

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

(Mark One)

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

For the quarterly period ended December 31, 1995

OR

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

For the transition period from to

For Quarter Ended December 31, 1995 Commission File number
2-71058

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

TEXAS 75-0970548

(State or other jurisdiction of (IRS Employer Identification
No.) incorporation or organization)

208 S. Marienfeld, Midland, Texas 79701
(Address of principal executive offices) (Zip Code)

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

NONE

(Former Name, Former Address & Former Fiscal Year if changed since last
report)

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

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

December 31, 1995	CLASS	Outstanding at
4,149,050 shares	Common Stock, \$.33 1/3 par value	

DAWSON GEOPHYSICAL COMPANY

INDEX

Page No.

Part I. Financial Information:

Statements of Operations --
Three Months ended December 31,
1995 and 1994 3

Balance Sheets --
December 31, 1995 and September 30,
1995 4

Statements of Cash Flows -- Three Months Ended December 31, 1995 and 1994	5
Notes to Financial Statements	6
Management's Discussion and Analysis of Financial Condition and Results of Operations	7

Part II. Other Information

INFORMATION

PART I. FINANCIAL

DAWSON GEOPHYSICAL COMPANY

STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended December 31	
	1995	1994
Operating revenues	\$7,358,000	\$7,016,000
Operating costs:		
Operating expenses	5,619,000	4,950,000
General and administrative	383,000	318,000
Depreciation	1,300,000	900,000
	7,302,000	6,168,000
Income from operations	56,000	848,000
Other income (expense):		
Interest income	57,000	96,000
Other	-	19,000
Interest expense	-	(101,000)
Gain on disposal of assets	7,000	-
Income before income tax	120,000	862,000
Income tax benefit (expense):		
Current	(135,000)	(315,000)
Deferred	92,000	-
	(43,000)	(315,000)
Net income	\$ 77,000	\$ 547,000
Net income per common share	\$.02	\$.16
Weighted average equivalent shares outstanding	4,204,797	3,405,677

See accompanying note to the financial statements.

DAWSON GEOPHYSICAL COMPANY

BALANCE SHEETS

December 31, 1995 September 30, 1995
(UNAUDITED)

ASSETS

Current assets:		
Cash and cash equivalents	\$ 1,321,000	\$ 1,671,000
Marketable securities	3,070,000	3,767,000
Accounts receivable	5,513,000	5,008,000
Income taxes receivable	-	126,000

Prepaid expenses	116,000	220,000
Total current assets	10,020,000	10,792,000
Property, plant and equipment	40,919,000	39,248,000
Less accumulated depreciation	(18,950,000)	(17,698,000)
Net property, plant and equipment	21,969,000	21,550,000
	\$31,989,000	\$32,342,000

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 426,000	\$ 682,000
Accrued liabilities:		
Payroll costs and other taxes	312,000	291,000
Other	48,000	178,000
Income taxes payable	9,000	-
Total current liabilities	795,000	1,151,000
Deferred income taxes	243,000	335,000
Stockholders' equity:		
Preferred stock - par value \$1.00 per share; 5,000,000 shares authorized, none outstanding	-	-
Common stock - par value \$.33 1/3 per share; 10,000,000 shares authorized, 4,149,050 shares issued and outstanding	1,383,000	1,383,000
Additional paid-in capital	16,973,000	16,973,000
Net unrealized gain (loss) on marketable securities	5,000	(13,000)
Retained earnings	12,590,000	12,513,000
Total stockholders' equity	30,951,000	30,856,000
	\$31,989,000	\$32,342,000

Contingencies (See Note 2)

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended December 31	
	1995	1994
Cash flows from operating activities:		
Net income	\$ 77,000	\$ 547,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,300,000	900,000
Gain on disposal of assets	(7,000)	-
Non-cash interest income	(30,000)	(44,000)
Deferred income tax benefit	(92,000)	-
Change in current assets and liabilities:		
Increase in accounts receivable	(505,000)	(749,000)
Decrease in income taxes receivable	126,000	-
Decrease in prepaid expenses	104,000	184,000
Increase (decrease) in accounts payable	(256,000)	1,687,000
Decrease in accrued liabilities	(109,000)	(308,000)
Increase in federal and state income taxes payable	9,000	225,000
Net cash provided by operating activities	617,000	2,442,000
Cash flows from investing activities:		
Proceeds from disposal of assets	7,000	-
Capital expenditures	(1,719,000)	(1,384,000)
Proceeds from sale of marketable securities	745,000	-
Investment in marketable securities	-	(2,959,000)

Net cash used in investing activities	(967,000)	(4,343,000)
Cash flows from financing activities:		
Principal payments on debt	-	(4,875,000)
Proceeds from debt	-	1,500,000
Issuance of common stock	-	10,785,000
Proceeds from exercise of stock options	-	27,000
Net cash provided by financing activities	-	7,437,000
Net increase (decrease) in cash and cash equivalents	(350,000)	5,536,000
Cash and cash equivalents at beginning of period	1,671,000	151,000
Cash and cash equivalents at end of period	\$1,321,000	\$5,687,000

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

NOTES TO FINANCIAL STATEMENTS

1. OPINION OF MANAGEMENT

Although the information furnished is unaudited, in the opinion of management of the Registrant, the accompanying financial statements reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial condition and results of operations for the period presented. The results of operations for the three months ended December 31, 1995, are not necessarily indicative of the results to be expected for the fiscal year.

2. CONTINGENCIES

On July 1, 1995, an accident involving an automobile owned by the Company claimed the lives of four employees. The Company is a defendant in a lawsuit by the families of two of the employees whose deaths resulted from the accident. The families filed suit against the Company under the gross negligence provisions of the Texas Workers' Compensation Act. Accordingly, the Company believes its exposure is limited to exemplary damages of \$36 million. The litigation is currently in the discovery stage. The Company has approximately \$12 million of insurance coverage available to provide against an unfavorable outcome in this matter. Due to the uncertainties inherent in litigation, no absolute assurance can be given as to the ultimate outcome of this suit. However, the Company believes, based on knowledge of the facts to date and consultation with its legal advisors, that liabilities, if any, from this suit should not have a material adverse effect on the Company's financial position.

The Company is party to other legal actions arising in the ordinary course of its business, none of which management believes will result in a material adverse effect on the Company's financial position or results of operations, as the Company believes it is adequately insured.

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

Overview

The Company has expanded significantly over the last few years with state of the art equipment and experienced personnel in response to demand for 3-D seismic technology. As this technology is increasingly successful in the search for oil and gas, the surveys have become larger in size and more complex in design. Although the Company utilizes all of its resources to meet demand, uncontrollable factors of weather and problems in obtaining permits from land and mineral owners and lessees delay production causing a negative impact on revenues. During the quarter ended December 31, 1995 these negative factors resulted in revenues that the Company believes to be significantly below potential.

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

Results of Operations

The Company's operating revenues for the first quarter of 1996 totaled \$7,358,000 versus \$7,016,000 for the same period of fiscal 1995, an increase of 4.9%. This increase is attributable primarily to continued industry demand for 3-D data acquisition services, and capacity from the additions of new equipment and technological upgrades to existing equipment. The Company believes that weather and other factors had a negative impact on revenues during the first quarter of 1996 such that revenues are not indicative of the results to be expected for the remainder of the fiscal year. Minimal revenues were generated through the acquisition and processing of 2-D seismic data.

Operating expenses for the quarter ended December 31, 1995 totaled \$5,619,000, an increase of \$669,000 over the same period of fiscal 1995. Operating expenses increased primarily as a result of increased personnel and other expenses associated with the equipment acquisitions and technological upgrades made during the second quarter of fiscal 1995.

General and administrative expenses for the quarter ended December 31, 1995 totaled \$383,000, an increase of \$65,000 over the same period of fiscal 1995. General and administrative expenses totaled 5.2% of operating revenue for the quarter ended December 31, 1995 versus 4.5% of operating revenues for the same period of the prior year. General and administrative costs have increased as additional support services have been incurred in response to the growth of the Company during the last few years.

Depreciation for the quarter ended December 31, 1995 totaled \$1,300,000, an increase of \$400,000 from the same quarter of fiscal 1994. Depreciation increased as a result of the capital expansion discussed below in "Liquidity and Capital Resources."

Total operating costs for the first quarter of fiscal 1996 totaled \$7,302,000, an increase of 18.4%, over the first quarter of fiscal 1995 due to the factors described above. Income from operations decreased to \$56,000 from \$848,000 in the comparable period of the prior year. This decrease is the direct result of the Company's operating expenses being relatively fixed as compared to revenue trends. Because of the high proportion of relatively fixed total operating costs (including personnel costs for active crews and depreciation costs), income from operations reflects the significant negative effects on revenues of the largely uncontrollable factors of weather and permit problems.

Liquidity and Capital Resources

Cash Flows

Net cash provided by operating activities decreased to \$617,000 for the quarter ended December 31, 1995 from \$2,442,000 from the same period of the prior year. This decrease was primarily the result of decreased income from operations and an increase in depreciation. An increase in activity resulted in an increase to accounts receivable for the quarter ended December 31, 1995 as compared to the same period of the prior year. The paydown of short-term debt from funds received from the public offering resulted in a decrease in accounts payable for the first quarter of fiscal 1996 as compared to the same quarter of the prior year.

Net cash used in investing activities decreased to \$967,000 for the first quarter of fiscal 1996 from \$4,343,000 in the same period of fiscal 1995. This 1995 amount was primarily due to a short term investment in marketable securities of proceeds from the public offering pending the delivery of equipment for the expansions of 3-D acquisition equipment and data processing facilities as required by anticipated market demand.

Net cash provided by financing activities decreased from the prior year which reflects proceeds of the public offering used in the pay down of long-term debt. In addition to cash flow from operations the Company is currently negotiating with a bank to finance future capital needs as determined by market demand and technological developments.

Capital Expenditures

Capital expenditures of \$10,961,000 during fiscal year 1995 positioned the Company to supply market demand with expanded technologically advanced 3-D data acquisition recording systems and leading edge data processing capabilities.

Capital expenditures of \$1,719,000 for the quarter ended December 31, 1995 represent additional capacity of the existing crews and data processing facilities.

Capital Resources

The Company believes that its capital resources, including the potential availability of bank borrowings, and cash flow from operations are adequate to meet its current operational needs and will allow the Company to continue its practice of acquiring new technologically advanced equipment.

SIGNATURE

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

DAWSON GEOPHYSICAL COMPANY
(REGISTRANT)

By: /s/ L. Decker Dawson

L. Decker Dawson
President

/s/ Christina W. Hagan

Christina W. Hagan
Treasurer, Controller

DATE: February 12, 1996

5
1,000

3-MOS

SEP-30-1996
DEC-31-1995
1,321,000
3,070,000
5,513,000
0
0
10,020,000
40,919,000
(18,950,000)
31,989,000
795,000
0
1,383,000
0
0
0
31,989,000
7,358,000
7,358,000
7,302,000
7,302,000
0
0
0
120,000
(43,000)
77,000
0
0
0
77,000
.02
0

31,989,000