

**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

For the quarterly period ended **March 31, 2020**
or

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

For the transition period from _____ to _____

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)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Units Representing Limited Partnership Interest	DMLP	NASDAQ Global Select Market

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐
Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

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

Number of common units representing limited partnership interests outstanding as of May 7, 2020: 34,679,774

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

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 terms "us", "our", "we", and "its" are sometimes used as abbreviated references to the Partnership.

These forward-looking statements are made 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, including those discussed under Item 1A. "Risk Factors" in the Partnership's annual report on Form 10-K and in this report, in its other filings with the Securities and Exchange Commission and elsewhere in this report. Examples of such reasons include, but are not limited to, changes in the price or demand for oil and natural gas, including the recent significant decline in energy prices, public health crises including the worldwide COVID-19 or coronavirus outbreak beginning in early 2020, 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.

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 herein described in Item 1A. "Risk Factors" in the Partnership's annual report on Form 10-K and its other filings with the Securities and Exchange Commission and elsewhere 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 – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

See attached financial statements on the following pages.

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

CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)
(Unaudited)

	March 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,226	\$ 15,339
Trade and other receivables	3,914	7,061
Net profits interests receivable - related party	4,041	5,882
Total current assets	<u>28,181</u>	<u>28,282</u>
Property and leasehold improvements - at cost:		
Oil and natural gas properties (full cost method)	405,670	405,670
Accumulated full cost depletion	(322,878)	(319,544)
Total	<u>82,792</u>	<u>86,126</u>
Leasehold improvements	989	989
Accumulated amortization	(169)	(146)
Total	<u>820</u>	<u>843</u>
Operating lease right-of-use asset	<u>1,571</u>	<u>1,632</u>
Total assets	<u>\$ 113,364</u>	<u>\$ 116,883</u>
LIABILITIES AND PARTNERSHIP CAPITAL		
Current liabilities:		
Accounts payable and other current liabilities	\$ 2,803	\$ 2,052
Operating lease liability	308	310
Total current liabilities	<u>3,111</u>	<u>2,362</u>
Operating lease liability	2,109	2,185
Total liabilities	<u>5,220</u>	<u>4,547</u>
Commitments and contingencies (Note 3)		
Partnership capital:		
General Partner	1,041	1,228
Unitholders	<u>107,103</u>	<u>111,108</u>
Total partnership capital	<u>108,144</u>	<u>112,336</u>
Total liabilities and partnership capital	<u>\$ 113,364</u>	<u>\$ 116,883</u>

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

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
(In Thousands, except per unit amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Operating revenues:		
Royalties	\$ 9,950	\$ 14,579
Net profits interests	5,168	4,379
Lease bonus	263	3
Other	95	70
Total operating revenues	15,476	19,031
Costs and expenses:		
Operating, including production taxes	1,440	1,612
Depreciation, depletion and amortization	3,357	2,307
General and administrative expenses	1,918	1,133
Total costs and expenses	6,715	5,052
Net income	\$ 8,761	\$ 13,979
Allocation of net income:		
General Partner	\$ 238	\$ 446
Unitholders	\$ 8,523	\$ 13,533
Net income per common unit (basic and diluted)	\$ 0.25	\$ 0.42
Weighted average basic and diluted common units outstanding	34,680	32,360

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERSHIP CAPITAL
(In Thousands)
(Unaudited)

	General Partner	Unitholders	Total	Unitholder Units
Three Months Ended March 31, 2019				
Balance at January 1, 2019	\$ 1,826	\$ 84,821	\$ 86,647	32,280
Net income	446	13,533	13,979	
Acquisition of assets for units	-	43,824	43,824	2,400
Distributions (\$0.516572 per common unit)	(563)	(16,675)	(17,238)	
Balance at March 31, 2019	<u>\$ 1,709</u>	<u>\$ 125,503</u>	<u>\$ 127,212</u>	<u>34,680</u>
Three Months Ended March 31, 2020				
Balance at January 1, 2020	\$ 1,228	\$ 111,108	\$ 112,336	34,680
Net income	238	8,523	8,761	
Distributions (\$0.361242 per common unit)	(425)	(12,528)	(12,953)	
Balance at March 31, 2020	<u>\$ 1,041</u>	<u>\$ 107,103</u>	<u>\$ 108,144</u>	<u>34,680</u>

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Net cash provided by operating activities	\$ 17,840	\$ 17,689
Cash flows provided by investing activities:		
Net cash contributed in acquisition	-	1,169
Cash flows used in financing activities:		
Distributions paid to General Partner and unitholders	(12,953)	(17,238)
Increase in cash and cash equivalents	4,887	1,620
Cash and cash equivalents at beginning of period	15,339	18,285
Cash and cash equivalents at end of period	<u>\$ 20,226</u>	<u>\$ 19,905</u>
Non-cash investing and financing activities:		
Fair value of common units issued for acquisition	\$ -	\$ 43,824

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

Dorchester Minerals, L.P. (the “Partnership”) is a publicly traded Delaware limited partnership that was formed in December 2001, and commenced operations on January 31, 2003. The unaudited condensed consolidated financial statements include the accounts of the Partnership and its wholly-owned subsidiaries Dorchester Minerals Oklahoma LP, Dorchester Minerals Oklahoma GP, Inc., Maecenas Minerals LLP, Dorchester-Maecenas GP LLC, The Buffalo Co., A Limited Partnership, and DMLPTBC GP LLC.

The accompanying unaudited condensed consolidated financial statements of the Partnership have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). The unaudited condensed consolidated financial statements reflect all adjustments (consisting only of normal and recurring adjustments unless indicated otherwise) that are, in the opinion of management, necessary for the fair presentation of our financial position and operating results for the interim period. Interim period results are not necessarily indicative of the results for the calendar year. For more information regarding limitations on the forward-looking statements contained herein, see page 1 of this Quarterly Report on Form 10-Q. Per unit information is calculated by dividing the income or loss applicable to holders of the Partnership’s common units by the weighted average number of units outstanding. The Partnership has no potentially dilutive securities and, consequently, basic and diluted income per unit do not differ. The accompanying unaudited condensed consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Partnership’s 2019 Annual Report on Form 10-K.

The accompanying unaudited condensed consolidated financial statements include the consolidated results of the Partnership. All significant intercompany balances and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For example, estimates of uncollected revenues and unpaid expenses from Royalty Properties (which are interests in oil and natural gas leases that give the Partnership the right to receive a portion of the production from the leased acreage, without bearing the costs of such production) and net profits overriding royalty interests (referred to as the Net Profits Interests, or “NPIs”) operated by non-affiliated entities are particularly subjective due to our inability to gain accurate and timely information. Therefore, actual results could differ from those estimates.

Recent Events – In January 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the significant risks to the international community and economies as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 as a pandemic, based on the rapid increase in exposure globally. In addition, after the Organization of the Petroleum Exporting Countries (“OPEC”) and a group of oil producing nations led by Russia failed in March 2020 to agree on oil production cuts, Saudi Arabia announced that it would cut oil prices and increase production, leading to a sharp further decline in oil and natural gas prices. The effects of COVID-19 and concerns regarding its global spread, as well as the recent actions by Russia and Saudi Arabia, could continue to negatively impact the domestic and international supply and demand for oil and natural gas, to sustain price volatility and impact the price paid for oil and natural gas and to materially and adversely affect the demand for and marketability of oil and natural gas production.

We are closely monitoring the current and potential impact of the COVID-19 pandemic and future OPEC actions on all aspects of our business, including how these events may impact our future operations, financial results, liquidity, employees and producers. The impact of the COVID-19 pandemic and the related economic downturn, the historically low oil and natural gas prices and the ramifications of the oil price war between OPEC and other oil producing countries, is rapidly evolving. We cannot predict the long-term impact of these events on our liquidity, financial position, results of operations or cash flows due to uncertainties including the severity of COVID-19, the duration of the outbreak, governmental or other actions taken to combat COVID-19 and the effect COVID-19 and the current oil price volatility will have on the demand for oil and natural gas. These situations remain fluid and unpredictable and we are actively managing our response.

Revenue Recognition – Revenues from Royalty Properties and NPIs are recorded under the cash receipts approach as directly received from the remitters' statement accompanying the revenue check. Since the revenue checks are generally received two to four months after the production month, the Partnership accrues for revenue earned but not received by estimating production volumes and product prices. Identified differences between our accrued revenue estimates and actual revenue received historically have not been significant.

The Partnership does not record revenue for unsatisfied or partially unsatisfied performance obligations. The Partnership's right to revenues from Royalty Properties and NPIs occurs at the time of production, at which point, payment is unconditional, and no remaining performance obligation exists for the Partnership. Accordingly, the Partnership's revenue contracts for Royalty Properties and NPIs do not generate contract assets or contract liabilities.

Revenues from lease bonus payments are recorded upon receipt. The lease bonus is separate from the lease itself and is recognized as revenue to the Partnership upon receipt of payment. The Partnership generates lease bonus revenue by leasing its mineral interests to exploration and production companies, and includes proceeds from assignments of leasehold interests where the Partnership retains an interest. A lease agreement represents the Partnership's contract with a lessee and generally transfers the rights to develop oil or natural gas, grants the Partnership a right to a specified royalty interest, and requires that drilling and completion operations commence within a specified time period. Upon signing a lease agreement, no further performance obligation exists for the Partnership, and therefore, no contract assets or contract liabilities are generated.

2. Acquisition for Units

On March 29, 2019, pursuant to a Contribution and Exchange Agreement with H. Huffman & Co., A Limited Partnership, an Oklahoma limited partnership (“HHC”), The Buffalo Co., A Limited Partnership, an Oklahoma limited partnership (“TBC” and together with HHC, the “Acquired Entities”), Huffman Oil Co., L.L.C., an Oklahoma limited liability company, and the equity holders of the Acquired Entities, the Partnership acquired (i) a 96.97% net profits interest in certain working interests in various oil and natural gas properties owned by HHC, (ii) all of the minerals and royalty interests held by HHC, and (iii) all of the minerals and royalty interests held by TBC in exchange for 2,400,000 common units representing limited partnership interests in the Partnership (“Common Units”) valued at \$43.8 million and issued pursuant to the Partnership's acquisition shelf registration statements on Form S-4. We believe that the acquisition is considered complimentary to our business. The Acquired Entities were accounted for as an acquisition of assets under U.S. GAAP. Accordingly, the cost of the acquisition was allocated on a relative fair value basis and transaction costs were capitalized as a component of the cost of the assets acquired. The consolidated balance sheet as of December 31, 2019 includes \$42.9 million in net property additions. Net property additions for the three months ended March 31, 2019 includes \$4.3 million of unproved properties acquired that were recorded to the oil and natural gas properties full cost pool, thereby accelerating the costs subject to depletion.

The Partnership subsequently filed an acquisition shelf registration statement on Form S-4 that became effective June 6, 2019 and a shelf registration statement on Form S-3 that became effective August 21, 2019. 20,000,000 units remain available for issuance under the Partnership's registration statements.

3. Commitments and Contingencies

The Partnership and Dorchester Minerals Operating L.P., a Delaware limited partnership owned directly and indirectly by our General Partner, are involved in legal and/or administrative proceedings arising in the ordinary course of their businesses, none of which have predictable outcomes and none of which are believed to have any significant effect on our consolidated financial position, cash flows, or operating results.

4. Distributions to Holders of Common Units

Distributions for both the first quarter of 2020 and the first quarter of 2019 were paid on 34,679,774 common units. The first quarter 2020 distribution of \$0.477891 per common unit will be paid on May 14, 2020. Our partnership agreement requires the second quarter cash distribution to be paid by August 14, 2020.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements. For a description of limitations inherent in forward-looking statements, see page 1 of this Quarterly Report on Form 10-Q.

Overview

We own producing and nonproducing mineral, royalty, overriding royalty, net profits and leasehold interests. We refer to these interests as the Royalty Properties. We currently own Royalty Properties in 592 counties and parishes in 27 states.

We own six net profits overriding royalty interests (referred to as the Net Profits Interests, or “NPIs”) in various properties owned by Dorchester Minerals Operating LP (the “Operating Partnership”), a Delaware limited partnership owned directly and indirectly by our General Partner. We receive monthly payments equaling 96.97% of the net profits actually realized by the Operating Partnership from these properties in the preceding month. In the event that costs, including budgeted capital expenditures, exceed revenues on a cash basis in a given month for properties subject to a Net Profits Interest, no payment is made and any deficit is accumulated and reflected in the following month's calculation of net profit.

Each of the six NPIs (including the Minerals NPI, which is our largest NPI) have previously had cumulative revenue that exceeded cumulative costs, such excess constituting net proceeds on which NPI payments were determined. In the event an NPI has a deficit of cumulative revenue versus cumulative costs, the deficit will be borne solely by the Operating Partnership.

As of March 31, 2020, the Minerals NPI was in a surplus position and had outstanding capital commitments in the Bakken region equaling cash on hand of \$3.2 million.

Commodity Price Risks

Our profitability is affected by oil and natural gas market prices. Oil and natural gas market prices have fluctuated significantly in recent years in response to changes in the supply and demand for oil and natural gas in the market, along with domestic and international political and economic conditions.

In January 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 as a pandemic, based on the rapid increase in exposure globally. In addition, after OPEC, and a group of oil producing nations led by Russia failed in March 2020 to agree on oil production cuts, Saudi Arabia announced that it would cut oil prices and increase production, leading to a sharp further decline in oil and nature gas prices.

The COVID-19 pandemic and oil and natural gas market volatility have resulted in a significant decrease in oil prices and significant disruption and uncertainty in the oil and natural gas market. While these events did not materially impact our operating results or financial condition during the first quarter of 2020, and while these market disruptions may be temporary, we cannot reliably estimate the duration of the COVID-19 pandemic or current market conditions, or the ultimate impact these events will have on our future financial position, results of operations, cash flows or liquidity.

Results of Operations

Huffman Acquisition

On March 29, 2019, the Partnership acquired (the “Huffman Acquisition”) producing and nonproducing mineral, royalty and net profits interests pursuant to a Contribution and Exchange Agreement with H. Huffman & Co., A Limited Partnership, an Oklahoma limited partnership (“HHC”), The Buffalo Co., A Limited Partnership, an Oklahoma limited partnership (“TBC” and, together with HHC, the “Acquired Entities”), Huffman Oil Co., L.L.C., an Oklahoma limited liability company, and the equity holders of the Acquired Entities (the “Contribution and Exchange Agreement”). The mineral and royalty properties acquired pursuant to the Contribution and Exchange Agreement consisted of varying undivided interests totaling approximately 76,000 net acres located in 169 counties in 14 states, including positions in the Bakken Trend of North Dakota and interests in multiple enhanced oil recovery units in the Permian Basin. In addition to conveying mineral, royalty and net profits interests to the Partnership, the Acquired Entities delivered funds to the Partnership in an amount equal to their cash receipts during the period from January 1, 2019 through March 29, 2019 of \$1.2 million. The contributing entities conveyed their interests to the Partnership and affiliates of its General Partner in exchange for 2,400,000 common limited partnership units. The net income from the properties acquired in the Huffman Acquisition are included in the results of operations for the three months ended March 31, 2020.

Three Months Ended March 31, 2020 as compared to Three Months Ended March 31, 2019

Our period-to-period changes in net income and cash flows from operating activities are principally determined by changes in oil and natural gas sales volumes and prices. Our portion of oil and natural gas sales and weighted average prices were:

	Three Months Ended March 31,		% Change
	2020	2019	
Accrual basis sales volumes:			
Royalty Properties natural gas sales (mmcf)	869	931	(7)%
Royalty Properties oil sales (mbbls)	219	262	(16)%
NPI natural gas sales (mmcf)	745	623	20%
NPI oil sales (mbbls)	184	146	26%
Accrual basis weighted average sales price:			
Royalty Properties natural gas sales (\$/mcf)	\$ 1.62	\$ 2.34	(31)%
Royalty Properties oil sales (\$/bbl)	\$ 38.97	\$ 47.38	(18)%
NPI natural gas sales (\$/mcf)	\$ 1.15	\$ 2.45	(53)%
NPI oil sales (\$/bbl)	\$ 44.50	\$ 42.32	5%

Both oil and natural gas sales price changes reflected in the table above resulted from changing market conditions.

The decrease in oil sales volumes attributable to our Royalty Properties during the first quarter of 2020 compared to the same period of 2019 is primarily a result of decreased Permian Basin production, partially offset by increased production in the Bakken. The decrease in natural gas sales volumes attributable to our Royalty Properties during the first quarter of 2020 compared to the same period of 2019 is primarily a result of decreased production in legacy natural gas assets, partially offset by increased production in the Permian Basin and Bakken.

The increase in oil sales volumes attributable to our NPI properties during the first quarter of 2020 compared to the same period in 2019 is primarily a result of higher suspense releases for new wells in the Bakken and Permian Basin in the first quarter of 2020 versus the first quarter of 2019 and increased production in the Mid-Continent. The increase in natural gas sales volumes attributable to our NPI properties during the first quarter of 2020 compared to the same period in 2019 is primarily a result of higher suspense releases for new wells in the Bakken in the first quarter of 2020 versus the first quarter of 2019 and increased production in the Bakken, Permian Basin, and Mid-Continent, partially offset by decreased production in the Fayetteville Shale and Hugoton Field.

Operating revenues decreased 18% from \$19.0 million during the first quarter of 2019 to \$15.5 million during the same period of 2020. The decrease is primarily a result of lower realized oil and natural gas sales prices and oil and natural gas sales volumes attributable to our Royalty Properties for the first quarter of 2020 compared to the same period of 2019. The decrease in royalty revenue is partially offset by increased NPI and lease bonus revenues for the first quarter of 2020 compared to the same period of 2019.

Operating costs, including production taxes, decreased 13% from \$1.6 million during the first quarter of 2019 to \$1.4 million during the same period of 2020. The decrease is primarily a result of lower production taxes due to lower oil and natural gas sales volumes and realized prices for the first quarter of 2020 versus the first quarter of 2019.

Depreciation, depletion and amortization increased 48% from \$2.3 million during the first quarter of 2019 to \$3.4 million during the same period of 2020. We adjust our depletion rate each quarter for significant changes in our estimates of oil and natural gas reserves, including acquisitions.

General and administrative expenses increased 73% from \$1.1 million during the first quarter of 2019 to \$1.9 million during the same period of 2020. The increase is primarily a result of higher information technology project costs and higher public company compliance costs in the first quarter of 2020 versus the first quarter of 2019.

Net cash provided by operating activities remained consistent during the first quarter of 2020 compared to the same period of 2019.

In an effort to provide the reader with information concerning prices of oil and natural gas sales that correspond to our quarterly distributions, management calculates the weighted average price by dividing gross revenues received by the net volumes of the corresponding product without regard to the timing of the production to which such sales may be attributable. This “indicated price” does not necessarily reflect the contract terms for such sales and may be affected by transportation costs, location differentials, and quality and gravity adjustments. While the relationship between our cash receipts and the timing of the production of oil and natural gas may be described generally, actual cash receipts may be materially impacted by purchasers’ release of suspended funds and by purchasers’ prior period adjustments.

Cash receipts attributable to our Royalty Properties during the first quarter of 2020 totaled \$12.1 million. Approximately 87% of these receipts reflect oil sales during December 2019 through February 2020 and gas sales during November 2019 through January 2020, and approximately 13% from prior sales periods. The weighted average indicated prices for oil and natural gas sales received during the first quarter of 2020 attributable to the Royalty Properties were \$49.20/bbl and \$1.81/mcf, respectively.

Cash receipts attributable to our NPIs during the first quarter of 2020 totaled \$7.0 million. Approximately 75% of these receipts reflect oil sales and gas sales during November 2019 through January 2020, and approximately 25% from prior sales periods. The weighted average indicated prices for oil and natural gas sales received during the first quarter of 2020 attributable to our NPIs were \$55.52/bbl and \$1.59/mcf, respectively.

Liquidity and Capital Resources

Capital Resources

Our primary sources of capital are our cash flows from the NPIs and the Royalty Properties. Our partnership agreement requires that we distribute quarterly an amount equal to all funds that we receive from the NPIs and the Royalty Properties (other than cash proceeds received by the Partnership from a public or private offering of securities of the Partnership) less certain expenses and reasonable reserves. Additional cash requirements include the payment of oil and natural gas production and property taxes not otherwise deducted from gross production revenues and general and administrative expenses incurred on our behalf and allocated to the Partnership in accordance with the partnership agreement. Because the distributions to our unitholders are, by definition, determined after the payment of all expenses actually paid by us, the only cash requirements that may create liquidity concerns for us are the payment of expenses. Because most of these expenses vary directly with oil and natural gas sales prices and volumes, we anticipate that sufficient funds will be available at all times for payment of these expenses. See Note 4 to the unaudited Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for additional information regarding cash distributions to unitholders.

We are not directly liable for the payment of any exploration, development or production costs. We do not have any transactions, arrangements or other relationships that could materially affect our liquidity or the availability of capital resources. We have not guaranteed the debt of any other party, nor do we have any other arrangements or relationships with other entities that could potentially result in unconsolidated debt.

Pursuant to the terms of the partnership agreement, we cannot incur indebtedness, other than trade payables, (i) in excess of \$50,000 in the aggregate at any given time or (ii) which would constitute “acquisition indebtedness” (as defined in Section 514 of the Internal Revenue Code of 1986, as amended).

We currently expect to have sufficient liquidity to fund our distributions to unitholders and operations despite potential material uncertainties that may impact us as a result of the COVID-19 pandemic and oil and natural gas market volatility. Our ability to fund future distributions to unitholders may be affected by the prevailing economic conditions in the oil and natural gas market and other financial and business factors, including the COVID-19 pandemic, which are beyond our control. If market conditions were to change due to further declines in oil prices or uncertainty created by the COVID-19 pandemic, and our revenues were reduced significantly or our operating costs were to increase significantly, our cash flows and liquidity could be reduced. We are currently evaluating potential reductions in all discretionary spending. The current economic environment is rapidly evolving and therefore, we cannot predict the ultimate impact on our liquidity or cash flows.

Expenses and Capital Expenditures

The Operating Partnership continues to assess the opportunity to increase production based on prevailing market conditions in Oklahoma with techniques that may include fracture treating, deepening, recompleting, and drilling. Costs vary widely and are not predictable as each effort requires specific engineering. Such activities by the Operating Partnership could influence the amount we receive from the NPIs.

The Operating Partnership owns and operates the wells, pipelines and natural gas compression and dehydration facilities located in Oklahoma. The Operating Partnership does not anticipate incurring significant expense to replace these facilities at this time. These capital and operating costs are reflected in the NPI payments we receive from the Operating Partnership.

In 1998, Oklahoma regulations removed production quantity restrictions in the Guymon-Hugoton field and did not address efforts by third parties to persuade Oklahoma to permit infill drilling in the Guymon-Hugoton field. Infill drilling could require considerable capital expenditures. The outcome and the cost of such activities are unpredictable and could influence the amount we receive from the NPIs. The Operating Partnership believes it now has sufficient field compression and permits for vacuum operation for the foreseeable future.

Liquidity and Working Capital

Cash and cash equivalents totaled \$20.2 million at March 31, 2020 and \$15.3 million at December 31, 2019.

Critical Accounting Policies

As of March 31, 2020, there have been no significant changes to our critical accounting policies and related estimates previously disclosed in our 2019 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, our principal executive officer and principal financial officer carried out an evaluation of the effectiveness of our disclosure controls and procedures. Based on their evaluation, they have concluded that our disclosure controls and procedures were effective.

Changes in Internal Control

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934) during the quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Partnership and the Operating Partnership are involved in legal and/or administrative proceedings arising in the ordinary course of their businesses, none of which have predictable outcomes, and none of which are believed to have any significant effect on consolidated financial position, cash flows, or operating results.

ITEM 1A. RISK FACTORS

This section supplements and updates certain risk factors disclosed in Item 1A of Part I of the Partnership’s annual report on Form 10-K for the year ended December 31, 2019 (the “Annual Report”). The following risk factors supersede the corresponding risks described in the Annual Report and should be read together with the other risk factors disclosed in the Annual Report. In addition to the other information in this report, all of these risk factors should be carefully considered in evaluating us and our common units. Any of these risks, many of which are beyond our control, could materially and adversely affect our financial condition, results of operations or cash flows, or cause our actual results to differ materially from those projected in any forward-looking statements. We may also face other risks and uncertainties that are not presently known, are not currently believed to be material, or are not identified below because they are common to all businesses. Past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. For more information, see “Disclosure Regarding Forward-Looking Statements” on page 1 of this report.

Public health threats could have an adverse effect on our Company, our cash flow and our industry.

Public health threats and other highly communicable diseases, outbreaks of which have already occurred in various parts of the world, could adversely impact our Company, drilling activities on our properties and the global economy.

In particular, the outbreak in 2020 of a novel coronavirus (COVID-19) has resulted in quarantines, restrictions on travel and a decrease in economic activity across the world, which has resulted in a decrease in demand for hydrocarbons. The COVID-19 pandemic may continue to have a material adverse effect on the demand for hydrocarbons and the prices at which they are sold, which may impact our revenues and operating income, our cash distributions and our business generally. It is impossible to predict the effect of the continued spread, or fear of continued spread, of COVID-19 globally. No assurance can be given that public health threats will not have a material adverse effect, and that any further spread of COVID-19 will not have a material adverse effect, on our business, operations and financial results.

The Company may be adversely affected by the recent oversupply of oil and natural gas as a result of the actions of Saudi Arabia and Russia.

Recent actions by Saudi Arabia and Russia have caused a worldwide oversupply in oil and natural gas. After the OPEC and a group of oil producing nations led by Russia failed in March 2020 to agree on oil production cuts, Saudi Arabia announced that it would cut oil prices and increase production, leading to a sharp further decline in oil and natural gas prices. The oversupply of oil and natural gas, and the simultaneous decrease in demand as a result of the impact of COVID-19 on the global economy, has resulted and will continue to result in a significant decrease in the prices of hydrocarbons, which may have a material adverse effect on our cash distributions. Oil and natural gas operators on our properties may suspend drilling programs and may lose significant customers as purchasers, which would impact our revenues and operating income. In the event that any wells on our properties are shut-in, restarting wells may require significant costs from our operators, and we cannot guarantee that they would be able to restart at the same level. Moreover, due to the extremely volatile market conditions, we are unable to predict the degree or duration of any adverse impact on our operations and financial condition and other risks in our industry may be enhanced by such conditions.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

	(a)	(b)	(c)	(d)
Period	Total Number of Units Purchased	Average Price Paid per Unit	Total Number of Units Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Units that May Yet Be Purchased Under the Plans or Programs
January 1, 2020 – January 31, 2020	-	N/A	-	115,484(1)
February 1, 2020 – February 29, 2020	15,500(2)	\$ 15.99	15,500	99,984(1)
March 1, 2020 – March 31, 2020	-	N/A	-	99,984(1)
Total	15,500(2)	\$ 15.99	15,500	99,984(1)

- (1) The number of common units that the Operating Partnership may grant under the Dorchester Minerals Operating LP Equity Incentive Program, which was approved by our common unitholders on May 20, 2015 (the “Equity Incentive Program”), each fiscal year may not exceed 0.333% of the number of common units outstanding at the beginning of the fiscal year. In 2020, the maximum number of common units that could be purchased under the Equity Incentive Program is 115,484 common units.
- (2) Open-market purchases by the Operating Partnership, an affiliate of the Partnership, pursuant to a Rule 10b5-1 plan adopted on May 14, 2019 for the purpose of satisfying equity awards to be granted pursuant to the Equity Incentive Program.

ITEM 6. EXHIBITS

<u>Number</u>	<u>Description</u>
3.1	Certificate of Limited Partnership of Dorchester Minerals, L.P. (incorporated by reference to Exhibit 3.1 to Dorchester Minerals' Registration Statement on Form S-4, Registration Number 333-88282)
3.2	Amended and Restated Agreement of Limited Partnership of Dorchester Minerals, L.P. (incorporated by reference to Exhibit 3.2 to Dorchester Minerals' Annual Report on Form 10-K filed for the year ended December 31, 2002)
3.3	Amendment No. 1 to Amended and Restated Partnership Agreement of Dorchester Minerals, L.P. (incorporated by reference to Exhibit 3.1 to Dorchester Minerals' Current Report on Form 8-K filed with the SEC on December 22, 2017)
3.4	Amendment No. 2 to Amended and Restated Partnership Agreement of Dorchester Minerals, L.P. (incorporated by reference to Exhibit 3.4 to Dorchester Minerals' Quarterly Report on Form 10-Q filed with the SEC on August 6, 2018)
3.5	Certificate of Limited Partnership of Dorchester Minerals Management LP (incorporated by reference to Exhibit 3.4 to Dorchester Minerals' Registration Statement on Form S-4, Registration Number 333-88282)
3.6	Amended and Restated Limited Partnership Agreement of Dorchester Minerals Management LP (incorporated by reference to Exhibit 3.4 to Dorchester Minerals' Annual Report on Form 10-K for the year ended December 31, 2002)
3.7	Certificate of Formation of Dorchester Minerals Management GP LLC (incorporated by reference to Exhibit 3.7 to Dorchester Minerals' Registration Statement on Form S-4, Registration Number 333-88282)
3.8	Amended and Restated Limited Liability Company Agreement of Dorchester Minerals Management GP LLC (incorporated by reference to Exhibit 3.6 to Dorchester Minerals' Annual Report on Form 10-K for the year ended December 31, 2002)
3.9	Certificate of Formation of Dorchester Minerals Operating GP LLC (incorporated by reference to Exhibit 3.10 to Dorchester Minerals' Registration Statement on Form S-4, Registration Number 333-88282)
3.10	Limited Liability Company Agreement of Dorchester Minerals Operating GP LLC (incorporated by reference to Exhibit 3.11 to Dorchester Minerals' Registration Statement on Form S-4, Registration Number 333-88282)
3.11	Certificate of Limited Partnership of Dorchester Minerals Operating LP (incorporated by reference to Exhibit 3.12 to Dorchester Minerals' Registration Statement on Form S-4, Registration Number 333-88282)
3.12	Amended and Restated Agreement of Limited Partnership of Dorchester Minerals Operating LP (incorporated by reference to Exhibit 3.10 to Dorchester Minerals' Annual Report on Form 10-K for the year ended December 31, 2002)
3.13	Certificate of Limited Partnership of Dorchester Minerals Oklahoma LP (incorporated by reference to Exhibit 3.11 to Dorchester Minerals' Annual Report on Form 10-K for the year ended December 31, 2002)
3.14	Agreement of Limited Partnership of Dorchester Minerals Oklahoma LP (incorporated by reference to Exhibit 3.12 to Dorchester Minerals' Annual Report on Form 10-K for the year ended December 31, 2002)
3.15	Certificate of Incorporation of Dorchester Minerals Oklahoma GP, Inc. (incorporated by reference to Exhibit 3.13 to Dorchester Minerals' Annual Report on Form 10-K for the year ended December 31, 2002)
3.16	Bylaws of Dorchester Minerals Oklahoma GP, Inc. (incorporated by reference to Exhibit 3.14 to Dorchester Minerals' Annual Report on Form 10-K for the year ended December 31, 2002)
31.1*	Certification of Chief Executive Officer of the Partnership pursuant to Rule 13a-14(a) / 15d-14(a) of the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer of the Partnership pursuant to Rule 13a-14(a) / 15d-14(a) of the Securities Exchange Act of 1934
32.1**	Certification of Chief Executive Officer and Chief Financial Officer of the Partnership pursuant to 18 U.S.C. Sec. 1350
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

**Furnished herewith

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 thereunto duly authorized.

DORCHESTER MINERALS, L.P.

By: Dorchester Minerals Management LP
its General Partner

By: Dorchester Minerals Management GP LLC
its General Partner

By: /s/ William Casey McManemin
William Casey McManemin
Chief Executive Officer

Date: May 7, 2020

By: /s/ Leslie Moriyama
Leslie Moriyama
Chief Financial Officer

Date: May 7, 2020

CERTIFICATIONS

I, William Casey McManemin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dorchester Minerals, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2020

/s/ William Casey McManemin

 William Casey McManemin
 Chief Executive Officer of
 Dorchester Minerals Management GP LLC
 The General Partner of Dorchester Minerals
 Management LP
 The General Partner of Dorchester Minerals, L. P.

I, Leslie Moriyama, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dorchester Minerals, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2020

/s/ Leslie Moriyama

Leslie Moriyama
 Chief Financial Officer of
 Dorchester Minerals Management GP LLC,
 The General Partner of Dorchester Minerals
 Management LP
 The General Partner of Dorchester Minerals, L.P.

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Quarterly Report of Dorchester Minerals, L.P., (the "Partnership") on Form 10-Q for the period ended March 31, 2020 (the "Report"), each of the undersigned officers of Dorchester Minerals Management GP LLC, General Partner of Dorchester Minerals Management LP, General Partner of the Partnership, hereby certifies that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: May 7, 2020

/s/ William Casey McManemin

William Casey McManemin
Chief Executive Officer

Date: May 7, 2020

/s/ Leslie Moriyama

Leslie Moriyama
Chief Financial Officer