

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

(Mark One)

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

For the quarterly period ended June 30, 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 June 30, 1995 Commission File number 2-71058

DAWSON GEOPHYSICAL COMPANY

(Exact name of Registrant as specified in its Charter)

TEXAS

75-0970548

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

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

79701
(Zip Code)

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

NONE

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

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

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

CLASS	Outstanding at June 30, 1995
Common Stock, \$.33 1/3 par value	4,145,300 shares

DAWSON GEOPHYSICAL COMPANY

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PART I. FINANCIAL INFORMATION

DAWSON GEOPHYSICAL COMPANY

STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30		Nine Months Ended June 30	
	1995	1994	1995	1994
Operating revenues	\$7,461,000	\$6,112,000	\$21,944,000	\$16,807,000
Operating costs:				
Operating expenses	5,311,000	3,872,000	15,495,000	11,061,000
General and administrative	204,000	199,000	782,000	694,000
Depreciation	1,073,000	818,000	3,016,000	2,157,000
	6,588,000	4,889,000	19,293,000	13,912,000
Income from operations	873,000	1,223,000	2,651,000	2,895,000
Other income (expense):				
Interest income	89,000	44,000	322,000	149,000
Interest expense	(5,000)	(116,000)	(170,000)	(259,000)
Gain on disposal of assets	55,000	-	77,000	35,000
Other income	136,000	2,000	155,000	20,000
Non-cash donation	-	-	-	(44,000)
Income before income tax	1,148,000	1,153,000	3,035,000	2,796,000
Income tax expense:				
Current	(238,000)	(401,000)	(931,000)	(956,000)
Deferred	(197,000)	-	(197,000)	(43,000)
	(435,000)	(401,000)	(1,128,000)	(999,000)
Net income	\$ 713,000	\$ 752,000	\$ 1,907,000	\$ 1,797,000
Net income per common share	\$.17	\$.25	\$.49	\$.59
Weighted average equivalent shares outstanding	4,200,465	3,046,686	3,923,636	3,043,924

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

BALANCE SHEETS

	June 30, 1995	September 30, 1994
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,280,000	\$ 151,000
Marketable securities	4,514,000	3,102,000
Accounts receivable	5,628,000	4,304,000
Prepaid expenses	223,000	199,000
Total current assets	11,645,000	7,756,000
Marketable securities	-	2,250,000
Property, plant and equipment	36,860,000	28,851,000
Less accumulated depreciation	(16,683,000)	(13,915,000)
Net property, plant and equipment	20,177,000	14,936,000
	\$31,822,000	\$24,942,000

LIABILITIES AND STOCKHOLDERS' EQUITY
Current liabilities:

Short-term and current maturities of long-term debt	\$ -	\$ 4,125,000
Accounts payable	634,000	134,000
Accrued liabilities:		
Salaries and wages	125,000	478,000
Payroll and other taxes	140,000	65,000
Other	117,000	44,000
Federal and state income taxes payable	-	121,000

Total current liabilities	1,016,000	4,967,000
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Long-term debt, less current maturities	-	2,250,000
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Deferred income taxes	236,000	39,000
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Stockholders' equity:

Preferred stock - par value \$1.00 per share; 5,000,000 shares authorized, none outstanding	-	-
Common stock - par value \$.33 1/3 per share; 10,000,000 shares authorized, 4,145,300 and 2,996,050 share issued and outstanding	1,382,000	1,001,000
Additional paid-in capital	16,958,000	6,437,000
Net unrealized loss on marketable securities	(16,000)	(91,000)
Retained earnings	12,246,000	10,339,000

Total stockholders' equity	30,570,000	17,686,000
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	\$31,822,000	\$24,942,000
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See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY
STATEMENTS OF CASH FLOWS
(UNAUDITED)

Nine Months Ended
June 30

1995 1994

Cash flows from operating activities:

Net income	\$1,907,000	\$1,797,000
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Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation	3,016,000	2,157,000
Gain on disposal of assets	(77,000)	(35,000)
Non-cash donation	-	44,000
Non-cash interest income	(189,000)	(32,000)
Deferred income taxes	197,000	43,000

Change in current assets and liabilities:

Decrease (increase) in accounts receivable	(1,324,000)	113,000
Increase in prepaid expenses	(24,000)	(38,000)
Increase in accounts payable	500,000	9,000
Increase (decrease) in accrued liabilities	(205,000)	305,000
Increase (decrease) in federal and state income taxes payable	(121,000)	913,000

Net cash provided by operating activities	3,680,000	5,276,000
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Cash flows from investing activities:

Proceeds from disposal of assets	290,000	35,000
Capital expenditures	(8,470,000)	(5,806,000)
Proceeds from sale and maturity of marketable securities	7,037,000	2,000,000
Investment in marketable securities	(5,935,000)	(1,913,000)

Net cash used in investing activities	(7,078,000)	(5,684,000)
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Cash flows from financing activities:

Principal payments on debt	(7,875,000)	(11,650,000)
Proceeds from debt	1,500,000	11,992,000
Proceeds from public offering	10,785,000	-
Proceeds from exercise of stock options	117,000	-

Net cash provided by financing activities	4,527,000	342,000
Net increase (decrease) in cash and cash equivalents	1,129,000	(66,000)
Cash and cash equivalents at beginning of period	151,000	95,000
Cash and cash equivalents at end of period	\$1,280,000	\$ 29,000

See accompanying notes to the financial statements.

DAWSON GEOPHYSICAL COMPANY

NOTES TO FINANCIAL STATEMENTS

1. OPINION OF MANAGEMENT

Although the information furnished is unaudited, in the opinion of management of the Registrant, the accompanying financial statements reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial condition and results of operations for the periods presented. The results of operations for the three months and the nine months ended June 30, 1995, are not necessarily indicative of the results to be expected for the fiscal year.

2. NOTES PAYABLE

As of December 14, 1993, the Company entered into a \$4,000,000 term note with a bank. The term note was to mature December 31, 1997 (at April 7, 1995, the principal balance was \$2,750,000). The note was secured by eligible accounts receivable and pledged marketable securities. The interest rate on the note was the bank's prime rate (9% at April 7, 1995). The term note required monthly principal and interest payments. The term note was subject to a loan agreement that contained various restrictive covenants and compliance requirements which included limitations on the incurrence of additional indebtedness.

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

3. PUBLIC OFFERING

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

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

Overview

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

As a result of the Company's public offering completed during the first quarter of fiscal year 1995, the Company has issued an additional 1,114,000 shares for net proceeds of \$10,785,000. In February 1995, the Company placed into service a new 3-D recording system to increase its capabilities to five data acquisition crews utilizing \$7,057,000 of the offering proceeds. In April 1995, the Company extinguished all debt for a total of \$2,750,000. In June 1995, the Company received final litigation proceeds of \$131,500 in addition to the 1993 proceeds resulting from the suit filed against First RepublicBank in 1988.

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 nine months of 1995 totaled \$21,944,000 versus \$16,807,000 for the same period of fiscal 1994, an increase of 30.5%. For the three months ended June 30, 1995, operating revenues increased \$1,349,000 or 22.1%. The increase for the nine months is attributable primarily to the increasing industry demand for 3-D data acquisition services and the benefit of the 3-D seismic crews placed into service in February 1994 and February 1995. The increase for the quarter ended June 30, 1995, as compared to the same quarter of fiscal 1994, is less than expected due to the negative impact of unfavorable weather. Minimal revenues were generated through the acquisition and processing of 2-D seismic data.

Operating expenses for the nine months ended June 30, 1995 totaled \$15,495,000, an increase of \$4,434,000, or 40.1%, over the same period of fiscal 1994. For the quarter ended June 30, 1995, operating expenses increased \$1,439,000, or 37.1%. Operating expenses increased primarily as a result of the additional expenses of increased personnel and other expenses of placing crews into service in February 1994 and February 1995.

General and administrative expenses for the nine months ended June 30, 1995 totaled \$782,000, an increase of \$88,000 over the same period of fiscal 1994. For the three months ended June 30, 1995, general and administrative expenses totaled \$204,000 versus \$199,000 for the same period of the prior year. General and administrative expenses totaled 3.6% of operating revenue for the nine months ended June 30, 1995 versus 4.1% of operating revenues for the same period of the prior year. This decline as a percentage of operating revenue is a result of economies of scale and improved operating efficiency.

Depreciation for the nine months ended June 30, 1995 totaled \$3,016,000, an increase of \$859,000 from the same period of fiscal 1994. For the quarter ended June 30, 1995, depreciation increased \$255,000 to \$1,073,000. Depreciation increased as a result of the capital expansion discussed below in "Liquidity and Capital Resources."

Total operating costs increased \$5,381,000 to \$19,293,000 for the nine months and \$1,699,000 to \$6,588,000 for the quarter ended June 30, 1995 due to the operating expenses of starting up the new crew and the associated increase in depreciation. These increases in costs combined with a reduction of revenues due to adverse weather in the quarter ended June 30, 1995 resulted in the decrease in income from operations as compared to the prior year.

Interest income increased \$173,000 for the nine months and \$45,000 for the quarter ended June 30, 1995 as compared to the comparable periods of the prior year primarily due to the interest earned from the investment of the offering proceeds pending use for capital expenditures and retirement of debt.

The Company's effective tax rate for the nine months ended June 30, 1995 was 37.2% as compared to 35.7% for the nine month period ended June 30, 1994. These rates reflect the effects of federal and state income taxes for the periods reported.

Liquidity and Capital Resources

Cash Flows

Net cash provided by operating activities decreased to \$3,680,000, which includes an increase in net income and depreciation, represents a decrease from the prior year primarily as the result of the combined increases and decreases relating to working capital items. The increase in accounts receivable reflects the effects of large 3-D projects from a few clients versus several small projects from many clients. The Company believes collectibility of receivables at June 30, 1995 is reasonably assured. The decrease in 1995 of federal and state income taxes payable in relation to the increase in 1994 signifies that estimated payments have been made in 1995 reflective of current tax liability.

Net cash used in investing activities increased to \$7,078,000 for the nine months ended June 30, 1995 from \$5,684,000 for the same period of fiscal 1994. This change was primarily due to capital expenditures. For the nine months ended June 30, 1995, capital expenditures of \$8,470,000 have enabled the Company to place a new crew in the field and the addition of peripheral equipment for all crews continues to expand the capacity of the Company.

Net cash provided by financing activities increased primarily due to the proceeds of the public offering used to finance the addition of equipment

for the fifth 3-D seismic crew and the extinguishment of debt. The Company paid off the term note on April 7, 1995 and currently has no debt agreement.

Capital Expenditures

Capital expenditures of \$8,470,000 for the nine months ended June 30, 1995 represent the addition of a fifth 3-D data acquisition crew placed into service during the second quarter of fiscal 1995, enhancement and expansion of the equipment of the existing crews and data processing facilities, and a 14-acre property that consolidates field support services. The facility contains three buildings totaling 53,000 square feet of floor space consisting of service bays, offices, warehouses and laboratories. The facility was exchanged for a one-acre tract containing an 11,000 square foot shop and approximately \$500,000.

Capital Resources

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

Accounting Standard on Impairment of Long-Lived Assets

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121 - Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of ("FAS 121") regarding the impairment of long-lived assets, identifiable intangibles and goodwill related to those assets. FAS 121 is effective for financial statements for fiscal years beginning after December 15, 1995, although earlier adoption is encouraged. The Company is currently not able to estimate the effect that FAS 121 will have on the Company's results of operations for the period in which it is adopted.

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: July 28, 1995

9-MOS

	SEP-30-1995	
	JUN-30-1995	
		1,280,000
		4,514,000
		5,268,000
		0
		0
	11,645,000	
		36,860,000
	(16,683,000)	
	31,822,000	
1,016,000		
		0
	1,382,000	
0		
		0
		0
31,822,000		
	21,944,000	
	21,944,000	
		19,293,000
	19,293,000	
		0
		0
	(170,000)	
	3,035,000	
	(1,128,000)	
1,907,000		
		0
		0
		0
	1,907,000	
		.49
		0