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

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

Date of report (date of earliest event reported): June 30, 2011

**DAWSON GEOPHYSICAL COMPANY**

(Exact name of Registrant as specified in its charter)

**TEXAS**  
(State of incorporation  
or organization)

**001-34404**  
(Commission file number)

**75-0970548**  
(I.R.S. employer identification number)

**508 W. WALL, SUITE 800**  
**MIDLAND, TEXAS**  
(Address of principal executive offices)

**79701**  
(Zip code)

Registrant's telephone number, including area code: (432) 684-3000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

On June 30, 2011, Dawson Geophysical Company (the "Company") restated its revolving line of credit loan agreement with Western National Bank to add a new term loan provision in order to finance the purchase of certain OYO GSR equipment which the Company had previously leased. The total amount of the term loan, which amount was fully advanced on the execution of the facility amendment, is \$16,426,680.06, and represents virtually all of the purchase price for the leased equipment. No material changes were made to the revolving facility in the restatement, and total availability under the revolving facility remains \$20.0 million. As of the date of this filing, no amounts were outstanding under the revolving facility.

The purchased OYO equipment consists of 14,850 OYO GSR single-channel units. As previously reported, the Company leased the OYO equipment in the first fiscal quarter, with an option to purchase the equipment using a significant portion of the lease expense applied to the purchase price. The OYO equipment is currently deployed on two of the Company's data acquisition crews.

Under the new term loan feature, interest will accrue on the term loan at an annual rate equal to either: (a) the 30-day London Interbank Offered Rate ("LIBOR"), plus two and one-quarter percent (2.25%), or (b) the Prime Rate, minus three-quarters percent (.75%) as the Company directs monthly, subject to an interest rate floor of four percent (4%). The term loan is subject to the same covenants as the Company's revolving loan, including limitations on disposition of assets and mergers and reorganizations. The Company is also obligated to meet the same financial covenants with respect to the term loan as under the revolving loan, including maintaining specified ratios with respect to cash flow coverage, debt to tangible net worth, and current assets and liabilities. The Company's obligations under the new term loan are secured by the same security interest as the revolving loan covering the Company's accounts receivable, equipment and related collateral.

All outstanding amounts owed under the term loan will become due and payable no later than the maturity date of June 30, 2014, and are subject to acceleration upon the occurrence of events of default which the Company considers usual and customary for an agreement of this type, including failure to make payments under the loan agreement, non-performance of covenants and obligations or insolvency or bankruptcy (as described in the loan agreement).

The foregoing description of the term loan does not purport to be complete and is qualified in its entirety by reference to the Revolving Line of Credit and Term Loan Agreement and the Security Agreement, which are filed as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information provided in Item 1.01 to this Current Report on Form 8-K is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.1	— Revolving Line of Credit and Term Loan Agreement, dated as of June 30, 2011, between the Company and Western National Bank.
10.2	— Security Agreement, dated as of June 30, 2011, between the Company and Western National Bank.

**SIGNATURES**

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 hereunto duly authorized.

DAWSON GEOPHYSICAL COMPANY

Date: July 7, 2011

By: /s/ Christina W. Hagan

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

## INDEX TO EXHIBITS

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.1	— Term Loan Agreement, dated as of June 30, 2011, between the Company and Western National Bank.
10.2	— Security Agreement, dated as of June 30, 2011, between the Company and Western National Bank.

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

June 30, 2011

Dawson Geophysical Company 508  
West Wall Street, Suite 800  
Midland, Texas 79701

Attention: Stephen C. Jumper, President

**RE: Western National Bank — Dawson Geophysical Company**

Revolving Line of Credit Loan in the original principal amount of \$20,000,000.00

Term Loan in the original principal amount of \$16,426,680.06

Gentlemen:

Pursuant to the terms of that certain letter loan agreement, dated as of June 2, 2011 (the “**Existing Loan Agreement**”), Western National Bank, a national banking association (alternatively, “**Western**” the “**Lender**”, or the “**Bank**”), has previously committed to provide to Dawson Geophysical Company, a Texas corporation (alternatively, “**Dawson Geophysical**” or the “**Borrower**”), a revolving line of credit loan in the original principal amount of Twenty Million and No/Dollars (\$20,000,000.00) (the “**Revolver Loan**”). The Revolver Loan is evidenced by that certain Revolving Line of Credit Note, also dated as of June 2, 2011, in the original principal amount of Twenty Million and No/100 Dollars (\$20,000,000.00), executed by the Borrower, as Maker, in favor of the Bank, as Payee (the “**Revolver Note**”). The Revolver Note is secured by that certain Security Agreement, also dated as of June 2, 2011, executed by Borrower, covering all accounts, equipment, and other items of collateral described therein (the “**Existing Security Agreement**”). The Bank has perfected the security interest created under the Existing Security Agreement by filing a financing statement (the “**Existing Financing Statement**”). From time to time, the Existing Security Agreement and the Existing Financing Statement may be collectively referred to herein as the “**Existing Security Instruments**”.

In addition to, and not in lieu of, the Borrower’s obligations under the Revolver Loan, Borrower has now requested that Western advance a new Term Loan to the Borrower in the original principal amount of Sixteen Million Four Hundred Twenty-Six Thousand Six Hundred Eighty and Six/100 Dollars (\$16,426,680.06) (the “**Term Loan**”). The Term Loan will be evidenced by that certain Term Note, of even date herewith, in the original principal amount of Sixteen Million Four Hundred Twenty-Six Thousand Six Hundred Eighty and Six/100 Dollars (\$16,426,680.06),

to be executed by the Borrower, as Maker, in favor of Western, as Payee (the "**Term Note**"). The Revolver Loan and the Term Loan are collectively referred to herein as the "**Loans**". The Revolver Note and the Term Note are collectively referred to herein as the "**Notes**".

The Borrower's performance under the Notes will be secured by its execution of that certain Security Agreement, of even date herewith (the "**Security Agreement**"), the security interest of which will be perfected by the filing of an amendments to the Existing Financing Statement, covering all of Borrower's accounts, equipment, and other items of collateral described therein (collectively, the "**Security Instruments**"). This Agreement, the Notes, the Security Instruments, and any other documents executed simultaneously herewith are collectively referred to as the "**Loan Documents**".

In addition to the Revolver Loan, which the Bank acknowledges will continue to be valid and subsisting, and for which the Borrower expressly acknowledges that it will continue to be obligated, Western hereby agrees to advance the Term Loan to the Borrower. In consideration of Western's agreement to advance the Term Loan, and to maintain in place the Revolver Loan, Borrower has agreed to execute this Loan Agreement, the Term Note, the Security Agreement and any other documents, as applicable and required by the Bank. In addition to Borrower's execution of these documents, the Bank's obligation to advance the Term Loan to the Borrower shall be subject to the fulfillment of the following terms and conditions of this letter loan agreement (the "**Agreement**");

## **I. TERMS**

### **Agreement**

This Agreement, dated as of **June 30, 2011**, and any extensions, renewals, or modifications hereof.

### **Borrower**

Dawson Geophysical Company

### **Bank**

Western National Bank

### **Commitment**

The lesser of the following amounts: (a) the combined face amount of the Notes; or (b) the sum of the Borrowing Base then in effect for the Revolver Note, plus the amount of principal then outstanding under the Term Loan.

## **Rate**

From June 1, 2011 through June 30, 2011, interest under the Notes shall accrue at an annual rate equal to the **"Prime Rate"**, as defined below, minus three-quarters of one percent (0.75%) (the **"Prime Rate Index"**). Beginning as of July 1, 2011, interest under the Notes shall accrue at an annual rate equal to either: (a) the 30-day London Interbank Offered Rate (**"LIBOR"**), plus two and one-quarter percentage points (2.25%), or (b) the Prime Rate Index, as the Borrower shall choose monthly by notifying the Bank in writing, via facsimile or e-mail, by the last day of each month, with each change to be effective as of the first day of the following month; provided that such interest rate shall not exceed the **"Highest Lawful Rate"**, as defined in the Notes, or be less than four percent (4.0%). Should Borrower fail to notify Bank of its election of interest rate for any given month, the interest rate shall remain at the interest rate index chosen by Borrower for the month immediately preceding.

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.

In addition to the definition of **"Prime Rate"**, as defined above, the term **"LIBOR"** shall mean, with respect to each Interest Period, as defined below, the rate as established as the 30-day LIBOR in the money rate table of *The Wall Street Journal*, a Dow Jones publication, as of each Business Day, as defined below (and for holidays or weekends, LIBOR shall be the 30-day LIBOR 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 Borrowers or any other person, LIBOR 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*. Without notice to the Borrower or any other person, LIBOR 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*. Each change in LIBOR to be charged on the Notes will become effective without notice on the commencement of each Interest Period based upon the Index then in effect. **"Interest Period"** means each consecutive one month period (the first of which shall commence on June 1, 2011), effective as of the first day of each Interest Period and ending on the last day of each Interest Period; provided that if any Interest Period is scheduled to end on a date for which there is no numerical equivalent to the date on which the Interest Period commenced, then it shall end instead on the last day of such calendar month.



The term “**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.

**Security**

The Loans shall be secured by those security interests created under the Security Agreement, as perfected under the Financing Statement.

**Structure**

Under the Term Note, funds will be available until **June 30, 2014**, the maturity date of the Term Loan. Under the Revolver Note, funds will be available on a revolving basis through **June 2, 2013**, 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. As used in this Agreement, the term “**Borrowing Base**” shall mean an amount equal to eighty percent (80%) of Borrower’s Eligible Accounts.

For the purposes of this Agreement, the term “**Eligible Account**” shall mean an account receivable 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 is not owed by a customer whose principal place of business is located in a foreign country; and
- k. 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).

In addition to the criteria stated above for determining whether an account receivable is an **“Eligible Account”**, the Bank and the Borrower agree that no such account receivable shall constitute an Eligible Account if that account receivable arises from any single customer, other than Chesapeake Exploration Limited Partnership and its affiliates and subsidiaries (collectively, **“Chesapeake”**) or Devon Energy Group and its affiliates and subsidiaries (collectively, **“Devon”**), whose accounts receivable constitute more than twenty-five percent (25%) of Borrower’s total accounts receivable. The Bank agrees that an account receivable owed by Chesapeake to the Borrower (collectively, the **“Chesapeake Accounts”**) and, likewise, an account receivable owed by Devon to the Borrower (collectively, the **“Devon Accounts”**) may still qualify as an Eligible Account even if the either set of such Eligible Accounts constitutes more than twenty-five percent (25%) of Borrower’s total accounts receivable.

Based upon the terms of this Agreement, and the information provided and the representations made by the Borrower to the Bank, the Bank hereby redetermines the Borrowing Base, and establishes it in the amount of Twenty Million and No/100 Dollars (\$20,000,000.00). Because the redetermined Borrowing Base is equivalent to the principal amount available under the Revolver Loan, the Bank will only be able to increase the Borrowing Base if the Borrower

agrees to pledge additional Collateral, or other circumstances exist that would justify such an increase.

If the aggregate amounts outstanding under the Revolver Note exceed the Borrowing Base at any time, the Bank will provide written notice of that event to Borrower. On or before the tenth (10<sup>th</sup>) day following Borrower's receipt of such notification, 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 Revolver Note in an amount at least equal to the amount necessary to cause the outstanding principal balance of the Revolver Note to be less than or equal to the Borrowing Base; 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 Revolver Note to be less than or equal to the Borrowing Base.

#### **Non-Recourse**

Although the Borrower is responsible on a corporate basis for the full repayment of principal and interest due on the Obligations and for any other Event of Default for which the Borrower is responsible, the Bank specifically acknowledges and agrees that neither any of the directors, officers, or employees of the Borrower nor any of the Borrower's shareholders shall have any personal liability whatsoever for the repayment of the Loans. The sole party responsible for repayment of the Loans shall be the Borrower, and the sole security for the Loans shall be the Collateral covered by the Security Instruments.

#### **Purpose**

Funds from the Revolver Loan were used to renew and extend indebtedness owed to the Bank by the Borrower and to provide additional funds for working capital. Funds from the Term Loan will be used to purchase equipment. No proceeds from the Loans 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 Revolver Note is **June 2, 2013**, and the maturity date of the Term Note is **June 30, 2014**.

## **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 Notes, 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 Notes, 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 that term is defined below. 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 on its properties. For the purposes of this Agreement, the term "**Hazardous Materials**" shall be defined to include, without limitation, those substances referred to above, as well those 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 terms of the relationship among the Borrower, and the Bank. 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 Term 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 next of such fiscal years to be measured being the one ending on September 30, 2011, such statements to be audited by an independent certified accountant and to be prepared according to generally accepted accounting principles, consistently applied ("GAAP").

2. Within ninety (90) days of the end of each fiscal quarter, with the next fiscal quarter ending as of March 31, 2011, 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 monthly accounts receivable aging reports.

4. 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.

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

6. Borrower shall maintain an average "**Cash Flow Coverage Ratio**" (as that term is defined below) of not less than 1.50 to 1.0, calculated quarterly, beginning with the quarter ending as of March 31, 2011, from the date of the Loans to maturity. For purposes of this Agreement, the term "**Cash Flow Coverage Ratio**" means, with respect to any period of calculation thereof, the ratio of the sum of: (a) the net income (or loss)

from continuing operations of Borrower during such period calculated after any and all distributions to shareholders, plus (b) interest, depreciation, depletion, and amortization expenses of Borrower during such period, less (c) gains from the sale of any assets; plus (d) losses from the sale of any assets; less (e) extraordinary adjustments to net income divided by (f) all scheduled capital lease obligations and all principal and interest payments due for the period subject to measurement, all determined in accordance with GAAP.

7. For any time period for which reporting is required, Borrower will maintain a **“Debt to Tangible Net Worth Ratio”** of less than 1.50 to 1.00 to be measured quarterly, beginning with the quarter ending as of **March 31, 2011**. For purposes of this paragraph, **“Debt”** shall mean, all liabilities, obligations, and indebtedness of the Borrower, 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”** means the excess, if any, of the total assets of Borrower over all items of indebtedness, obligations, or liability which would be classified as liabilities of Borrower, 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.

8. Borrower shall maintain a **“Current Ratio”**, as defined below, of not less than 1.50 to 1.0, measured quarterly, beginning with the quarter ending on **March 31, 2011**, from the date of the Loans to maturity. For purposes of this Agreement, **“Current Ratio”** means, with respect to any period of calculation thereof, the ratio of the sum of: (a) current assets, plus (b) availability under the Revolver Loan, divided by (c) current liabilities. Current assets shall include a minimum balance of cash, plus marketable securities, of not less than \$3,500,000.00, provided that this requirement is only applicable if funds are outstanding under the Notes.

9. 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.

10. Borrower will maintain all primary operating accounts with the Bank.

11. 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.

12. 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.

13. 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.

14. 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.

**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 Notes:

A. Borrower fails to pay when due any principal, interest, or other amount payable under this Agreement, the Notes, 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: (i) 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 (ii) 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 (iii) files any answer admitting the jurisdiction of the court and the material allegations of any such involuntary petition; or (iv) 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 Notes to the contrary notwithstanding, the Notes 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 Notes, 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 NOTES, 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 Notes, in exercising any right, power, or remedy under this Agreement, the Notes 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 Notes), or of any provisions or conditions of, or any breach or default under this Agreement, the Notes 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: Mr. Wesley D. Bownds  
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. SUCCESSORS AND ASSIGNS**

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 Notes

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 Notes, the Borrower or his business, or any collateral required hereunder.

#### **X. SEVERABILITY OF PROVISIONS**

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. VENUE AND JURISDICTION**

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 THEY 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 Notes, 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 NOTES, 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 NOTES 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 NOTES AND ANY CONTRACTS OR INSTRUMENTS RELATING THERETO, SHALL SERVE TO EVIDENCE THE TERMS OF THE ENTIRE AGREEMENT BETWEEN THE PARTIES.**

*{The remainder of this page is intentionally left blank. Signature page follows.}*

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/ Wesley D. Bownds

\_\_\_\_\_  
Wesley D. Bownds  
President

**AGREED TO AND ACCEPTED AS OF THE  
30<sup>th</sup> DAY OF JUNE 2011.**

**BORROWER:**

**DAWSON GEOPHYSICAL COMPANY**

By: /s/ Stephen C. Jumper

\_\_\_\_\_  
Stephen C. Jumper  
President

By: /s/ Christina W. Hagan

\_\_\_\_\_  
Christina W. Hagan  
Secretary

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the “**Security Agreement**”) is made and entered into this 30<sup>th</sup> day of June 2011, by and between **DAWSON GEOPHYSICAL COMPANY**, a Texas Corporation, whose address is 508 West Wall Street, Suite 800, Midland, Texas 79701 (the “**Debtor**”), and **WESTERN NATIONAL BANK**, a national banking association, whose address is 508 West Wall Street, Suite 1100, Midland, Texas 79701 (the “**Secured Party**”).

## NOTICE IS TAKEN OF THE FOLLOWING:

- A. Reference is made to that certain Loan Agreement, dated as of June 30, 2011, by and between **DAWSON GEOPHYSICAL COMPANY**, as Borrower (the “**Borrower**”), and the Secured Party, as Lender (the “**Loan Agreement**”). Pursuant to the terms of the Loan Agreement, the Secured Party has agreed to advance two loans to Borrower, from time to time, with those loans to be evidenced by: (i) that certain Revolving Line of Credit Note, dated as of June 2, 2011, in the original principal amount of Twenty Million and No/100 Dollars (\$20,000,000.00), executed by the Borrower, as Maker, to the Secured Party, as Payee (the “**Revolver Note**”), and (ii) that certain Term Note, dated as of June 30, 2011, in the original principal amount of Sixteen Million Four Hundred Twenty-Six Thousand Six Hundred Eighty and Six/100 Dollars (\$16,426,680.06), executed by the Borrower, as Maker, to the Secured Party, as Payee (the “**Term Note**”). The Revolver Note and the Term Note are collectively referred to herein as the “**Notes**”. The Loan Agreement, the Notes, and all documents executed by the parties simultaneously therewith, as any of the same may be amended, extended or replaced from time to time are collectively referred to herein as the “**Credit Documents.**” Capitalized terms not otherwise defined herein are used with the same meanings as in the Credit Documents.
- B. To induce Secured Party to extend such credit, and in support of its performance under the Loan Agreement and the Notes, Debtor has agreed to pledge and to grant to Secured Party a security interest in and lien upon certain property of Debtor described more particularly herein.

**NOW, THEREFORE**, for and in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor hereby agrees as follows:

## AGREEMENT

## 1. Grant of Security Interest

Debtor hereby pledges and grants to Secured Party a security interest in the property described in paragraph 2 (collectively and severally, the “**Collateral**”) to secure payment and performance of the obligations described in paragraph 3 (collectively and severally, the “**Obligations**”).

## 2. Collateral

The Collateral shall consist of all of the Debtor's interest in the following:

- (i) All of Debtor's Accounts and Equipment, as those terms are defined under the Uniform Commercial Code, as adopted by the State of Texas, in effect as of the date of this Agreement; (ii) any related or additional property from time to time delivered to or deposited with Secured Party by or for the account of Debtor expressly securing the Obligations; (iii) all proceeds, products, replacements, additions to, substitutions for, accessions of, and property necessary for the operation of any of the foregoing, including, without limitation, insurance payable as a result of loss or damage to the foregoing property and any proceeds thereunder, refunds or unearned premiums of any such insurance policy, and claims against third parties; (iv) all books and records related to any of the foregoing, including without limitation any and all books of account, customer lists and other records relating in any way to the accounts receivable; and (v) any of the aforementioned collateral hereafter acquired by Debtor as well as Collateral which Debtor now owns or in which Debtor otherwise has rights related to any property referred to in this Section 2.

## 3. Obligations

The Obligations secured by this Security Agreement shall consist of any and all debts, obligations, and liabilities of Debtor to Secured Party arising out of or related to the Credit Documents (whether principal, interest, fees, or otherwise, whether now existing or thereafter arising, whether voluntary or involuntary, whether or not jointly owed with others, whether direct or indirect, absolute or contingent, contractual or tortious, liquidated or unliquidated, arising by operation of law, or otherwise, whether or not from time to time decreased or extinguished and later increased, created or incurred, and whether or not extended, modified, rearranged, restructured, refinanced, or replaced, including without limitation, modifications to interest rates or other payment terms of such debts, obligations, or liabilities).

## 4. Representations and Warranties

In addition to any representations and warranties of Debtor set forth in the Credit Documents, which are incorporated herein by this reference, Debtor hereby represents and warrants that:

- a. **Authority.** It has authority, and has completed all proceedings and obtained all approvals and consents necessary, to execute, deliver, and perform this Security Agreement and the transactions contemplated hereby.

- b. No Default or Lien.** Such execution, delivery, and performance will not contravene, or constitute a default under or result in a lien upon any property of Debtor pursuant to any applicable law or regulation or any contract, agreement, judgment, order, decree, or other instrument binding upon or affecting Debtor.
- c. Enforceability.** This Security Agreement constitutes a legal, valid, and binding obligation of Debtor, enforceable in accordance with its terms (except as enforceability may be affected by bankruptcy, insolvency, or other similar laws affecting the enforcement of creditor's rights), and this Security Agreement grants to Secured Party a valid, first-priority perfected and enforceable lien on the Collateral.
- d. No Litigation.** There is no action, suit or proceeding pending or, to the best knowledge of Debtor after reasonable investigation, threatened against Debtor that might adversely affect its property or financial condition in any material respect.
- e. Ownership of Collateral.** Debtor is the sole owner of and has good and marketable title to the Collateral (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights in the Collateral, will be the sole owner thereof) and is the record and beneficial owner of any such Collateral.
- f. Priority.** Except for security interests in favor of Secured Party, no person has (or, in the case of after-acquired Collateral, at the time Debtor acquires rights therein, will have) any right, title, claim, or interest (by way of security interest or other lien or charge) in, against or to the Collateral.
- g. Accuracy of Information.** All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Debtor with respect to the Collateral is true and correct.
- h. Delivery of Documents.** Debtor has delivered to Secured Party all instruments, documents, chattel paper, and other items of Collateral in which a security interest is or may be perfected by possession, the certificate of title with respect to each motor vehicle, if any, included in the Collateral, and any certificated Pledged Shares together with such additional writings, including, without limitation, assignments and stock powers, with respect thereto as Secured Party shall request.
- i. Exclusion of Certain Collateral.** Unless otherwise agreed by Secured Party, the Collateral does not include any aircraft, watercraft or vessels, railroad cars, railroad equipment, locomotives or other rolling stock intended for a use related to interstate commerce, trade names, trademarks, service marks, mask works, copyrights, patents, fixtures or uncertificated securities.

- j. Enforceability Against Account Debtors.** Each account, contract right, item of chattel paper, instrument or any other right to the payment of money constituting Collateral is genuine and enforceable in accordance with its terms against the party obligated to pay the same (an Account Debtor), which terms have not been modified or waived in any respect or to any extent.
- k. Amount Due From Account Debtors.** Any amount represented by Debtor to Secured Party as owing by any Account Debtor is the correct amount actually and unconditionally owing by such Account Debtor.
- l. No Account Debtor Defense.** No Account Debtor has any defense, set off, claim, or counterclaim against Debtor that can be asserted against Secured Party, whether in any proceeding to enforce Secured Party's rights in the Collateral, or otherwise.

**5. Covenants and Agreements of Debtor**

In addition to all covenants and agreements of Debtor set forth in the Credit Documents, which are incorporated herein by this reference, Debtor hereby agrees:

- a. Preservation of Collateral.** To do all acts that may be necessary to maintain, preserve, and protect the Collateral.
- b. Use of Collateral.** Not to use or permit any Collateral to be used unlawfully or in violation of any provision of this Security Agreement, any other agreement with Secured Party related hereto or any applicable statute, regulation, or ordinance or any policy of insurance covering the Collateral.
- c. Payment of Taxes.** To pay promptly when due all taxes, assessments, charges, encumbrances and liens now or hereafter imposed upon or affecting any Collateral.
- d. Defense of Litigation.** To appear in and defend any action or proceeding that may affect its title to or Secured Party's interest in the Collateral.
- e. Possession of Collateral.** Not to surrender or lose possession of (other than to Secured Party), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein except as hereinafter provided, and to keep the Collateral free of all levies and security interests or other liens or charges except those approved in writing by Secured Party.
- f. Compliance with Law.** To comply with all laws, regulations, and ordinances relating to the possession, operation, maintenance, and control of the Collateral.



- g. Standard of Care by Secured Party.** That such care as Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Secured Party's possession.
- h. Maintenance of Records.** To keep separate, accurate, and complete records of the Collateral and to provide Secured Party with such records and such other reports and information relating to the Collateral as Secured Party may request from time to time.
- i. Further Assurances.** To procure, execute, and deliver from time to time any endorsements, notifications, registrations, assignments, financing statements, certificates of title, ship mortgages, aircraft mortgages, copyright mortgages assignments or mortgages of patents, mortgages of mask works, mortgages for filing pursuant to the Interstate Commerce Act, and other writings deemed necessary or appropriate by Secured Party to perfect, maintain, and protect its security interest in the Collateral hereunder and the priority thereof; and to take such other actions as Secured Party may request to protect the value of the collateral and of Secured Party's security interest in the Collateral, including, without limitation, provision of assurances from third parties regarding Secured Party's access to, right to foreclose on or sell, Collateral and right to realize the practical benefits of such foreclosure or sale.
- j. Payment of Secured Party's Costs and Expenses.** To reimburse Secured Party upon demand for any costs and expenses, including, without limitation, attorney fees and disbursements, Secured Party may incur in preparing the Credit Documents and while exercising any right, power, or remedy provided by this Security Agreement or by law, all of which costs and expenses are included in the Obligations.
- k. Notification Regarding Certain Types of Collateral.** To promptly notify Secured Party of inclusion in the Collateral after the date hereof of any aircraft, watercraft or vessels, railroad cars, railroad equipment, locomotives or other rolling stock intended for a use related to interstate commerce, trade names, trademarks, service marks, mask works, copyrights, patents, fixtures, or uncertificated securities.
- l. Notice of Changes.** To give Secured Party thirty (30) days prior written notice of any change in Debtor's residence or chief place of business or legal name or tradename(s) or style(s) set forth in the penultimate paragraph of this Security Agreement.
- m. Location of Records.** To keep the records concerning the collateral at the location(s) set forth in the penultimate paragraph of this Security Agreement and not to remove such records from such location(s) without the prior written consent of the Secured Party.

n. **Purchase Money Agreement.** If Secured Party gives value to enable Debtor to acquire rights in or the use of any Collateral, to use such value for such purpose.

**6. Authorized Action by Secured Party**

Debtor hereby agrees that from time to time, without presentment, notice or demand, and without affecting or impairing in any way the rights of Secured Party with respect to the Collateral, the obligations of the Debtor hereunder or the Obligations, Secured Party may, but shall not be obligated to and shall incur no liability to Debtor or any third party for failure to take any action which Debtor is obligated by this Security Agreement to do and to exercise such rights and powers as Debtor might exercise with respect to the Collateral, and Debtor hereby irrevocably appoints Secured Party as its attorney-in-fact to exercise such rights and powers, including without limitation, to (a) file a financing statement describing the Collateral, without the signature of either the Debtor or the Secured Party; (b) collect by legal proceedings or otherwise and indorse, receive and receipt for all dividends, interest, payments, proceeds, and other sums and property now or hereafter payable on or on account of the Collateral; (c) enter into any extension, reorganization, deposit, merger, consolidation, or other agreement pertaining to, or deposit, surrender, accept, hold, or apply other property in exchange for the Collateral; (d) insure, process, and preserve the Collateral; (e) transfer the Collateral to its own or its nominee's name; (f) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; and (g) notify any Account Debtor on any Collateral to make payment directly to Secured Party.

**7. Default**

A default under this Security Agreement shall be deemed to exist upon the occurrence of any of the following (an Event of Default):

- a. **Default in Payment.** Any of the Obligations shall not be paid in accordance with the terms of the Credit Documents.
- b. **Default under Credit Documents.** Debtor shall fail to observe any other term or condition of the Credit Documents or there shall otherwise occur any event which would permit Secured Party to accelerate amounts outstanding thereunder or the Borrower shall fail to make any payment or there shall otherwise occur any event which would permit Secured Party to accelerate amounts outstanding to Borrower which are guaranteed by Debtor pursuant to the Credit Documents.

**8. Remedies**

Upon the occurrence of any such Event of Default, Secured Party may, at its option, and without notice to or demand on Debtor and in addition to all rights and remedies

available to Secured Party under the Credit Documents, at law, in equity, or otherwise, do any one or more of the following:

- a. **General Enforcement.** Foreclose or otherwise enforce Secured Party's security interest in any manner permitted by law, or provided for in this Security Agreement.
- b. **Sale, etc.** Sell, lease, or otherwise dispose of any Collateral at one or more public or private sales at Secured Party's place of business or any other place or places, including, without limitation, any broker's board or securities exchange, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on such terms and in such manner as Secured Party may determine.
- c. **Costs of Remedies.** Recover from Debtor all costs and expenses, including, without limitation, reasonable attorney fees, incurred or paid by Secured Party in exercising any right, power, or remedy provided by this Security Agreement.
- d. **Manner of Sale of Collateral.** Debtor shall be given ten (10) business days prior notice of the time and place of any public sale or of the time after which any private sale or other intended disposition of Collateral is to be made, which notice Debtor hereby agrees shall be deemed reasonable notice thereof.
- e. **Delivery to and Rights of Purchaser.** Upon any sale or other disposition pursuant to this Security Agreement, Secured Party shall have the right to deliver, assign, and transfer to the purchaser thereof the Collateral or portion thereof so sold or disposed of. Each purchaser at any such sale or other disposition (including Secured Party) shall hold the Collateral free from any claim or right of whatever kind, including any equity or right of redemption of Debtor and Debtor specifically waives (to the extent permitted by law) all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted.

#### 9. Cumulative Rights

The rights, powers, and remedies of Secured Party under this Security Agreement shall be in addition to all rights, powers, and remedies given to Secured Party by virtue of any statute or rule of law, the Credit Documents or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Party's security interest in the Collateral.

#### 10. Waiver

Any waiver, forbearance or failure or delay by Secured Party in exercising any right, power, or remedy shall not preclude the further exercise thereof, and every right, power, or remedy of Secured Party shall continue in full force and effect until such right, power

or remedy is specifically waived in a writing executed by Secured Party. Debtor waives any right to require Secured Party to proceed against any person or to exhaust any Collateral or to pursue any remedy in Secured Party's power.

**11. Setoff**

Debtor agrees that Secured Party may exercise its rights of setoff with respect to the Obligations in the same manner as if the Obligations were unsecured.

**12. Binding Upon Successors**

All rights of Secured Party under this Security Agreement shall inure to the benefit of its successors and assigns, and all obligations of Debtor shall bind its heirs, executors, administrators, successors, and assigns.

**13. Entire Agreement; Severability**

This Security Agreement contains the entire security agreement between Secured Party and Debtor. If any of the provisions of this Security Agreement shall be held invalid or unenforceable, this Security Agreement shall be construed as if not containing those provisions and the rights and obligations of the parties hereto shall be construed and enforced accordingly.

**14. Choice of Law**

This Security Agreement shall be construed in accordance with and governed by the laws of Texas, without giving effect to choice of law rules, and, where applicable and except as otherwise defined herein, terms used herein shall have the meanings given them in the Uniform Commercial Code of such state.

**15. Amendment**

This Security Agreement may not be amended or modified except by a writing signed by each of the parties hereto.

**16. Residence; Collateral Location Records**

Debtor represents that its residence or chief place of business is set forth below its signature hereto; and that, except as otherwise disclosed to Secured Party in writing prior to the date hereof, the Collateral and Debtor's records concerning the Collateral are located at that address.

**17. Addresses for Notices**

All demands, notices, and other communications to Debtor or Secured Party provided for hereunder shall be in writing or by telephone, promptly confirmed in writing, mailed, delivered, or sent by telefacsimile, addressed or sent to it to the address or telefacsimile number, as the case may be, of Debtor or Secured Party set forth beneath such party's signature below, or to such other address as shall be designated by a party in a written notice to the other party. All such demands, notices, and other communications shall, when mailed or sent by telefacsimile, be effective when deposited in the mails, delivered or so sent, as the case may be, addressed as aforesaid.

**EXECUTED** this 30<sup>th</sup> day of June 2011.

Address:  
508 West Wall Street, Suite 800  
Midland, Texas 79701

508 West Wall Street, Suite 1100  
Midland, Texas 79701

**DEBTOR:**

**DAWSON GEOPHYSICAL COMPANY**

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

\_\_\_\_\_  
**Stephen C. Jumper**  
**President**

**By: /s/ Christina W. Hagan**

\_\_\_\_\_  
**Christina W. Hagan**  
**Secretary**

**SECURED PARTY:**

**WESTERN NATIONAL BANK**

**By: /s/ Wesley D. Bownds**

\_\_\_\_\_  
**Wesley D. Bownds**  
**President**