

DAWSON GEOPHYSICAL CO

Form DEF 14A

December 15, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20529
SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

DAWSON GEOPHYSICAL COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - 1) Title of each class of securities to which transaction applies:

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 - 4) Proposed maximum aggregate value of transaction:

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**DAWSON GEOPHYSICAL COMPANY
508 West Wall, Suite 800
Midland, TX 79701
432-684-3000**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held January 26, 2010**

TO THE STOCKHOLDERS:

Notice is hereby given that the Annual Meeting of the Stockholders of Dawson Geophysical Company will be held at the Petroleum Club of Midland, 501 West Wall, Midland, Texas 79701 at 10:00 a.m. on January 26, 2010 for the following purposes:

1. Electing Directors of the Company;
2. Considering and voting upon a proposal to ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2010; and
3. Considering all other matters as may properly come before the meeting.

The Board of Directors has fixed the close of business on November 27, 2009, as the record date for the determination of stockholders entitled to notice of and to vote at the meeting and at any adjournment or adjournments thereof.

DATED this 15th day of December, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

Christina W. Hagan,
Secretary

IMPORTANT

To be sure your shares are represented at the Annual Meeting of Stockholders, please vote (1) by calling the toll-free number (800) 690-6903 and following the prompts; (2) by Internet at <http://www.proxyvote.com>; or (3) by completing, dating, signing and returning your Proxy Card in the enclosed postage-paid envelope as soon as possible. Any stockholder granting a proxy may revoke the same at any time prior to its exercise by executing a subsequent proxy or by written notice to the Secretary of the Company or by attending the meeting and by withdrawing the proxy. You may vote in person at the Annual Meeting of Stockholders even if you send in your Proxy Card, vote by telephone or vote by Internet. The ballot you submit at the meeting will supersede any prior vote.

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

**PROXY STATEMENT ANNUAL MEETING OF STOCKHOLDERS
To Be Held Tuesday, January 26, 2010**

SOLICITATION OF PROXY

The accompanying proxy is solicited on behalf of the Board of Directors of Dawson Geophysical Company (the Company or we) for use at our Annual Meeting of Stockholders to be held on Tuesday, January 26, 2010 at 10:00 a.m. at the Petroleum Club of Midland, 501 West Wall, Midland, Texas 79701, and at any adjournment or adjournments thereof. In addition to the use of the mails, proxies may be solicited by personal interview, telephone and telegraph by officers, directors and other employees of the Company, who will not receive additional compensation for such services. We may also request brokerage houses, nominees, custodians and fiduciaries to forward the soliciting material to the beneficial owners of stock held of record and will reimburse such persons for forwarding such material. We will bear the cost of this solicitation of proxies. Such costs are expected to be nominal. Proxy solicitation will commence with the mailing of this Proxy Statement on or about December 23, 2009.

Any stockholder giving a proxy has the power to revoke the same at any time prior to its exercise by executing a subsequent proxy or by written notice to our Secretary or by attending the meeting and withdrawing the proxy.

PURPOSE OF MEETING

As stated in the Notice of Annual Meeting of Stockholders accompanying this Proxy Statement, the business to be conducted and the matters to be considered and acted upon at the Annual Meeting are as follows:

1. Electing Directors of the Company;
2. Considering and voting upon a proposal to ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2010; and
3. Considering all other matters as may properly come before the meeting.

VOTING RIGHTS

Right to Vote and Record Date

Our voting securities consist solely of common stock, par value \$0.331/3 per share (Common Stock).

The record date for stockholders entitled to notice of and to vote at the meeting was the close of business on November 27, 2009, at which time there were 7,809,416 shares of Common Stock entitled to vote at the meeting. Stockholders are entitled to one vote, in person or by proxy, for each share of Common Stock held in their name on the record date.

Quorum

Stockholders representing a majority of the Common Stock outstanding and entitled to vote must be present or represented by proxy to constitute a quorum.

Voting at the Annual Meeting

If your shares of Common Stock are registered directly with Mellon Investor Services, you are a record holder and may vote in person at the meeting. If you hold your shares through a broker, bank or other nominee,

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your shares are held in street name and you are the beneficial holder. If you hold your shares in street name, in order to vote in person at the meeting, you must obtain a proxy from your broker, bank or other nominee.

Voting by Proxy

Whether or not you are able to attend the meeting, we urge you to vote by proxy.

Vote Required

All proposals other than election of directors will require the affirmative vote of a majority of the Common Stock present or represented by proxy at the meeting and entitled to vote thereon. Directors are elected by a plurality of votes cast.

With regard to the election of directors, votes may be cast in favor of or withheld from each nominee. Votes that are withheld will be excluded entirely from the vote and will have no effect. Broker non-votes and other limited proxies will have no effect on the outcome of the election of directors. Cumulative voting for election of directors is not authorized.

With regard to the proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2010, an abstention will have the same effect as a vote against the proposal. Broker non-votes and other limited proxies will have no effect on the outcome of the vote with respect to such proposal.

Abstentions and Broker Non-Votes

Abstentions and broker non-votes (shares held by brokers or nominees as to which they have no discretionary power to vote on a particular matter and have received no instructions from the beneficial owners of such shares or persons entitled to vote on the matter) will be counted for the purpose of determining whether a quorum is present. For purposes of determining the outcome of any matter to be voted upon as to which the broker has indicated on the proxy that the broker does not have discretionary authority to vote, these shares will not be entitled to vote with respect to that matter, even though those shares are considered to be present at the meeting for quorum purposes and may be entitled to vote on other matters. Brokers and nominees do not have discretionary authority to vote with respect to the election of directors. Abstentions, on the other hand, are considered to be present at the meeting and entitled to vote on the matter from which the stockholder abstained.

If the enclosed Proxy is properly executed and returned prior to the Annual Meeting, the shares represented thereby will be voted as specified therein. IF A STOCKHOLDER DOES NOT SPECIFY OTHERWISE ON THE RETURNED PROXY, THE SHARES REPRESENTED BY THE STOCKHOLDER'S PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED BELOW UNDER PROPOSAL 1: ELECTION OF DIRECTORS, FOR THE APPOINTMENT OF KPMG LLP AND ON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENTS THEREOF.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on January 26, 2010

This Proxy Statement and our 2009 Annual Report on Form 10-K are available at: www.dawson3d.com by selecting Investor Relations and 2009 Proxy Statement or Investor Relations and 2009 Annual Report.

PROPOSAL 1:

ELECTION OF DIRECTORS

At the Annual Meeting to be held on January 26, 2010, seven persons are to be elected to serve on our Board of Directors for a term of one year and until their successors are duly elected and qualified. All of the nominees have

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announced that they are available for election to the Board of Directors. Our nominees for the seven directorships are:

Paul H. Brown
 L. Decker Dawson
 Gary M. Hoover
 Stephen C. Jumper
 Jack D. Ladd
 Ted R. North
 Tim C. Thompson

For information about each nominee, see Directors, below.

Our Board of Directors recommends that you vote FOR the election of each of the director nominees listed above.

DIRECTORS

Our Board of Directors currently consists of two persons who are employees of the Company and five persons who are not employees of the Company (i.e., outside directors). Our Board of Directors has reviewed information regarding each director and his other relationships, if any, with the Company. Based on its review, our Board of Directors has determined that each of the five outside directors, namely Messrs. Brown, Hoover, Ladd, North and Thompson, are independent in accordance with NASDAQ rules and under the Securities Exchange Act of 1934, as amended (the Exchange Act). Set forth below are the names, ages and positions of our nominees for Director.

| Name | Age | Position |
|-----------------------|------------|---|
| L. Decker Dawson | 89 | Chairman of the Board of Directors |
| Stephen C. Jumper | 48 | President, Chief Executive Officer and Director |
| Paul H. Brown | 78 | Director |
| Gary M. Hoover, Ph.D. | 70 | Director |
| Jack D. Ladd | 60 | Director |
| Ted R. North | 63 | Director |
| Tim C. Thompson | 75 | Director |

Set forth below are descriptions of the principal occupations during at least the past five years of the Company's nominees for director.

L. Decker Dawson. Mr. Dawson founded the Company in 1952. He served as our President until being elected as Chairman of the Board of Directors and Chief Executive Officer in January 2001. In January 2006, Mr. Dawson was reelected as Chairman of the Board of Directors and retired as our Chief Executive Officer. Prior to 1952, Mr. Dawson was a geophysicist with Republic Exploration Company, a geophysical company. Mr. Dawson served as President of the Society of Exploration Geophysicists (1989-1990), received its Enterprise Award in 1997 and was awarded honorary membership in 2002. He was Chairman of the Board of Directors of the International Association of Geophysical Contractors in 1981 and is an honorary life member of such association. He was inducted into the Permian Basin Petroleum Museum's Hall of Fame in 1997.

Stephen C. Jumper. Mr. Jumper, a geophysicist, joined our Company in 1985, was elected Vice President of Technical Services in September 1997 and was subsequently elected President, Chief Operating Officer and Director in January 2001. In January 2006, Mr. Jumper was elected President, Chief Executive Officer and Director. Prior to 1997,

Mr. Jumper served as our manager of technical services with an emphasis on 3-D processing. Mr. Jumper has served the Permian Basin Geophysical Society as Second Vice President (1991), First Vice President (1992) and as President (1993).

*Paul H. Brown.** Mr. Brown has served as one of our directors since September 1999. Mr. Brown, an independent management consultant with various companies since May 1998, was President and Chief Executive Officer at WEDGE Energy Group, Inc. from January 1985 to May 1998.

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Gary M. Hoover, Ph.D. * Dr. Hoover has served as one of our directors since December 2002. Dr. Hoover, currently an independent consultant, retired from Phillips Petroleum Company in 2002. His responsibilities for the previous ten years with Phillips included geophysical research management, geoscience technology coordination, exploration and production technology consultation and active research into new seismic data acquisition techniques. Dr. Hoover served as Vice President of the Society of Exploration Geophysicists (1990-1991) and received its Life Membership Award in 2000. Dr. Hoover holds a doctorate in physics from Kansas State University.

Jack D. Ladd * Mr. Ladd has served as one of our directors since March 2008. He is currently the Dean and Professor of Management in the School of Business at the University of Texas of the Permian Basin. From 2004 until 2007, Mr. Ladd held the positions of Assistant Professor in the School of Business and Director of the John Ben Shepperd Public Leadership Institute at the University of Texas of the Permian Basin. Prior to 2004, Mr. Ladd practiced law and was a shareholder of Stubbeman, McRae, Sealy, Laughlin & Browder, Inc., a law firm in Midland, Texas. Mr. Ladd is a director of two public corporations other than the Company: Lightbridge Corporation (formerly known as Thorium Power, Ltd.) and Mexco Energy Corporation.

Ted R. North * Mr. North has served as one of our directors since August 2008. Mr. North was a partner at Grant Thornton LLP from August 1987 until his retirement on July 31, 2008. He served as the Managing Partner and in other positions of responsibility in the Midland, Texas and Oklahoma City offices of Grant Thornton. He is a Certified Public Accountant with over 30 years of public accounting experience.

Tim C. Thompson * Mr. Thompson has served as one of our directors since 1995. Mr. Thompson, an independent management consultant with various companies since May 1993, was President and Chief Executive Officer of Production Technologies International, Inc. from November 1989 to May 1993.

* Indicates independence has been determined by the Board of Directors in accordance with NASDAQ rules and the Exchange Act.

MEETINGS AND COMMITTEES OF DIRECTORS

During the fiscal year ended September 30, 2009, the Board of Directors held seven regularly scheduled meetings. All of the Directors attended these meetings, except one director was absent from one meeting.

Audit Committee. The Audit Committee is a standing committee of the Board of Directors and currently consists of Messrs. Brown, Hoover, North and Thompson, all of whom are non-employee directors and independent as defined in Rule 5605(a)(12) of the NASDAQ Stock Market Rules and the Exchange Act. The Board of Directors has determined that Mr. North, who currently serves as the Chairman of the Audit Committee, is an audit committee financial expert (as that term is defined under the applicable SEC rules and regulations) based on the Board's qualitative assessment of Mr. North's level of knowledge, experience (as described above in his biographical statement) and formal education. The functions of the Audit Committee are to determine whether our management has established internal controls which are sound, adequate and working effectively; to ascertain whether our assets are verified and safeguarded; to review and approve external audits; to review audit fees and appointment of our independent public accountants; and to review non-audit services provided by the independent public accountants. The Audit Committee held thirteen meetings during the fiscal year ended September 30, 2009. All members of the Audit Committee attended these meetings, except one member was absent from two meetings and one member was absent from one meeting.

The Audit Committee operates under a written charter adopted by the Board of Directors that is annually reviewed and approved by the Audit Committee. The charter is posted on our website at <http://www.dawson3d.com> in the Corporate Governance area of the Investor Relations section. The report of the Audit Committee for fiscal year 2009

is included in this Proxy Statement on page 18.

Compensation Committee. The Compensation Committee is a standing committee of the Board of Directors and currently consists of Messrs. Brown, Hoover, Ladd and Thompson, all of whom are non-employee directors and independent as defined in Rule 5605(a)(12) of the NASDAQ Stock Market Rules and the Exchange Act. The primary function of the Compensation Committee is to determine that compensation for our officers is competitive and enables the Company to motivate and retain the talent needed to lead and grow our business. The Compensation

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Committee held two meetings during the fiscal year ended September 30, 2009. All members of the Compensation Committee attended each meeting except two members were absent from one meeting. The report of the Compensation Committee for fiscal year 2009 is included in this Proxy Statement on page 11. The Compensation Committee has retained a compensation consultant to review the compensation practices of the Company's peers and to advise the Compensation Committee on compensation matters.

The Compensation Committee currently operates under a written charter adopted and approved by the Board of Directors on September 29, 2009. The charter is posted on our website at <http://www.dawson3d.com> in the Corporate Governance area of the Investor Relations section.

Nominating Committee. The Nominating Committee is a standing committee of the Board of Directors and currently consists of Messrs. Brown, Hoover and Thompson, all of whom are non-employee directors and independent as defined in Rule 5605(a)(12) of the NASDAQ Stock Market Rules and the Exchange Act. The Nominating Committee held one meeting during the fiscal year ended September 30, 2009, at which all members of the Nominating Committee were present. The primary function of the Nominating Committee is to determine the slate of Director nominees for election to our Board of Directors. The Nominating Committee considers candidates recommended by our stockholders, directors, officers and outside sources, and considers each nominee's personal and professional integrity, experience, skills, ability and willingness to devote the time and effort necessary to be an effective board member with the commitment to acting in the best interests of our Company and our stockholders. The Nominating Committee also gives consideration to having an appropriate mix of backgrounds and skills on our Board of Directors, the qualifications that the Committee believes must be met by prospective nominees, qualities or skills that the Committee believes are necessary for one or more of our directors to possess and standards for the overall structure and composition of our Board of Directors.

In accordance with Article II, Section 13 of our Bylaws, stockholders who wish to have their nominees for election to the Board of Directors considered by the Nominating Committee must submit such nomination to our Secretary for receipt not less than 80 days prior to the date of the next Annual Meeting of stockholders and include (i) the name and address of the stockholder making the nomination, (ii) information regarding such nominee as would be required to be included in the Proxy Statement, (iii) a representation of the stockholder as to the class and number of shares of the Company's stock that are beneficially owned by such stockholder, and the stockholder's intent to appear in person or by proxy at the meeting to propose such nomination, and (iv) the written consent of the nominee to serve as a director if so elected.

The Nominating Committee currently operates under a written charter adopted and approved by the Board of Directors on December 3, 2004. The charter is posted on our website at <http://www.dawson3d.com> in the Corporate Governance area of the Investor Relations section.

DIRECTOR COMPENSATION

All of our non-employee directors receive annual compensation of \$24,000. Each non-employee director also receives a fee of \$2,000 for each regular Board of Directors meeting. In addition, the chairman of the Audit Committee receives an additional fee of \$500 per month. In fiscal 2009, each non-employee director also received a 1,000-share grant of our Common Stock. We also reimburse reasonable expenses incurred by our directors in attending meetings and other company business. These reimbursements for any non-employee director did not exceed the \$10,000 threshold in fiscal 2009 and consequently are not included in Director Compensation for Fiscal 2009 below. On January 27, 2009 the Board of Directors increased the annual compensation and meeting fee for each of our non-employee directors by \$12,000 and \$1,000, respectively, and changed the annual stock grant to a grant of the Company's Common Stock worth \$36,000, effective with respect to the 2009 annual grants awarded in fiscal 2010.

Directors who are also full-time officers or employees of our Company receive no additional compensation for serving as directors. Currently, two members of our Board of Directors, Mr. Dawson and Mr. Jumper, are also executive officers of the Company. As an employee, Mr. Dawson receives a salary and certain other benefits as set forth in the Director Compensation for Fiscal 2009 table below. Mr. Jumper's compensation is set forth under Compensation Discussion and Analysis and Executive Compensation, below.

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The table below summarizes the total compensation paid or earned by each of our non-employee directors and Mr. Dawson during fiscal 2009.

Director Compensation For Fiscal 2009

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards (1)(2) (\$) | All Other Compensation (\$) | Total (\$) |
|------------------|---|---|--|-----------------------|
| L. Decker Dawson | 65,536 | | 293 | 65,829 |
| Ted R. North | 36,500 | 18,190 | | 54,690 |
| Tim C. Thompson | 33,500 | 18,190 | | 51,690 |
| Gary M. Hoover | 32,000 | 18,190 | | 50,190 |
| Paul H. Brown | 32,000 | 18,190 | | 50,190 |
| Jack D. Ladd | 32,000 | 18,190 | | 50,190 |

- (1) The amounts in this column reflect the dollar amount we recognized as an expense with respect to stock awards for financial statement reporting purposes during the year ended September 30, 2009, in accordance with ASC 718, Compensation Stock Compensation. These amounts also reflect the grant date fair value of each stock award of \$18.19 per share. See Note 7 to our audited financial statements included in our 2009 Annual Report on Form 10-K for the assumptions made in our valuation of these stock awards.
- (2) In fiscal 2009 each non-employee director then serving received a 1,000-share grant of stock from the Dawson Geophysical Company 2006 Stock and Performance Incentive Plan. At September 30, 2009, the directors listed in the above table held the following aggregate outstanding shares of Common Stock: Mr. Dawson 108,192, Mr. Thompson 8,000, Mr. Brown 3,000, Mr. Hoover 5,000, Mr. Ladd 1,000, and Mr. North 1,000.

COMPENSATION DISCUSSION AND ANALYSIS**Overview of Compensation Program**

The Compensation Committee of the Board of Directors has responsibility for establishing, implementing and monitoring adherence to our compensation philosophy. The Compensation Committee seeks to provide total compensation paid to our executive officers that is fair, reasonable and competitive.

In this compensation discussion and analysis, the executive officers named below who are current employees are referred to as the Named Executive Officers.

| | |
|--------------------|--|
| Stephen C. Jumper | Chief Executive Officer, President |
| Christina W. Hagan | Chief Financial Officer, Executive Vice President, Secretary |
| C. Ray Tobias | Chief Operating Officer, Executive Vice President |
| Howell W. Pardue | Executive Vice President |
| Kermit S. Forsdick | Senior Vice President |

Compensation Philosophy and Objectives

The Compensation Committee believes that compensation for executive officers must be competitive to enable the Company to motivate and retain the talent needed to lead and make the Company grow, reward successful performance and closely align the interests of our executives with the Company. The ultimate objective of our compensation program is to improve stockholder value.

In setting compensation levels, the Compensation Committee evaluates both performance and overall compensation. The review of executive officers' performance includes a mix of financial and non-financial measures. In addition to business results, employees are expected to uphold a commitment to integrity, maximize

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the development of each individual and continue to improve the environmental quality of the Company's services and operations.

In order to continue to attract and retain the best employees, the Compensation Committee believes the executive compensation packages provided to the Company's executives, including the Named Executive Officers, should include both cash and stock-based compensation.

Compensation Consultant

In past years, the Compensation Committee and the CEO have not formally benchmarked officer compensation against any peer group and did not directly base their compensation decisions on any peer group. However, in late 2009 the Compensation Committee retained Pearl Meyer & Partners (Pearl Meyer) as its independent compensation consultant to conduct a supplemental compensation review and to provide guidance to the Compensation Committee on its compensation practices, particularly long-term incentive compensation, for the Named Executive Officers and other employees. In November 2009, Pearl Meyer provided a preliminary presentation to the Compensation Committee regarding our compensation practices.

The Compensation Committee is continuing to work with Pearl Meyer to complete the review of our compensation practices and has not to date altered our compensation practices described below or the compensation paid to our officers, including the Named Executive Officers, as a result of the compensation review.

Competitive Considerations

We believe the competition for talented employees goes well beyond the seismic industry to include oil and gas companies, development companies and oilfield service companies. Many of the companies with whom we compete for top level talent are larger and have more financial resources than we do. Both our Compensation Committee and Chief Executive Officer (CEO) consider known information regarding the compensation practices of likely competitors, to the extent that such information is available from public sources, to form a general understanding of our competitors' current compensation practices when reviewing and setting the compensation of all our officers, including the Named Executive Officers.

Role of Chief Executive Officer in Compensation Decisions

On an annual basis, our CEO reviews the performance of each of the other Named Executive Officers and, based on this review, makes recommendations to the Compensation Committee with respect to the compensation of the Named Executive Officers, excluding himself. Our CEO considers internal pay equity issues, individual contribution and performance, competitive pressures and company performance in making his recommendations to the Compensation Committee. The Compensation Committee may accept or adjust such recommendations at its discretion. Except with respect to the profit sharing plan, as described below, the Compensation Committee has the sole responsibility for evaluating the compensation of our CEO.

Establishing Executive Compensation

Consistent with our compensation objectives, the Compensation Committee has structured our annual and long-term incentive-based executive compensation to attract and retain the best talent, reward financial success and closely align executives' interests with the Company's interests. In setting the compensation, the Compensation Committee reviews total direct compensation for the Named Executive Officers, which includes salary, annual cash incentives and long-term equity incentives. The appropriate level and mix of incentive compensation is not based upon a formula, but is a subjective determination made by the Compensation Committee.

We do not have a policy of stock ownership requirements. In addition, we do not have any employment contracts or change of control agreements, although equity issued pursuant to our 2006 Stock and Performance Incentive Plan is subject to accelerated vesting as described below in Potential Payments Upon a Change of Control or Termination.

The Compensation Committee reviews compensation matters from time to time during the year. The Compensation Committee typically recommends the accrual of amounts for the cash bonus and profit sharing

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plan shortly prior to or during the first quarter of a fiscal year and then recommends the allocation of the accrued amounts in the first quarter of the following fiscal year. In addition, the Compensation Committee generally performs its annual review of officer salaries during the middle of each fiscal year.

Elements of Compensation

The components of compensation for our Named Executive Officers includes the following elements:

| Element | Form of Compensation | Purpose |
|---------------------------------------|---|--|
| Base Salary | Cash | Provide competitive, fixed compensation to attract and retain executive talent. |
| Short-Term Incentive | Cash Bonus and Profit Sharing | Create a strong financial incentive for achieving financial success and for the competitive retention of executives. |
| Long-Term Equity Incentive | Stock Option and Restricted Stock Grants | Provide incentives to strengthen alignment of executive team interests with Company interests, reward long-term achievement and promote executive retention. |
| Health, Retirement and Other Benefits | Eligibility to participate in plans generally available to our employees, including 401(k); profit-sharing; health; life insurance and disability plans | Plans are part of broad-based employee benefits. |

Base Salary

The Compensation Committee believes base salary is a critical element of executive compensation because it provides executives with a base level of monthly income. We do not have a formal salary program with salary grades or salary ranges. Instead salary increases are awarded periodically based on individual performance, when allowed by economic conditions. The Compensation Committee determines the base salary of each Named Executive Officer based on his or her position and responsibility. During its review of base salaries for executives, the Compensation Committee primarily considers the internal value of the position relative to other positions, external value of the position or comparable position, individual performance and ability to represent our Company's values. For Named Executive Officers other than the CEO, the Compensation Committee also considers the recommendations of the CEO.

The Compensation Committee typically considers base salary levels annually as part of its review of our performance and from time to time upon a promotion or other change in job responsibilities. As a result of its fiscal 2009 review, there were no salary increases due to the challenging economic conditions during the year.

Short-Term Incentive Compensation

The Named Executive Officers participate in our profit sharing program, along with all other eligible employees. The profit sharing program is designed to award our employees for the financial success of the Company. With respect to each fiscal year, our Board of Directors, acting on the recommendation of our Compensation Committee, determines a

pool amount available to be allocated in the first quarter of the following fiscal year to all eligible employees, including the Named Executive Officers. For fiscal 2009, 2008 and 2007, our Board of Directors set the pool at 5% of the our pre-tax net income for the applicable fiscal year. Management, pursuant to the guidelines set forth by the Board of Directors, distributes the pool to eligible employees based upon a bonus value consisting of (i) base salary at the time of calculation, times (ii) a seniority factor (which reflects each employee's length of service with the Company), times (iii) an internal value, or position code. Such bonus value is divided by the aggregate amount of all eligible employees' bonus values to obtain a bonus pool pro rata share

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factor, which is used to allocate the bonus pool to each eligible employee on a pro rata basis (with higher bonus pool pro rata share factors receiving a higher percentage of the bonus pool).

For instance, the 2009 calculation for Mr. Jumper would have been $\$350,000 \times 20.829 \times 1.25$, resulting in a bonus pool pro rata share factor of 0.023. That bonus pool pro rata share factor was multiplied by the aggregate bonus pool of \$941,962 to obtain the \$21,220 awarded to Mr. Jumper. The position code starts at 1 for all employees and increases pursuant to the internal value of the position up to 1.25 for senior officers and other senior managers. While in recent years, the Company has weighted the three factors comprising the formula equally, management periodically reassesses the formula based on its assessment of the appropriate balance and relevance of the individual factors in order to retain key individuals. The fiscal 2009, 2008 and 2007 profit sharing awards paid to our Named Executive Officers are included in the Summary Compensation Table on page 12. The seniority factors of each Named Executive Officer for fiscal 2009, 2008 and 2007, respectively, were as follows: Mr. Jumper 20.829, 20.545 and 20.228; Ms. Hagan 19.784, 19.469 and 19.115; Mr. Tobias 19.111, 18.772 and 18.391; Mr. Pardue 23.004, 22.772 and 22.515; and Mr. Forsdick 17.958, 17.572 and 17.135. Each of the Named Executive Officers had a position code of 1.25 for fiscal 2009, 2008 and 2007. As a result of the Company's decreased levels of income for fiscal 2009, profit sharing amounts were significantly lower for fiscal 2009.

In September 2009, our Board of Directors preliminary set the fiscal 2010 allocation for the profit sharing plan at 5% of our pre-tax net income for fiscal 2010. The Company anticipates that the amounts awarded under this profit sharing plan for fiscal 2010 will likely be modest in light of the current economic climate.

We also use short-term incentive compensation to meet market and competitive demands. Accordingly, eligible employees, including each Named Executive Officer, were awarded discretionary cash bonuses in November 2008. Bonus amounts were based upon a variety of factors including perceived competitive pressures, base salary, internal value of the position and seniority. The fiscal 2008 bonus amounts paid to our Named Executive Officers are included in the Summary Compensation Table on page 12. No discretionary cash bonuses over and above the profit sharing plan were paid to our Named Executive Officers with respect to fiscal 2009.

Long-Term Equity Incentive Compensation

Long-term equity incentives encourage participants to focus on long-term performance and provide an opportunity for executive officers and certain designated key employees to increase their stake in our Company through grants of restricted common stock and stock options. By using a mix of stock options and restricted stock grants, we are able to compensate our Named Executive Officers for sustained increases in our stock performance as well as long-term growth. The Compensation Committee makes the determination whether to grant stock options or restricted stock by weighing the financial effects on the Company and the benefits and drawbacks of each type of award for the Named Executive Officers. Such determination is made at the time of the grant.

During the past few years, we have emphasized grants of restricted stock as our primary long-term equity incentive compensation tool due to our management's belief that such grants have been the best method of rewarding and retaining the Named Executive Officers. However, in fiscal 2009, the Compensation Committee decided to award long-term equity incentive compensation in the form of stock option grants. The following factors were considered by the Compensation Committee in reaching its decision to award stock options instead of restricted stock at the beginning of fiscal 2009: the Named Executive Officers' current unvested equity awards; the general economic climate; and the desire to give incentive to our Named Executive Officers to take actions to increase the value of our common stock over the term of the vesting period.

In fiscal 2009, our Compensation Committee approved stock option grants to the Named Executive Officers, other officers and certain other employees. In these cases, the exercise price of the stock options equaled the average of the

high and low trading price of our Common Stock on the NASDAQ Global Select Market on the date of grant. We have not granted options with an exercise price that is less than the average of the high and low trading price of our Common Stock on the NASDAQ Global Select Market on the date of grant, and we have not made grants with a grant date that occurs before the Board of Directors' action. We determine the fair value of each stock option on the date of grant using the Black-Scholes option pricing model, and we recognize these costs, net of estimated forfeitures, over the vesting period of the stock options. The stock options granted in fiscal 2009 were awarded

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under our 2006 Stock and Performance Incentive Stock Plan and vest in equal installments over four years on each anniversary of the date of grant. We did not award any stock options in fiscal 2008 or 2007.

In fiscal 2008 and 2007, our Compensation Committee approved restricted stock grants to the Named Executive Officers, other officers and certain other employees. In addition to rewarding these individuals for our long-term success and aligning the interests of the Named Executive Officers with the Company, these grants also help us to retain talented employees because the shares cannot be sold during a three-year restricted period. We determine the fair value of the restricted stock by taking the average of the high and low price of our Common Stock on the date of grant, and we recognize these costs, net of estimated forfeitures, over the vesting period of the restricted stock. The restricted shares granted in fiscal 2008 were awarded under our 2006 Stock and Performance Incentive Stock Plan and the restricted shares granted in fiscal 2007 were awarded under our 2004 Incentive Stock Plan. There were no restricted stock grants in fiscal 2009.

Our Compensation Committee recommends to our Board of Directors the equity awards to be made to each Named Executive Officer prior to the grant of such equity awards by the Board of Directors. Although the Compensation Committee does not use a set formula to make these grants, the Compensation Committee generally determines awards based on a number of factors, including the current price of our stock, individual merit, the Company's overall performance, and the size of the individual's overall compensation package. The Company's ultimate goal with any equity award is to align executive interests with Company interests, to reward long-term achievement and to promote retention. Grants of equity may be made at any time during the year, although typically an award is made to each Named Executive Officer at the beginning of each fiscal year. We do not time the release of material non-public information with the purpose of affecting the value of executive compensation.

The following sets forth information regarding our incentive plans.

Stock Plans. We have two equity compensation plans: the 2006 Stock and Performance Incentive Plan (the 2006 Plan) and the 2004 Incentive Stock Plan (the 2004 Plan).

The 2006 Plan provides 750,000 shares of authorized but un-issued shares of our Common Stock to be awarded to our officers, directors, employees and consultants. These awards can be made in various forms, including options, grants or restricted stock grants. Stock option grant prices awarded under the 2006 Plan may not be less than the fair market value of the Common Stock subject to such option on the grant date, and the term of stock options may extend no more than ten years after the grant date. Our Compensation Committee selects the employees and consultants to whom the awards will be granted and determines the number and type of awards to be granted to such individual. Our Board of Directors selects the nonemployee directors eligible to whom awards will be granted and determines the number and type of award to be granted to such individuals. All of our employees, nonemployee directors and consultants are eligible to receive awards under the 2006 Plan. The 2006 Plan has a term of ten years from the date of stockholder approval such that it expires in January 2017.

The 2004 Plan provides 375,000 shares of authorized but unissued Common Stock of the Company. The Company may award stock options under the 2004 Plan. The stock option exercise price is the market value of the Company's Common Stock at date of grant. Options are exercisable 25% annually from the date of the grant and the options expire five years from the date of grant. The Company may also award stock and restricted stock under the 2004 Plan. Restricted stock vests after three years and is granted at the market value of the Company's Common Stock on the date of grant. Of the 375,000 shares, up to 125,000 shares may be awarded to officers, directors, and employees of the Company and up to 125,000 shares may be awarded with restrictions for the purpose of additional compensation. Although shares are available under the 2004 Plan, the Company does not intend to issue additional shares from this Plan.

Health, Retirement and Other Benefits

401(k) Plan. Effective January 1, 2002, we initiated a 401(k) plan as part of our employee benefits package in order to retain quality personnel. This plan is a tax-qualified retirement savings plan under which all employees, including the Named Executive Officers, are able to contribute to the plan the lesser of up to 100% of their annual salary or the limits prescribed by the Internal Revenue Service on a pre-tax basis. During fiscal year 2009, we elected to match 100% of employee contributions up to a maximum of 6% of the participant's gross salary. Our matching contributions for all of our employees during fiscal 2009 were approximately \$1,213,000. All

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contributions to the plan as well as our matching contributions are fully vested upon contribution. Our Board of Directors approved the matching of employee contributions up to a maximum of 6% of gross salary during fiscal 2010.

Health and Life. We offer major medical, dental and life insurance to all eligible employees. We also provide the following other insurance benefits to the majority of our salaried employees, including the Named Executive Officers:

Life insurance up to two times annual earnings with limitations based on age and a maximum benefit of \$400,000; and

Long-term disability 60% of monthly earnings up to \$10,000 per month.

Executive Benefits and Perquisites

We provide our Named Executive Officers with perquisites and other personal benefits that are believed to be reasonable and consistent with the overall compensation program to better enable us to attract and retain superior employees for key positions. Our Compensation Committee reviews the levels of these perquisites and other personal benefits provided to the Named Executive Officers on an annual basis. Due to the economic downturn, the Company ceased reimbursing the Named Executive Officers for country club dues starting in May 2009.

COMPENSATION COMMITTEE REPORT

To the Stockholders of Dawson Geophysical Company:

The Compensation Committee of the Board of Directors has reviewed and discussed the *Compensation Discussion and Analysis*, above, with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the *Compensation Discussion and Analysis* be included in this Proxy Statement for the fiscal year ended September 30, 2009.

December 15, 2009

Compensation Committee
Paul H. Brown
Gary M. Hoover
Jack D. Ladd
Tim C. Thompson

EXECUTIVE COMPENSATION

The following narrative, tables and footnotes describe the total compensation earned during fiscal 2009 by our Named Executive Officers. The total compensation presented below in the Summary Compensation Table does not reflect the actual compensation received by our Named Executive Officers in 2009. The actual value realized by our Named Executive Officers in 2009 from long-term incentives (in this case, stock options) is presented in the Option Exercises and Stock Vested table on page 14 of this Proxy Statement. Long-term incentive awards for 2009 are presented in the Grants of Plan-Based Awards table on page 13 of this Proxy Statement.

The individual components of the total compensation reflected in the Summary Compensation Table are broken out below:

Salary The table reflects base salary earned during 2009, 2008 and 2007. See Compensation Discussion and Analysis Elements of Compensation Base Salary.

Bonus In 2008 and 2007 our Named Executive Officers were awarded a cash bonus and in 2009, 2008 and 2007 our Named Executive Officers participated in our profit sharing plan. See Compensation Discussion and Analysis Elements of Compensation Short-Term Incentive Compensation.

Stock Awards The awards disclosed under the heading Stock Awards consist of a grant of restricted stock to our Named Executive Officers. Other details about the restricted stock grants are included in the

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Grants of Plan-Based Awards table on page 13. See also Compensation Discussion and Analysis Elements of Compensation Long-Term Incentive Compensation.

Option Awards The awards disclosed under the heading Option Awards consist of a grant of stock options to our Named Executive Officers. Other details about the stock option grants are included in the Grants of Plan-Based Awards table on page 13. See also Compensation Discussion and Analysis Elements of Compensation Long-Term Incentive Compensation.

Summary Compensation Table

The following table sets forth information concerning the compensation paid to our Named Executive Officers for services to the Company during the fiscal years ended September 30, 2009, 2008 and 2007:

| Principal Position | Year | Salary (\$) | Bonus (\$)(1) | Stock Awards (\$)(2) | Option Awards (\$)(3) | All Other Compensation (\$)(4) | Total (\$) |
|--|-------------|--------------------|--------------------------|-------------------------------------|--------------------------------------|---|-------------------|
| Stephen C. Jumper | 2009 | 350,000 | 21,220 | 123,320 | 9,525 | 18,090 | 522,155 |
| <i>Chief Executive Officer and President</i> | 2008 | 322,308 | 111,716 | 123,320 | | 29,225 | 586,569 |
| | 2007 | 291,545 | 92,034 | 54,100 | | 17,197 | 454,876 |
| Christina W. Hagan | 2009 | 210,000 | 12,093 | 92,490 | 6,350 | 14,088 | 335,021 |
| <i>Executive Vice President, Secretary and Chief Financial Officer</i> | 2008 | 194,423 | 70,775 | 92,490 | | 21,332 | 379,020 |
| | 2007 | 180,769 | 59,740 | 40,575 | | 12,522 | 293,606 |
| C. Ray Tobias | 2009 | 230,000 | 12,794 | 92,490 | 6,350 | 14,934 | 356,568 |
| <i>Executive Vice President and Chief Operating Officer</i> | 2008 | 209,231 | 73,061 | 92,490 | | 14,231 | 389,013 |
| | 2007 | 187,301 | 60,521 | 40,575 | | 12,912 | 301,309 |
| Howell Pardue | 2009 | 173,000 | 11,584 | 92,490 | | 9,283 | 286,357 |
| <i>Executive Vice President</i> | 2008 | 167,461 | 69,291 | 92,490 | | 8,927 | 338,170 |
| | 2007 | 154,511 | 60,827 | 40,575 | | 8,300 | 264,213 |
| Kermit S. Forsdick | 2009 | 196,625 | 10,277 | 61,660 | 3,175 | 10,463 | 282,200 |
| <i>Senior Vice President</i> | 2008 | 178,622 | 64,459 | 61,660 | | 10,953 | 315,694 |
| | 2007 | 151,035 | 53,105 | 27,050 | | 10,443 | 241,633 |

(1) Includes amounts payable pursuant to our profit-sharing plan and the discretionary cash bonus described above in Compensation Discussion and Analysis Elements of Compensation Short-Term Incentive Compensation.

(2) The amounts in this column reflect the dollar amount we recognized as an expense with respect to restricted stock awards for financial statement reporting purposes during the year ended September 30, 2009, in accordance with ASC 718. See Note 7 to our audited financial statements included in our 2009 Annual Report on Form 10-K for the assumptions made in our valuation of the fiscal 2009 stock awards; see Note 1 to our audited financial statements included in our 2008 Annual Report on Form 10-K for the assumptions made in our valuation of the fiscal 2008 stock awards; and see Note 1 to our audited financial statements included in our 2007 Annual Report on Form 10-K for the assumptions made in our valuation of the fiscal 2007 stock awards.

- (3) The amounts in this column reflect the dollar amount we recognized as an expense with respect to stock awards for financial statement reporting purposes during the year ended September 30, 2009, in accordance with ASC 718. See Note 7 to our audited financial statements included in our 2009 Annual Report on Form 10-K for the assumptions made in our valuation of the fiscal 2009 stock option awards.
- (4) The amount shown in this column includes our matching contributions under our 401(k) plan for the following Named Executive Officers for fiscal 2009, 2008 and 2007, respectively: Mr. Jumper \$16,218, \$15,496 and \$15,349; Ms. Hagan \$12,274, \$11,665 and \$10,846; Mr. Tobias \$13,062, \$12,554 and \$11,192; Mr. Pardue \$8,650, \$8,373 and \$7,726; and Mr. Forsdick \$8,729, \$9,593, and \$9,062.

Table of Contents**Grants of Plan-Based Awards For Fiscal 2009**

The following table reports all grants of plan-based awards made during fiscal 2009 to our Named Executive Officers:

| Name | Grant Date | All Other Option Awards: Number of Securities Underlying | Exercise or Base Price of Option Awards (\$/Sh)(2) | Grant Date Fair Value of Stock and Option Awards \$(3) |
|--------------------|------------|--|--|--|
| | | Options (#)(1) | | |
| Stephen C. Jumper | 12/2/2008 | 15,000 | 18.91 | 157,350 |
| Christina W. Hagan | 12/2/2008 | 10,000 | 18.91 | 104,900 |
| C. Ray Tobias | 12/2/2008 | 10,000 | 18.91 | 104,900 |
| Howell W. Pardue | | | | |
| Kermit S. Forsdick | 12/2/2008 | 5,000 | 18.91 | 52,450 |

(1) All grants made to Named Executive Officers in fiscal 2009 were stock options made pursuant to the 2006 Plan. These options vest in equal installments on 12/02/09, 12/02/10, 12/02/11, and 12/02/12.

(2) The exercise price equals the average of the high and low trading price of our Common Stock on the Nasdaq Global Select Market on the date of grant.

(3) Represents the aggregate grant date fair value of the award computed in accordance with ASC 718.

For a detailed discussion of each of the awards in the above table and their material terms, refer to Summary Compensation Table and Compensation Discussion and Analysis Long-Term Equity Incentive Compensation above.

Outstanding Equity Awards At Fiscal Year End 2009

The following table provides information regarding the value of all unexercised options and unvested restricted stock previously awarded to our Named Executive Officers:

| Name | Option Awards | | | | Stock Awards | |
|------|---|---|----------------------------|------------------------|---|---|
| | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have not Vested (#) | Market Value of Shares or Units of Stock That Have not Vested (\$)(2) |
| | | | | | | |

| | | | | | |
|--------------------|-----------|-------|-----------|----------|---------|
| Stephen C. Jumper | 15,000(1) | 18.91 | 12/2/2018 | 3,000(3) | 82,140 |
| | | | | 6,000(4) | 164,280 |
| Christina W. Hagan | 10,000(1) | 18.91 | 12/2/2018 | 2,250(3) | 61,605 |
| | | | | 4,500(4) | 123,210 |
| C. Ray Tobias | 10,000(1) | 18.91 | 12/2/2018 | 2,250(3) | 61,605 |
| | | | | 4,500(4) | 123,210 |
| Howell W. Pardue | | | | 2,250(3) | 61,605 |
| | | | | 4,500(4) | 123,210 |
| Kermit S. Forsdick | 5,000(1) | 18.91 | 12/2/2018 | 1,500(3) | 41,070 |
| | | | | 3,000(4) | 82,140 |

- (1) Shares underlying options that vest in equal installments on 12/02/09, 12/02/10, 12/02/11, and 12/02/12.
- (2) The market value was computed by multiplying the closing market price of the Common Stock at fiscal year end 2009 (\$27.38) times the number of restricted shares that have not vested.
- (3) Vests in one installment on 06/02/11.
- (4) Vested in one installment on 10/04/09.

Table of Contents**Option Exercises and Stock Vested for Fiscal 2009**

The following table provides information with respect to the options exercised by our Named Executive Officers during fiscal 2009. No restricted stock held by the Named Executive Officers vested during fiscal 2009:

| Name | Options Awards | |
|--------------------|--|--|
| | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) |
| Stephen C. Jumper | 10,000 | 80,488 |
| Christina W. Hagan | 5,000 | 45,672 |
| C. Ray Tobias | 1,250 | 9,462 |
| Howell W. Pardue | | |
| Kermit S. Forsdick | 500 | 5,011 |

Pension Benefits

Our only retirement plan for our employees, including our Named Executive Officers, is our 401(k) plan. We do not have a pension plan in which our Named Executive Officers are eligible to participate.

Non-Qualified Deferred Compensation

We do not have a non-qualified deferred compensation plan.

Potential Payments Upon A Change Of Control Or Termination

We do not have any employment contracts or change of control agreements. However, the 2006 Plan does permit accelerated vesting of stock awards in the event of a change of control or upon termination of employment as described below.

In the event of a change of control, all awards granted under our 2006 Plan immediately vest and become fully exercisable and any restrictions applicable to the award lapse. All stock options and stock appreciation rights will remain exercisable until (a) the expiration of the term of the award or, (b) if the participant should die before the expiration of the term of the award, until the earlier of: (i) the expiration of the term of the award or (ii) two (2) years following the date of the participant's death. Our 2006 Plan form stock option and restricted stock agreements define a change of control as occurring when (i) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) is or becomes a beneficial owner, directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the total voting power of the Company's then outstanding securities; (ii) the individuals who were members of the Board of Directors of the Company immediately prior to a meeting of the stockholders of the Company involving a contest for the election of directors shall not constitute a majority of the Board of Directors following such election unless a majority of the new members of the Board were recommended or approved by majority vote of members of the Board of Directors immediately prior to such stockholders' meeting; (iii) the Company shall have merged into or consolidated with another corporation, or merged another corporation into the Company, on a basis whereby less than fifty percent (50%) of the total voting power of the surviving corporation is represented by shares held by former stockholders of the Company prior to such merger

or consolidation; or (iv) the Company shall have sold, transferred or exchanged all, or substantially all, of its assets to another corporation or other entity or person.

In addition our form stock option and restricted stock agreements also provide for accelerated vesting upon death or disability or if a participant's employment is terminated by the Company for reasons other than cause. Stock options which are accelerated under this provision may be exercised in whole or in part until their expiration pursuant to the terms of the stock option agreement or the 2006 Plan.

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If a change in control or termination of employment as described above were to have occurred as of September 30, 2009, shares of restricted stock and stock options held by our Named Executive Officers would have automatically vested, as follows:

Mr. Jumper held 3,000 shares of restricted stock and 15,000 stock options that would have become fully vested as a result of such change in control or termination of employment;

Ms. Hagan held 2,250 shares of restricted stock and 10,000 stock options that would have become fully vested as a result of such change in control or termination of employment;

Mr. Tobias held 2,250 shares of restricted stock and 10,000 stock options that would have become fully vested as a result of such change in control or termination of employment;

Mr. Pardue held 2,250 shares of restricted stock that would have become fully vested as a result of such change in control or termination of employment;

Mr. Forsdick held 1,500 shares of restricted stock and 5,000 stock options that would have become fully vested as a result of such change in control or termination of employment.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the fiscal year ended September 30, 2009, our Compensation Committee was composed of Messrs. Brown, Hoover, Ladd and Thompson. No member of the Compensation Committee during fiscal 2009 was a current or former officer or employee of the Company or had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K as adopted by the SEC. None of our executive officers served on the board of directors or the compensation committee of any other entity, for which any officers of such other entity served either on our Board of Directors or our Compensation Committee.

TRANSACTIONS WITH RELATED PERSONS

Transactions with related persons are reviewed, approved or ratified in accordance with the policies and procedures set forth in our code of business conduct and ethics, our Audit Committee charter, the procedures described below with respect to director and officer questionnaires and the other procedures described below.

Our code of business conduct and ethics provides that directors, officers, and employees must avoid situations that involve, or could appear to involve, conflicts of interest with regard to the Company's interest. Exceptions may only be made after review of fully disclosed information and approval of specific or general categories by senior management (in the case of employees) or the Board of Directors (in the case of officers or directors). Any employee, officer or director who becomes aware of a conflict or potential conflict of interest should bring the matter to the attention of a supervisor or other appropriate personnel.

A conflict of interest exists when a person's private interest interferes in any way with the interests of the Company. Conflicts of interest generally interfere with the person's effective and objective performance of his or her duties or responsibilities to the Company. Our code of business conduct and ethics sets forth several examples of how conflicts of interest may arise, including when:

a director, officer or employee or members of their immediate family, receive improper personal benefits because of their position with the Company;

the Company gives loans to, or guarantees of obligations of directors, officers, employees or their immediate family members; or

the director, officer, employee or their immediate family members use Company property or confidential information for personal use.

Our Audit Committee also has the responsibility, according to its charter, to review, assess and approve or disapprove conflicts of interest and related-party transactions.

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Each year we require all our directors, nominees for director and executive officers to complete and sign a questionnaire in connection with the solicitation of proxies for use at our annual general meeting of members. The purpose of the questionnaire is to obtain information, including information regarding transactions with related persons, for inclusion in our Proxy Statement or Annual Report.

In addition, we annually review SEC filings made by beneficial owners of more than five percent of any class of our voting securities to determine whether information relating to transactions with such persons needs to be included in our Proxy Statement or Annual Report.

Based on these reviews, our Board of Directors has determined that the Company did not engage in any transactions during the fiscal year ended September 30, 2009 with related persons which would require disclosure under Item 404 of Regulation S-K as adopted by the SEC, and there are currently no such proposed transactions.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes certain information regarding securities authorized for issuance under our equity compensation plans as of September 30, 2009. See information regarding material features of the plans in Note 7, *Stock-Based Compensation* to the Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009.

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options (a) | Weighted-Average Exercise Price of Outstanding Options (b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) |
|--|---|---|--|
| Equity compensation plans approved by security holders | 152,000 | \$ 18.91 | 786,550(1) |
| Equity compensation plans not approved by security holders | | | |
| Total | 152,000 | \$ 18.91 | 786,550(1) |

(1) Although 238,550 shares are available to be issued under the 2004 Incentive Stock Plan, the Company does not intend to grant additional shares from this Plan. There are 548,000 shares available to be issued under the 2006 Stock and Performance Incentive Plan.

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**SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of our Common Stock, as of November 27, 2009, by each of our Directors and executive officers and by all executive officers and Directors as a group.

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class(1) |
|--|--|---------------------------|
| SECURITY OWNERSHIP OF 5% HOLDERS | | |
| Barclay's Global Investors, NA | 524,239(2) | 6.71% |
| SECURITY OWNERSHIP OF MANAGEMENT | | |
| L. Decker Dawson | 108,192(3) | 1.39% |
| Christina W. Hagan | 49,274(4)(5) | * |
| Stephen C. Jumper | 38,552(4)(5) | * |
| C. Ray Tobias | 25,650(4)(5) | * |
| Howell W. Pardue | 13,375(5) | * |
| Kermit S. Forsdick | 6,250(4)(5) | * |
| Tim C. Thompson | 8,000 | * |
| Gary M. Hoover | 5,000 | * |
| Paul H. Brown | 3,000 | * |
| Jack D. Ladd | 1,000 | * |
| Ted R. North | 1,000 | * |
| All directors and executive officers as a group (11 persons) | 259,293 | 3.32% |

* Indicates less than 1% of the outstanding shares of Common Stock.

- (1) As of November 27, 2009, there were 7,809,416 shares of Common Stock issued and outstanding. Unless otherwise indicated, the beneficial owner has sole voting and investment power with respect to all shares listed.
- (2) As reported on Schedule 13G filed with the SEC on February 5, 2009 in a joint filing with Barclays Global Fund Advisors and Barclays Global Investors Japan Limited. The filing person's address is 400 Howard Street, San Francisco, California 94105.
- (3) Mr. Dawson's shares are held as an individual and through a revocable trust.
- (4) Includes shares subject to options exercisable within 60 days of the record date as follows: Mr. Jumper 3,750 shares; Ms. Hagan 2,500 shares; Mr. Tobias 2,500 shares; Mr. Forsdick 1,250 shares.
- (5) Includes shares attributable to restricted Common Stock, as follows: Mr. Jumper 3,000 shares; Ms. Hagan 2,250 shares; Mr. Tobias 2,250 shares; Mr. Pardue 2,250 shares; Mr. Forsdick 1,500 shares. The restricted

stock is subject to forfeiture and may not be sold or transferred during the three-year vesting period. Holders of shares of restricted stock have the right to vote.

PROPOSAL 2:

**RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

The Board of Directors has selected KPMG LLP for appointment as our independent registered public accounting firm for the fiscal year ending September 30, 2010, subject to ratification by the stockholders. KPMG LLP served as our independent registered public accountants for the fiscal year ended September 30, 2009. Representatives of KPMG LLP are expected to be present at the Annual Meeting of stockholders to respond to appropriate questions and will have an opportunity to make a statement if they desire to do so. **Our Board of Directors recommends that you vote FOR the appointment of KPMG LLP as our independent registered public accountants for the fiscal year ending September 30, 2010.**

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FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Audit Fees. The aggregate fees billed for the fiscal years 2009 and 2008 for professional services rendered by the principal independent accountant, KPMG LLP, for the audit of our annual financial statements, review of our quarterly reports on Form 10-Q and audit of our internal controls over financial reporting, were \$411,524 and \$348,500, respectively.

Audit-Related Fees. The aggregate fees billed for fiscal years 2009 and 2008 for professional services rendered by the principal independent accountant, KPMG LLP, for Audit-Related Fees were \$10,000 and \$10,800, respectively. In 2009, KPMG LLP provided services related to the filing of a Form S-3 with respect to filing of a shelf registration statement with the SEC covering the periodic offer and sale of up to \$100.0 million in debt securities, preferred and common stock and warrants. In 2008, KPMG LLP provided services related to the filing of a Form S-8 with respect to the 2006 Plan.

Tax Fees. There were no fees billed in each of the last two fiscal years for tax services provided by the principal independent accountant, KPMG LLP.

All Other Fees. There were no other fees billed in each of the last two fiscal years for products or services provided by the principal independent accountant, KPMG LLP, other than those reported under the captions *Audit Fees*, *Audit-Related Fees* and *Tax Fees* above.

The Audit Committee's policy on pre-approval of fees and other compensation paid to the independent registered accounting firm requires the Chairman of the Audit Committee to sign all engagement letters of the principal independent accountant prior to commencement of any services. All fees paid in 2009 were approved in accordance with these procedures. All of the work performed in auditing our financial statements for the last two fiscal years by the principal independent accountants, KPMG LLP, has been performed by their full-time, permanent employees.

REPORT OF THE AUDIT COMMITTEE

To the Stockholders of Dawson Geophysical Company:

It is the responsibility of the members of the Audit Committee to contribute to the reliability of the Company's financial statements. In keeping with this goal, the Board of Directors adopted a written charter, which is posted on the Company's website at <http://www.dawson3d.com> in the Corporate Governance area of the Investor Relations section. The Audit Committee is satisfied with the adequacy of the charter based upon its evaluation of the charter during fiscal 2009. The Audit Committee met thirteen times during fiscal 2009. The members of the Audit Committee are independent directors.

The Audit Committee oversees the Company's financial reporting process on behalf of the entire Board of Directors. Management has the primary responsibility for the Company's financial statements and the reporting process, including the systems of internal controls. The primary responsibilities of the Audit Committee are to select and retain the Company's auditors (including review and approval of the terms of engagement and fees), to review with the auditors the Company's financial reports (and other financial information) provided to the SEC and the investing public, to prepare and publish this report and to assist the Board of Directors with oversight of the following:

integrity of the Company's financial statements;

compliance by the Company with standards of business ethics and legal and regulatory requirements;
qualifications and independence of the Company's independent auditors; and
performance of the Company's independent auditors.

The Audit Committee has reviewed and discussed the Company's audited financial statements with management. It has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 114, The Auditor's Communication With Those Charged With Governance. Additionally, the Audit Committee has received the written disclosures and the letter from KPMG LLP, the independent

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accountants, required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the Audit Committee concerning independence and has discussed with the independent accountants the independent accountants' independence.

Audit and audit-related fees billed to the Company by KPMG LLP during the Company's 2009 fiscal year for the audit of the Company's annual financial statements, the review of those financial statements included in the Company's quarterly reports of Form 10-Q and the audit of our internal controls over financial reporting totaled approximately \$421,524.

Based on reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the financial statements for fiscal 2009 be included in the Company's Annual Report on Form 10-K.

Audit Committee

Paul H. Brown

Gary M. Hoover

Ted R. North

Tim C. Thompson

December 15, 2009

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and officers, and persons who own more than 10% of our outstanding Common Stock, to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock held by such persons. These persons are also required to furnish us with copies of all forms they file under this regulation.

To our knowledge, based solely on a review of the copies of such reports furnished to us and without further inquiry, during the fiscal year ended September 30, 2009, our directors, officers and beneficial owners of more than 10% of Common Stock complied with all applicable Section 16(a) filing requirements, except in the following instance: Kermit S. Forsdick filed two late Form 4s reporting a cashless exercise of stock options and a sale of shares, respectively.

STOCKHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

The next Annual Meeting of the Company's stockholders is scheduled to be held on January 25, 2011. Stockholders may submit proposals appropriate for stockholder action at the next Annual Meeting consistent with the regulations of the Securities and Exchange Commission. If a stockholder desires to have such proposal included in the Proxy Statement and form of proxy distributed by the Board of Directors with respect to such meeting, the proposal must be received at our principal executive offices, 508 West Wall, Suite 800, Midland, Texas 79701, Attention: Ms. Christina W. Hagan, Secretary, no later than August 17, 2010.

In addition, our Bylaws establish advance notice procedures with regard to certain matters, including stockholder proposals not included in our Proxy Statement, to be brought before an Annual Meeting. In general, our corporate secretary must receive notice of any such proposal not less than 80 days prior to the date of the Annual Meeting (in the case of the next Annual Meeting, on or prior to November 6, 2010) at the address of our principal executive offices shown above. Such notice must include the information specified in Article II, Section 14 of our Bylaws.

HOUSEHOLDING

The SEC permits a single set of annual reports and proxy statements to be sent to any household at which two or more stockholders reside if they appear to be members of the same family. Each stockholder continues to receive a separate proxy card. This procedure, referred to as householding, reduces the volume of duplicate information stockholders receive and reduces mailing and printing expenses. A number of brokerage firms have instituted householding.

As a result, if you hold your shares through a broker and you reside at an address at which two or more stockholders reside, you will likely be receiving only one annual report and proxy statement unless any stockholder

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at that address has given the broker contrary instructions. However, if any such beneficial stockholder residing at such an address wishes to receive a separate annual report or proxy statement in the future, or if any such beneficial stockholder that elected to continue to receive separate annual reports or proxy statements wishes to receive a single annual report or proxy statement in the future, that stockholder should contact their broker or send a request to our corporate secretary at our principal executive offices, 508 West Wall, Suite 800, Midland, Texas 79701, telephone number (432) 684-3000. We will deliver, promptly upon written or oral request to the corporate secretary, a separate copy of the 2009 Annual Report and this Proxy Statement to a beneficial stockholder at a shared address to which a single copy of the documents was delivered. Similarly, you may also contact us if you received multiple copies of such materials and would prefer to receive a single copy in the future.

OTHER MATTERS

We know of no other business which will be presented at the Annual Meeting other than as explained herein. Our Board of Directors has approved a process for collecting, organizing and delivering all stockholder communications to each of its members. To contact all directors on the Board of Directors, all directors on a committee of the Board of Directors or an individual member or members of the Board of Directors, a stockholder may mail a written communication to: Dawson Geophysical Company, Attention: Secretary, 508 West Wall, Suite 800, Midland, Texas 79701. All communications received in the mail will be opened by our Secretary, Christina W. Hagan, for the purpose of determining whether the contents represent a message to the Board of Directors. The contents of stockholder communications to the Board of Directors will be promptly relayed to the appropriate members. We encourage all members of the Board of Directors to attend the Annual Meeting of Stockholders. All nominees for election to the Board of Directors in 2010 attended the Annual Meeting for fiscal 2008.

On December 1, 2009, we filed with the SEC an Annual Report on Form 10-K for the fiscal year ended September 30, 2009. The Annual Report on Form 10-K has been provided concurrently with this Proxy Statement to all stockholders entitled to notice of, and to vote at, the Annual Meeting.

Stockholders may also obtain a copy of the Annual Report on Form 10-K and any of our other SEC reports, free of charge, (1) from the SEC's website at www.sec.gov, (2) from our website at www.dawson3d.com, or (3) by writing to our corporate secretary at our principal executive offices, 508 West Wall, Suite 800, Midland, Texas 79701, telephone number (432) 684-3000. The Annual Report on Form 10-K is not incorporated into this Proxy Statement and is not considered proxy solicitation material. Information contained on our website, other than this Proxy Statement, is not part of the proxy solicitation material and is not incorporated by reference herein.

ADDITIONAL INFORMATION ABOUT THE COMPANY

You can learn more about the Company and our operations by visiting our website at www.dawson3d.com. Among other information we have provided there, you will find:

The charters of each of our standing committees of the Board of Directors;

Our code of business conduct and ethics;

Information concerning our business and recent news releases and filings with the SEC; and

Information concerning our Board of Directors and stockholder relations.

For additional information about the Company, please refer to our 2009 Annual Report, which is being mailed with this Proxy Statement.

BY ORDER OF THE BOARD OF DIRECTORS

Christina W. Hagan, Secretary

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Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Form 10-K Wrap are available at www.proxyvote.com.

DGC0M2

DAWSON GEOPHYSICAL COMPANY

508 West Wall, Suite 800

Midland, TX 79701

432-684-3000

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
ANNUAL MEETING OF STOCKHOLDERS**

January 26, 2010

The stockholder(s) hereby appoint(s) L. Decker Dawson and Tim C. Thompson, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Dawson Geophysical Company that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 10:00 A.M., Central Time on January 26, 2010, at the Petroleum Club of Midland, Midland, Texas, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR PROPOSAL 2.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE

Address Changes/Comments:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

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**DAWSON GEOPHYSICAL COMPANY
508 WEST WALL
SUITE 800
MIDLAND, TX 79701**

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: DGC0M1 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

| | | |
|--|---|--|
| <p>DAWSON GEOPHYSICAL COMPANY</p> <p>THE DIRECTORS RECOMMEND A VOTE FOR ITEMS 1 AND 2.</p> | <p>For All</p> <p>Withhold All</p> <p>For All Except</p> | <p>To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.</p> |
|--|---|--|

| | |
|--|--|
| <p>Vote on Directors</p> <p>1. To elect as Directors of Dawson Geophysical Company the nominees listed below.</p> | <p><input type="radio"/></p> <p><input type="radio"/></p> <p><input type="radio"/></p> |
|--|--|

Nominees:

| | |
|--|---|
| <p>01) Paul H. Brown</p> <p>02) L. Decker Dawson</p> | <p>05) Jack D. Ladd</p> <p>06) Ted R. North</p> |
|--|---|

