

DORCHESTER MINERALS LP
Form 10-Q
August 05, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC. 20549

FORM 10-Q

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

Or

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

For the transition period from _____ to _____

For the Quarterly Period Ended June 30, 2010 Commission file number 000-50175

DORCHESTER MINERALS, L.P.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

81-0551518
(I.R.S. Employer Identification No.)

3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (214) 559-0300

None

Former name, former address and former fiscal
year, if changed since last report

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting

Edgar Filing: DORCHESTER MINERALS LP - Form 10-Q

company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting
o company o

(Do not check if a smaller
reporting company)

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

As of August 5, 2010, 30,675,431 common units of partnership interest were outstanding.

TABLE OF CONTENTS

<u>DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS</u>		1
<u>PART I</u>		1
<u>ITEM 1.</u>	<u>FINANCIAL INFORMATION</u>	1
	<u>CONDENSED CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2010 (UNAUDITED) AND DECEMBER 31, 2009</u>	2
	<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (UNAUDITED).</u>	3
	<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (UNAUDITED).</u>	4
	<u>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	5
ITEM 2.	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	6
ITEM 3.	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	12
ITEM 4	<u>CONTROLS AND PROCEDURES</u>	12
<u>PART II</u>		13
ITEM 1.	<u>LEGAL PROCEEDINGS</u>	13
ITEM 1A.	<u>RISK FACTORS</u>	13
ITEM 2.	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	13
ITEM 3.	<u>DEFAULTS UPON SENIOR SECURITIES</u>	13
ITEM 4.	<u>(REMOVED AND RESERVED)</u>	13
ITEM 5.	<u>OTHER INFORMATION</u>	13
ITEM 6.	<u>EXHIBITS</u>	13
<u>SIGNATURES</u>		14
<u>INDEX TO EXHIBITS</u>		15
<u>CERTIFICATIONS</u>		16

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Statements included in this report that are not historical facts (including any statements concerning plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto), are forward-looking statements. These statements can be identified by the use of forward-looking terminology including “may,” “believe,” “will,” “expect,” “anticipate,” “estimate,” “continue” or other similar words. These statements discuss future expectations, contain projections of results of operations or of financial condition or state other “forward-looking” information. In this report, the term “Partnership,” as well as the terms “DMLP,” “us,” “our,” “we,” and “its” are sometimes used as abbreviated references to Dorchester Minerals, L.P. itself or Dorchester Minerals, L.P. and its related entities.

These forward-looking statements are based upon management’s current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and, therefore, involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements for a number of important reasons. Examples of such reasons include, but are not limited to, changes in the price or demand for oil and natural gas, changes in the operations on or development of our properties, changes in economic and industry conditions and changes in regulatory requirements (including changes in environmental requirements) and our financial position, business strategy and other plans and objectives for future operations. These and other factors are set forth in our filings with the Securities and Exchange Commission.

You should read these statements carefully because they discuss our expectations about our future performance, contain projections of our future operating results or our future financial condition, or state other “forward-looking” information. Before you invest, you should be aware that the occurrence of any of the events described in this report could substantially harm our business, results of operations and financial condition and that upon the occurrence of any of these events, the trading price of our common units could decline, and you could lose all or part of your investment.

PART I

ITEM 1. FINANCIAL INFORMATION

See attached financial statements on the following pages.

DORCHESTER MINERALS, L.P.
(A Delaware Limited Partnership)

CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

ASSETS	June 30, 2010 (unaudited)	December 31, 2009
Current assets:		
Cash and cash equivalents	\$ 14,110	\$ 10,124
Trade and other receivables	5,874	5,419
Net profits interests receivable - related party	1,904	3,703
Prepaid expenses	25	-
Total current assets	21,913	19,246
Other non-current assets	19	19
Total	19	19
Property and leasehold improvements - at cost:		
Oil and natural gas properties (full cost method)	344,190	327,069
Accumulated full cost depletion	(202,572)	(193,822)
Total	141,618	133,247
Leasehold improvements	512	512
Accumulated amortization	(280)	(256)
Total	232	256
Net property and leasehold improvements	141,850	133,503
Total assets	\$ 163,782	\$ 152,768
LIABILITIES AND PARTNERSHIP CAPITAL		
Current liabilities:		
Accounts payable and other current liabilities	\$ 1,158	\$ 529
Current portion of deferred rent incentive	39	39
Total current liabilities	1,197	568
Deferred rent incentive less current portion	149	169
Total liabilities	1,346	737
Commitments and contingencies (Note 2)		
Partnership capital:		
General partner	5,039	5,240
Unitholders	157,397	146,791
Total partnership capital	162,436	152,031

Total liabilities and partnership capital	\$163,782	\$152,768
---	-----------	-----------

The accompanying condensed notes are an integral part of these consolidated financial statements.

2

DORCHESTER MINERALS, L.P.
(A Delaware Limited Partnership)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands except Earnings per Unit)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Operating revenues:				
Royalties	\$ 10,704	\$ 8,006	\$ 22,668	\$ 15,031
Net profits interests	2,486	1,593	5,671	3,375
Lease bonus	1,028	80	1,400	89
Other	38	 		