest, or other amount payable under this Agreement, the Note, or any other promissory notes executed or guaranteed by the Borrower in favor of the Bank;

B. Any representation or warranty made by the Borrower hereunder or in any related collateral security or other documents entered into with the Bank proves to be at any time incorrect in any significant respect;

C. The Borrower fails to observe or perform any covenant, obligation, agreement, or other provision contained herein or in any other contract or instrument executed in connection herewith;

D. Any default or defined Event of Default under any security agreement, deed of trust, promissory note, loan agreement or other contract or instrument executed by the Borrower pursuant to, or as required by, this Agreement;

E. Any final judgment or judgments for the payment of money is rendered against Borrower and is not be satisfied or discharged at least thirty (30) days prior to the date on which any of their assets could be lawfully sold to satisfy such judgment or judgments, unless Borrower brings litigation to stay same; or

F. Borrower: (a) becomes insolvent, or suffers or consents to, or applies for the appointment of a receiver, trustee, custodian or liquidator for himself or any of his property, or generally fails to pay his debts as they become due, or makes a general assignment for the benefit of creditors; or (b) files a voluntary petition in bankruptcy, or seeking reorganization, in order to effect a plan or other arrangement with creditors or any other relief under the Bankruptcy Reform Act, Title 11 of the United States Code, as recodified from time to time ("**Bankruptcy Code**"), or as now or hereafter in effect, or any involuntary petition or proceeding pursuant to said Bankruptcy Code or any other applicable state or federal law relating to bankruptcy or reorganization or other relief for debtors is filed or commenced against Borrower; or (c) files any answer admitting the jurisdiction of the court and the material allegations of any such involuntary petition; or (d) is adjudicated a bankrupt, under said Bankruptcy Code or any other state or federal law relating to bankruptcy, reorganization, or other relief for debtors.

VI. REMEDIES

If any Event of Default occurs, any term hereof or of the Note to the contrary notwithstanding, the Note shall at the Bank's option become immediately due and payable. In addition, the obligation, if any, of the Bank to permit further borrowings hereunder will immediately cease and terminate and the Bank will have all rights, powers, and remedies available under this Agreement, the Note, or other contracts or instruments executed in connection herewith, or accorded by law, including, without limitation, the right to resort to any or all of the collateral and to exercise any or all of its rights, powers, or remedies at any time and from time to time after the occurrence of an Event of Default.

ONCE AN EVENT OF DEFAULT HAS OCCURRED, WESTERN MAY PURSUE THE REMEDIES PROVIDED FOR IN THIS AGREEMENT, THE NOTE, AND THE SECURITY INSTRUMENTS WITHOUT PRESENTMENT, DEMAND, PROTEST, NOTICE OF ACCELERATION, NOTICE OF INTENT TO ACCELERATE, NOTICE OF PROTEST OR NOTICE OF DISHONOR, OR ANY OTHER NOTICE OF ANY KIND, ALL OF WHICH ARE EXPRESSLY WAIVED BY BORROWER.

All rights, powers, and remedies of the Bank in connection with this Agreement, the promissory notes or any other contract or instrument on which the Borrower may at any time be obligated to the Bank (or any holder thereof) are cumulative and not exclusive and will be in addition to any other rights, powers, or remedies provided by law or equity, including without limitation the right to set off any liability owing by the Bank to the Borrower (including sums deposited in any deposit account of Borrower with the Bank) against any liability of the Borrower to the Bank.

VII. WAIVER

No delay, failure, or discontinuation by the Bank, or any holder of the Note, in exercising any right, power, or remedy under this Agreement, the Note or any other contract or instrument on which the Borrower may at any time be obligated to the Bank (or any holder thereof) will affect or operate as waiver of such right, power or remedy. Any waiver, permit, consent, or approval of any kind by the Bank (or any holder of the Note), or of any provisions or conditions of, or any breach or default under this Agreement, the Note or any other contract or instrument on which the Borrower may at any time be obligated, must be in writing and will be effective only to the extent set forth in such writing.

VIII. NOTICES

All notices, requests, and demands given to or made upon the respective parties must be in writing and shall be deemed to have been given or made: (1) at the time of personal delivery thereof, (2) or two days after any of the same are deposited in the U.S. Mail, first class and postage prepaid, addressed as follows:

Borrower:	Dawson Geophysical Company 508 West Wall Street, Suite 800 Midland, Texas 79701
Western:	Western National Bank Attention: James R. Kreuz 508 West Wall Street, Suite 1100 Midland, Texas 79701

or other such address as any party may designate by written notice to all other parties.

IX. <u>SUCCESSORS, ASSIGNMENTS</u>

This Agreement will be binding on and inure to the benefit of the heirs, executors, administrators, legal representatives, successors, and assigns of the parties, provided, however, that this Agreement may not be assigned by the Borrower without the prior written consent of the Bank. The Bank reserves the right to sell, assign, transfer, negotiate, or grant participations in all or any part of, or any interest in, the Bank's rights and benefits under this Agreement, the Note or any contracts or instruments relating thereto. In connection therewith, the Bank may disclose all documents and information which the Bank now has or may hereafter acquire relating to the loan or the Note, the Borrower or his business, or any collateral required hereunder.

X. <u>SEVERABILITY OF PROVISIONS</u>

If any of the provisions of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or any remaining provisions of this Agreement.

XI. <u>VENUE AND JURISDICTION</u>

Any suit, action or proceeding against the Borrower arising out of or relating to this Agreement or any judgment entered by any court in respect thereof, may be brought or enforced in the courts of the State of Texas, County of Midland, or in the United States District Court for the Western District of Texas, as Western in its sole discretion may elect, and Borrower hereby submits to the nonexclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. The Borrower hereby irrevocably consents to service of process in any suit, action or proceeding in any of said courts by the mailing thereof by the Bank by registered or certified mail, postage prepaid, to the Borrower, at the address set forth herein.

THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTIONS THAT HE MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT BROUGHT IN ANY OF SAID COURTS AND HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND ANY RIGHT GRANTED BY STATUTE, RULE OR COURT OR OTHERWISE TO HAVE SUCH SUIT, ACTION OR PROCEEDING TRIED BY A JURY.

XII. MISCELLANEOUS

A. Texas Law Applicable. This Agreement, the Note, the Security Instruments, and any contracts or instruments relating thereto, shall be governed by and construed in accordance with the laws of the State of Texas, except to the extent that the Bank has greater rights or remedies under federal law or the law of any jurisdiction in which the collateral properties are located, in which case such choice of Texas law shall not be deemed to deprive the Bank of such rights and remedies under federal law or the law of any jurisdiction in which the collateral properties are located, in which case such choice of Texas law shall not be deemed to deprive the Bank of such rights and remedies as may be available under such law.

B. Notice of Final Agreement. **THIS AGREEMENT, THE NOTE, ANY CONTRACTS OR INSTRUMENTS RELATING THERETO, REPRESENT THE ENTIRE AGREEMENT BETWEEN THE PARTIES, AND IT IS EXPRESSLY UNDERSTOOD THAT ALL PRIOR CONVERSATIONS OR MEMORANDA BETWEEN THE PARTIES REGARDING THE TERMS OF THIS AGREEMENT SHALL BE SUPERSEDED BY THIS AGREEMENT. ANY AMENDMENT, APPROVAL, OR WAIVER BY WESTERN OF THE TERMS OF THIS AGREEMENT, THE NOTE AND ANY CONTRACTS OR INSTRUMENTS RELATING THERETO, MUST BE IN WRITING OR CONFIRMED WRITING, AND SHALL BE EFFECTIVE ONLY TO THE EXTENT SPECIFICALLY SET FORTH IN SUCH WRITING. THIS AGREEMENT, IN CONJUNCTION WITH THE NOTE AND ANY CONTRACTS OR INSTRUMENTS RELATING THERETO, SHALL SERVE TO EVIDENCE THE TERMS OF THE ENTIRE AGREEMENT BETWEEN THE PARTIES.**

Please acknowledge your acceptance of and agreement to the terms of this Agreement by dating and executing where indicated.

Very truly yours,

WESTERN NATIONAL BANK

By: /s/ James R. Kreuz
James R. Kreuz
Senior Vice President

AGREED TO AND ACCEPTED THIS 18th DAY OF JANUARY 2006.

BORROWER:

DAWSON GEOPHYSICAL COMPANY

By: /s/ Stephen C. Jumper
Stephen C. Jumper
President

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

EXHIBIT "A"

COMPLIANCE CERTIFICATE

Reference is made to that certain Loan Agreement dated as of January 18, 2006 by and between **DAWSON GEOPHYSICAL COMPANY** ("**Borrower**"); and **WESTERN NATIONAL BANK** ("**Bank**") (the "**Loan Agreement**").

1. Pursuant to the provisions of the Loan Agreement, the undersigned hereby certifies, represents and warrants to Bank that, to the best of their knowledge, except as set forth below, (i) during the period covered by this certificate, no Event of Default has occurred; (ii) there exists no condition or event that, with the giving of notice or lapse of time or both, would constitute an Event of Default; and (iii) during the period covered by this certificate, Borrower has observed, performed and complied in all material respects with all covenants, agreements, duties and obligations contained in the Loan Documents.

Exceptions to the above certification: [State "none" or specify the nature and period of existence thereof and the action that Borrower is taking or proposed to take with respect thereto.]

2. Borrower's Cash Flow Coverage Ratio is _____ to 1.0.

3. Borrower's Current Ratio is ___ to 1.0.

4. Borrower's Tangible Net Worth is $__________.

5. Borrower's Debt to Tangible Net Worth Ratio is ___ to 1.0.

6. To the best knowledge of the undersigned, the attached financial statements are true and correct and correctly set forth the financial position and results of operations at the date(s) and for the period(s) stated. The attached financial statements include all contingent liabilities and cash flow information of Borrower.

7. Period covered: [Year or Month] ended ____________________, 200__.

8. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Loan Agreement.

Dated: __________ ___, 200__.

DAWSON GEOPHYSICAL COMPANY

By: ____

By: ____

EXHIBIT “B”

Form of Borrowing Base Certificate

DAWSON GEOPHYSICAL COMPANY
BORROWING BASE REPORT

ACCOUNTS RECEIVABLES:

Eligible Accounts Receivable as of ______________________________	$__________
Multiplier	x 75%
Receivables portion of Borrowing Base	$__________
Borrowing Base:	$__________

Submitted By: Dawson Geophysical Company

By: ____
Stephen C. Jumper
President

By: ____
L. Decker Dawson
Chairman of the Board

____
Date

Exhibit 31.1

CERTIFICATION

I, Stephen C. Jumper, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: February 9, 2006

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

Exhibit 31.2

CERTIFICATION

I, Christina W. Hagan, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: February 9, 2006

/s/ Christina W. Hagan
Christina W. Hagan
Executive Vice President, Secretary, Treasurer 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 quarterly report of Dawson Geophysical Company (the "Company") on Form 10-Q for the period ended December 31, 2005, 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: February 9, 2006

/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 quarterly report of Dawson Geophysical Company (the "Company") on Form 10-Q for the period ended December 31, 2005, as filed with the Securities and Exchange Commission (the "Report"), I, Christina W. Hagan, Executive Vice President, Secretary, Treasurer 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: February 9, 2006

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