

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 15, 2020

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

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>000-50175</u> (Commission File Number)	<u>81-0551518</u> (IRS Employer Identification No.)
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3838 Oak Lawn, Suite 300, Dallas, Texas 75219
(Address of principal executive offices) (Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 7.01 Regulation FD Disclosure

On May 18, 2020, the Registrant will hold its 2020 Annual Meeting of Limited Partners. As previously reported in the April 3, 2020 Notice of Annual Meeting, the Partnership will no longer hold an in-person meeting, and instead the Partnership will hold its 2020 Annual Meeting in a “live virtual” meeting format only, via webcast, at www.virtualshareholdermeeting.com/DMLP2020.

The Partnership’s 2020 Annual Meeting slides are attached as Exhibit No. 99.1. The 2020 Annual Meeting will not include a live discussion of the slides, as the Partnership intends to host a live presentation at a later date. Management believes the opportunity for Unitholders to participate in a live discussion is appropriate and desirable.

FORWARD-LOOKING STATEMENTS

Portions of this filing may constitute “forward-looking statement” as defined by federal law. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Examples of such uncertainties and risk factors 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 the Partnership’s properties, changes in economic and industry conditions and changes in regulatory requirements (including changes in environmental requirements) and the Partnership’s financial position, business strategy and other plans and objectives for future operations. These and other factors are set forth in the Partnership’s filings with the Securities and Exchange Commission. Any forward-looking statement made by us in this filing is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update or revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or circumstances, or otherwise..

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 [Slide Presentation is attached hereto as Exhibit 99.1 and incorporated herein by reference.](#)

Limitation on Incorporation by Reference

In accordance with general instructions B.2 and B.6 of Form 8-K, the information disclosed in this report under Item 7.01, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DORCHESTER MINERALS, L.P.
Registrant

by Dorchester Minerals Management LP
its General Partner,
by Dorchester Minerals Management GP LLC
its General Partner

Date: May 15, 2020

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

Dorchester Minerals, LP

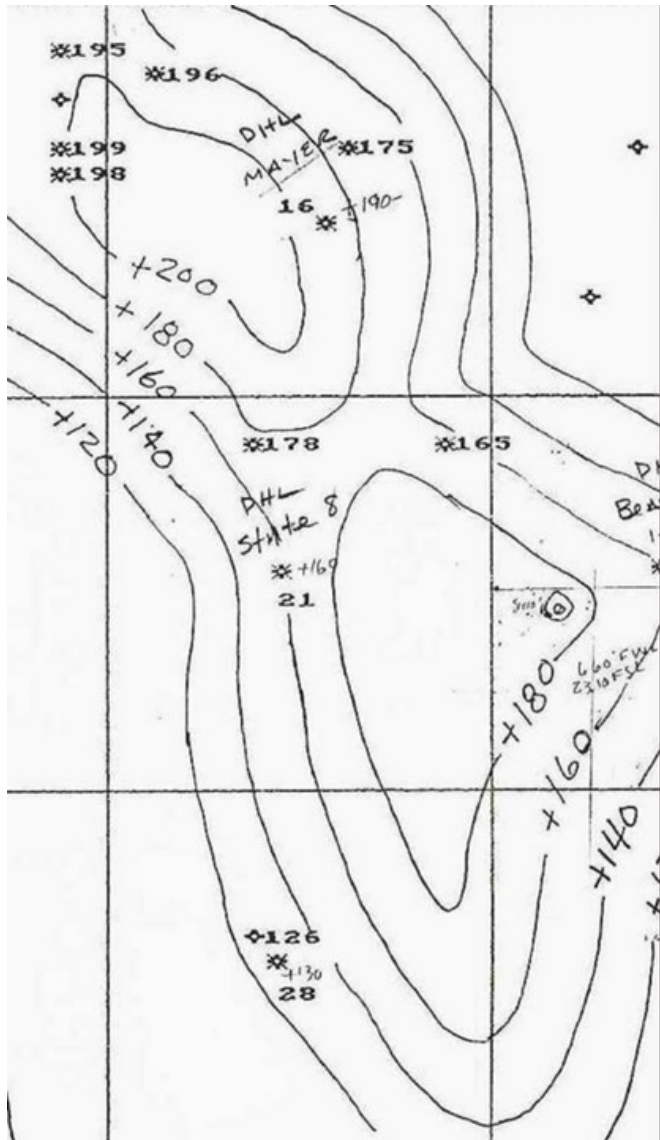
VIRTUAL
ANNUAL MEETING

May 18, 2020



Forward-Looking Statements

Portions of this presentation may constitute, and our officers and representatives from time to time may make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate", "intend", "plan", "goal", "seek", "believe", "project", "estimate", "expect", "strategy", "future", "likely", "may", "should", "will," "continue" or similar words, and the absence of such words does not mean that the statements are not forward-looking. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on (and these statements may discuss) our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections of results of operations or of financial condition, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Therefore, you should not rely on any of these forward-looking statements. Examples of such uncertainties and risks 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 the Partnership's properties, changes in economic and industry conditions and changes in regulatory requirements (including changes in environmental requirements) and the Partnership's consolidated financial position, business strategy and other plans and objectives for future operations. These and other factors are set forth in the Partnership's filings with the Securities and Exchange Commission. Any forward-looking statement made by us in this document is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update or revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or circumstances, or otherwise.



OUTLINE

- Trends and Observations
- Distributions
- Minerals NPI Activity
- Production and Reserves
- Property Discussion
- Summary



Trends and Observations

Challenging Environment on All Fronts

- Pressure on both prices and volumes
- Drop in rig count is likely a leading indicator of production roll-over
- Financial stability of our operators/lessees
- Industry consolidation is a likely outcome

Impacts on Distributions

- Short Term
 - Lag between product sales, receipt of revenue and distribution delays full effect of prices drop
- Medium Term
 - Production curtailments and shut-ins are likely to impact volumes
 - Leasing activity suspended → significant lease bonus income unlikely
- Long Term
 - Reduced development drilling may negatively affect production trends and future reserve revisions
 - Development of Eastern Delaware Basin likely to be delayed

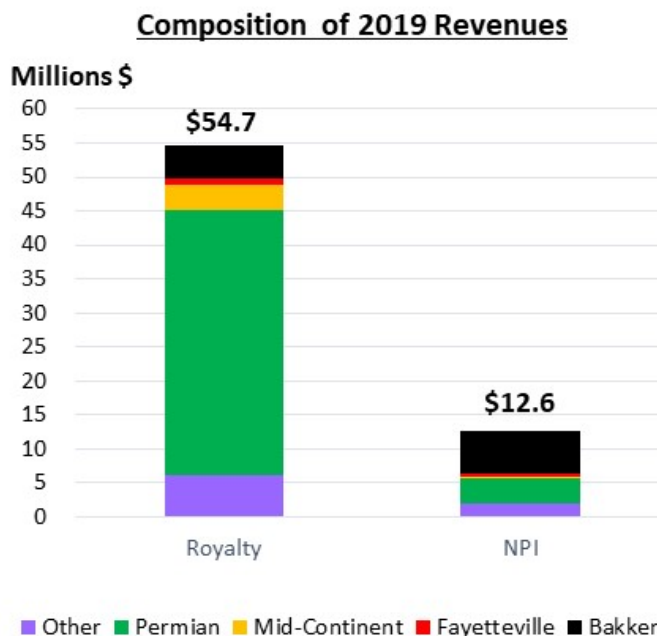
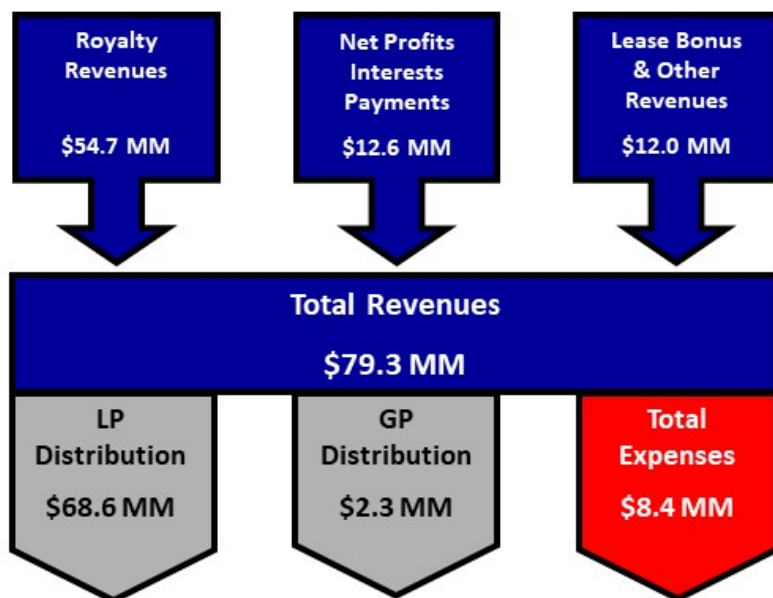
Partnership Response

- Increased attention to operator credit risk and revenue recovery
- Immediate flexibility in NPI participation → no long-term capital commitments
- Focus on reducing discretionary and other variable costs
- Continue search for accretive M&A opportunities

2019 Distributions

Cash Distributions Paid in Calendar 2019

- Reflects Q4 2018 thru Q3 2019 activity



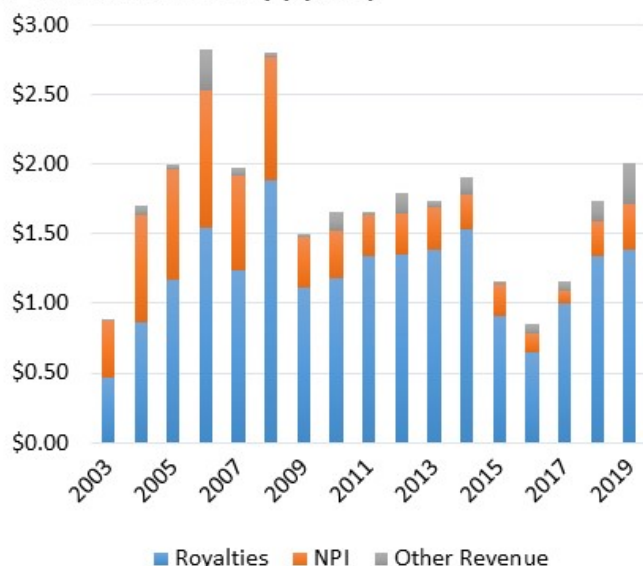
Note: Total expenses includes \$1.6 MM of Royalty Ad Valorem Taxes

2019 LP Distributions

Components and Prices

- Cumulative LP distributions of \$881 MM (\$29.54/unit) from inception through 2019
- Royalty properties contributed 69% to total 2019 Revenues
- Gross Revenue → 71% oil & liquids sales, 14% gas sales, 15% other

LP Distribution History (\$/unit)



Gas Price (\$/Mcf)



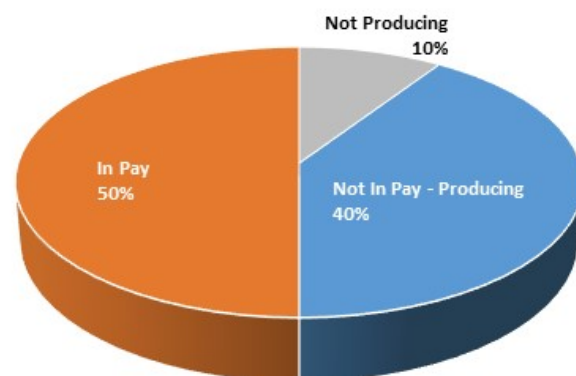
Note: Oil and Gas prices represent realized prices from royalty properties. Oil prices include Plant Products.

Minerals NPI

Trailing 12 Months Activity through March 2020

- Trailing 12 months operating margin of 67%
- NPI was in surplus status for the past 12 months

Bakken 3/31/20 Capital Commitments of \$3.2 MM = Cash Reserved



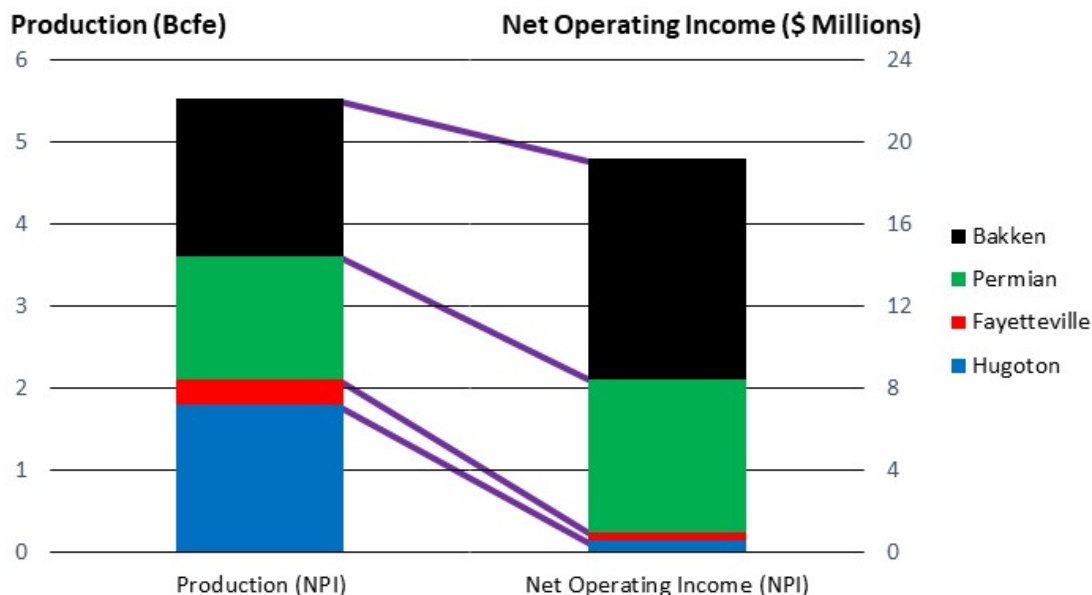
Trailing 12 Months Revenue	\$26.2 MM
Trailing 12 Months Expenses (LOE, taxes, etc.)	(\$8.6 MM)
Trailing 12 Months Net Operating Income	\$17.6 MM
Trailing 12 Months Minerals NPI Payments	\$15.7 MM
Trailing 12 Months Minerals NPI Payments \$/unit	\$0.45

Note: Outstanding Capital Commitments at March 2019 were \$8.2 MM

2019 NPI Net Operating Income

NPI contributions to distributions are not proportionate to production

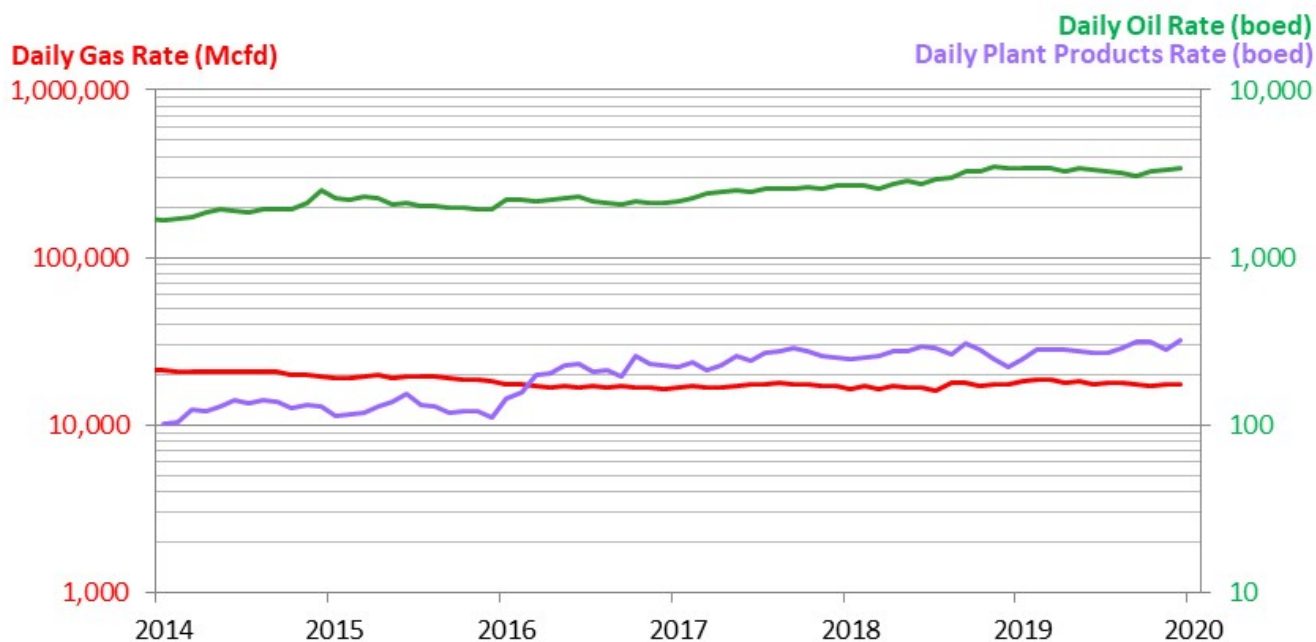
- Oil from Bakken and Permian represent the majority of Net Operating Income
- Natural gas from Fayetteville and Hugoton are much smaller contributors due to lower margins



Note: All other Geographic Areas not noted in legend are excluded from these charts.

Total Production

- Oil production increased by 103% between 2014 and 2019
- Gas production decreased by 18% between 2014 and 2019
- Plant Product production increased by 223% between 2014 and 2019



Note: Production graph limited to "in pay" volumes. Plant Product production calculated as Oil equivalent at 0.40:1 ratio throughout presentation.

Royalty and NPI Production

Royalty Production

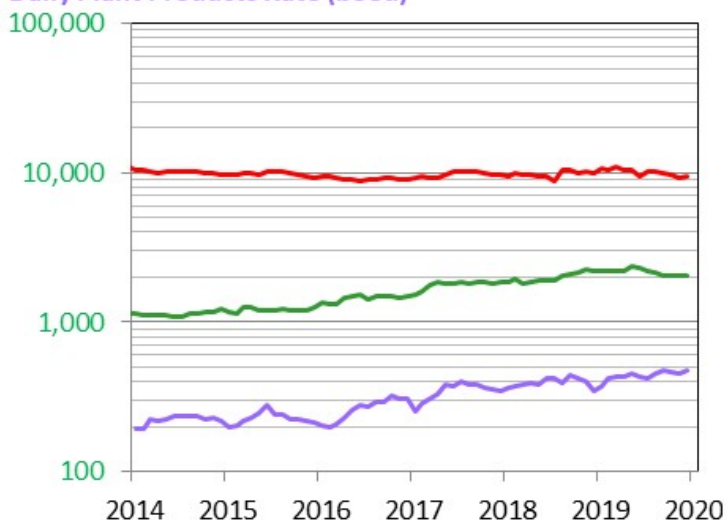
- Oil has been driven by robust Midland Basin development
- Gas decline is suppressed by associated gas from Bakken and Permian
- Plant Product increase due to high-BTU gas

NPI Production

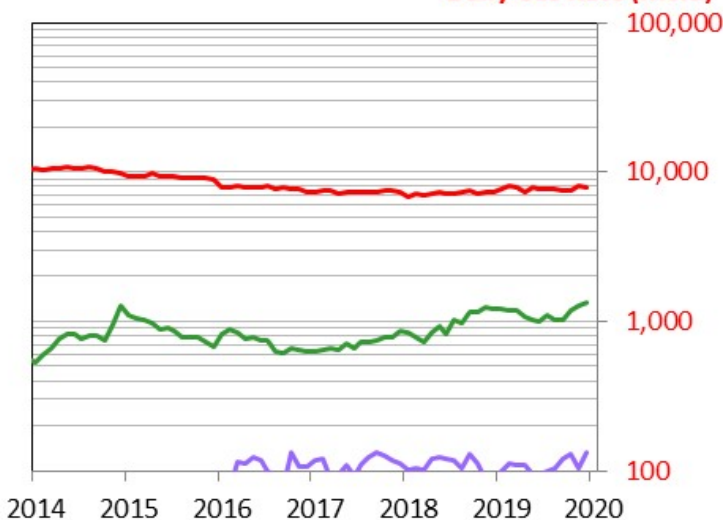
- Oil has been driven by Bakken participation and contributions from Permian APO WI
- Gas production is predominately from the Hugoton Field

Daily Oil Rate (boed)

Daily Plant Products Rate (boed)



Daily Gas Rate (Mcf)



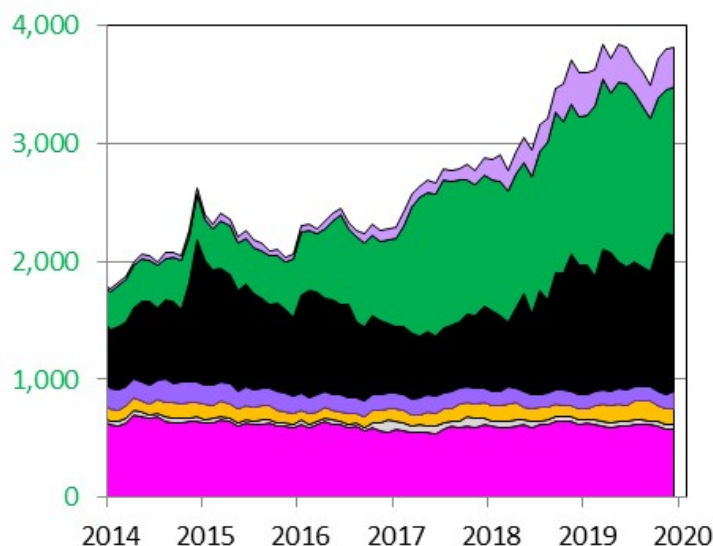
Note: Production graph limited to "in pay" volumes.

Composition of Production

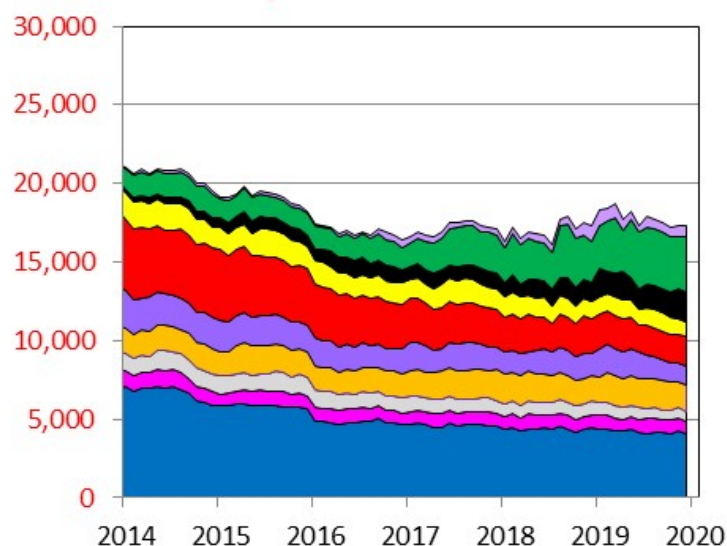
Contribution from Diverse Sources

- Production growth has come from new plays in mature basins
- Legacy assets provide low-decline production base
- Production from dry gas basins continues to decline

Daily Oil Rate (boed)



Daily Gas Rate (Mcf/d)



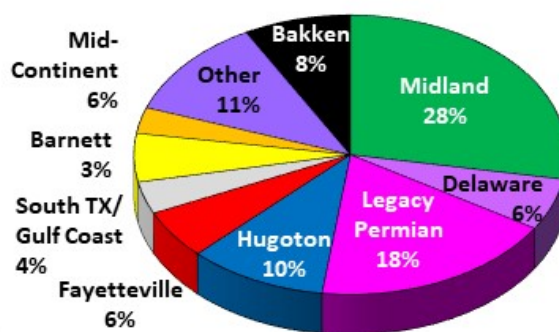
■ Hugoton ■ Legacy Permian □ S. Texas/Gulf Coast ■ Mid-Continent ■ Miscellaneous ■ Fayetteville Shale ■ Barnett Shale ■ Bakken ■ Core Midland Basin ■ Delaware

Note: Volumes attributable to NPI's are included regardless of surplus/deficit status and are burdened by lease operating costs and capital expenses.

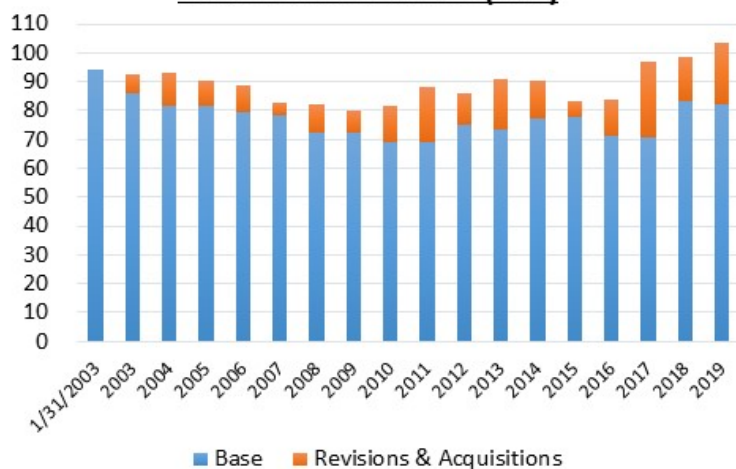
2019 Reserves

- Total Proved Reserves of 103.7 Bcfe on 12/31/2019
- All reserves are Proved Developed Producing (PDP)
- Balanced product mix → 44% oil, 44% natural gas, 12% plant products
- Permian and Bakken → 90% of total oil reserves
- Hugoton and Permian → 46% of total gas reserves
- Legacy Permian → low-decline conventional and EOR

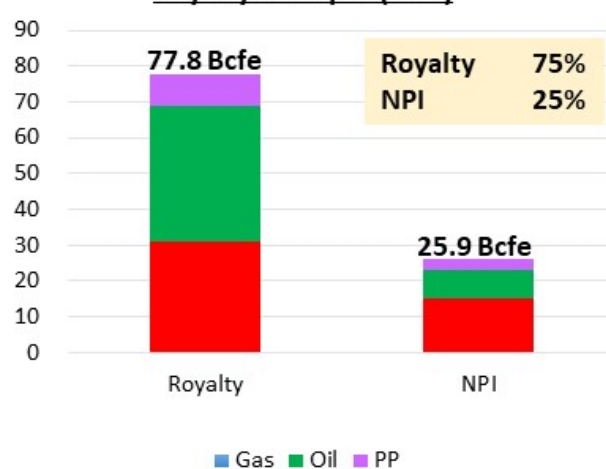
Geographic Split



Year-end PDP Reserves (Bcfe)



Royalty-NPI Split (Bcfe)

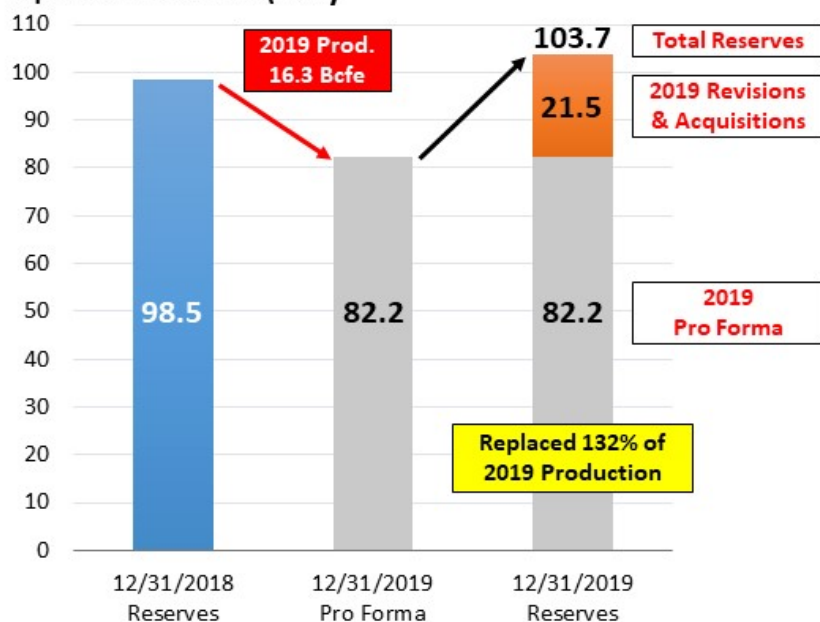


Note: Gas-Oil equivalency of 6:1 ratio is used throughout this presentation.

2019 Reserve Revisions

- Midland and Delaware Basins were major drivers of upward oil and gas revisions
- Q1 2019 Acquisition added 6.6 Bcfe of PDP reserves
- History of Reserve Revisions → Year-end reserves exceeded initial 2003 reserves by 10%

Equivalent Reserves (Bcfe)



Natural Gas Reserves (Bcf)

Year-End 2018	44.2
2019 Production	(6.8)
Revisions	6.5
Acquisitions	1.9
Year-End 2019	45.8

4% Year-over-year Decrease

Replaced 124% of Gas Production

Oil Reserves (Mbbls)

Year-End 2018	9,041
2019 Production	(1,585)
Revisions	1,394
Acquisitions	788
Year-End 2019	9,638

7% Year-over-year Increase

Replaced 138% of Oil Production

Mineral Portfolio Overview

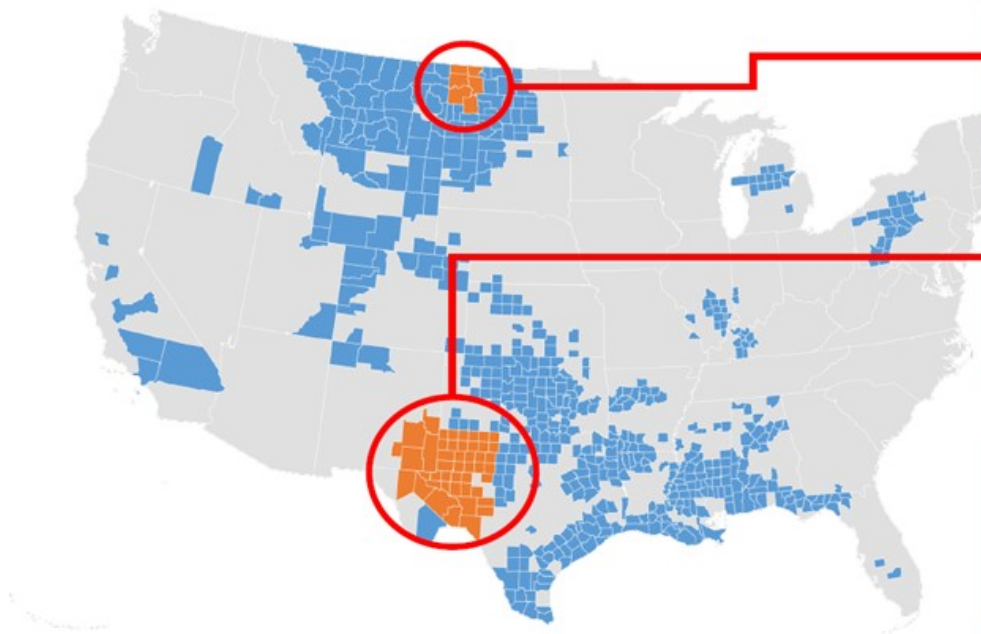
- Diversified mineral portfolio spanning 592 Counties in 27 States
- Producing and nonproducing mineral, royalty and net profits interests
- Wide geographic footprint with exposure to nearly every domestic producing basin
- Significant unleased and undeveloped acreage position

High Impact Areas

Bakken/Three Forks (ND)	10,000 nma
<ul style="list-style-type: none"> • Core area with development potential • Significant unleased mineral position • Largest contributor to Mineral NPI revenue 	
Permian (TX & NM)	84,000 nma
<ul style="list-style-type: none"> • <u>Midland Basin</u> – Large acreage spread across basin with mix of high net interests, blocks of contiguous acreage and unleased NPI wells • <u>Delaware Basin</u> – Ongoing development of prolific units and large net acreage position in highly prospective areas. • <u>Legacy Permian</u> – Exposure to long-lived, low decline EOR and conventional CBP units 	

Mature or Undeveloped Areas

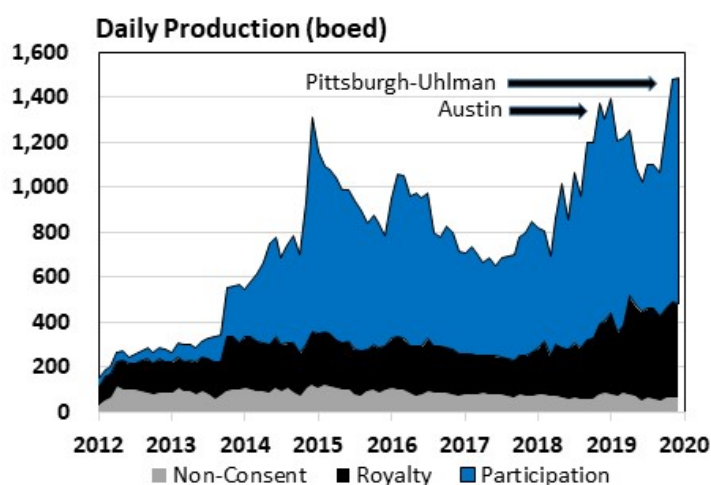
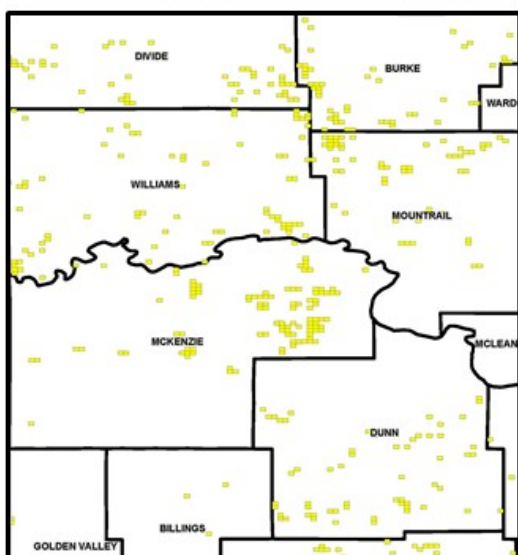
Non-Bakken Rockies	167,000 nma
Non-Permian Texas	75,000 nma
Southeast	45,000 nma
Mid-Continent	38,000 nma
Appalachia	25,000 nma
Other	8,000 nma



Note: Net Mineral Acre (nma) counts are limited to Executive Mineral Interests

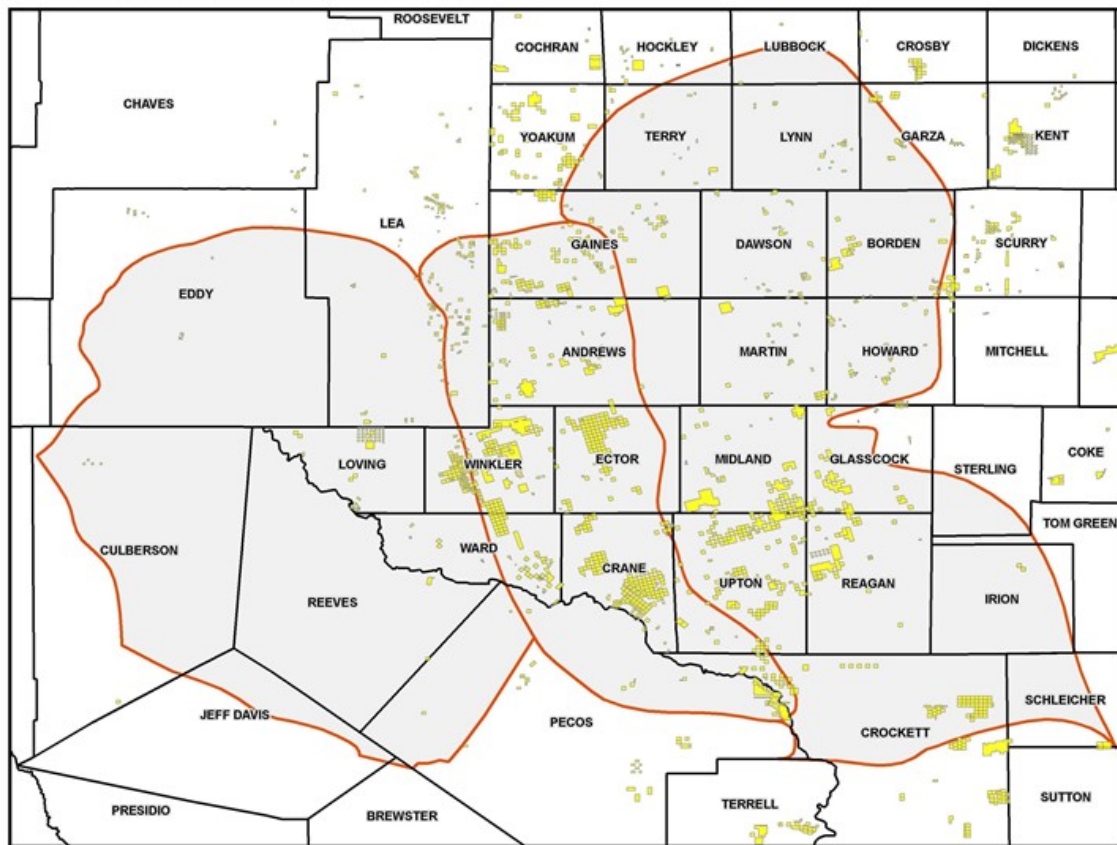
Bakken/Three Forks

- 83,600 gross ac (10,442 net ac) in six core ND counties → majority unleased minerals
- Rig count → 54 in May 2019 to 15 in May 2020
- Operator Exposure → EOG, CLR, HES
- Effect of well shut-ins could be significant
- 1,124 gross producing wells at year-end 2019
 - 2019 → 40 Participation, 15 Non-Consent
 - YTD 2020 → 5 Participation, 8 Non-Consent
- 2019 exit rate → 1,483 boed (72% NPI)
 - Q4 2018 → Austin unit (EOG)
 - Q4 2019 → Pittsburgh-Uhlman Unit (CLR)
 - Oil rate reached all-time high at year-end 2019



Note: Six core counties include Burke, Divide, Dunn, McKenzie, Mountrail, and Williams.

Permian Basin



Permian Basin

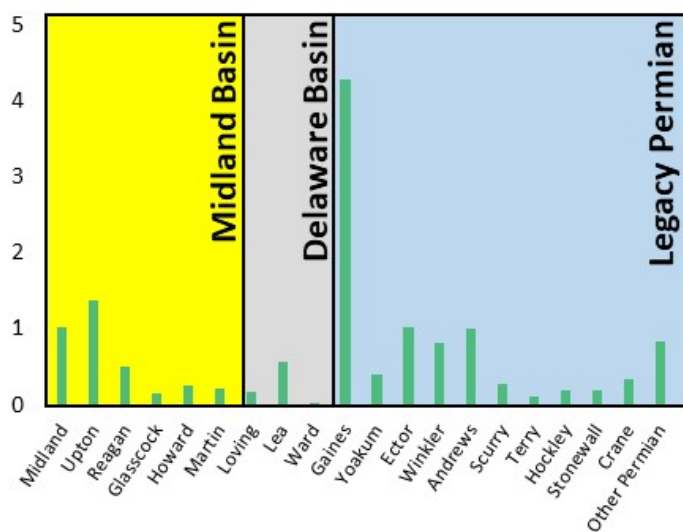
2009

- Primarily Central Basin Platform
- Conventional and low-decline EOR
- Denver Unit, Wasson, Seminole, Spraberry

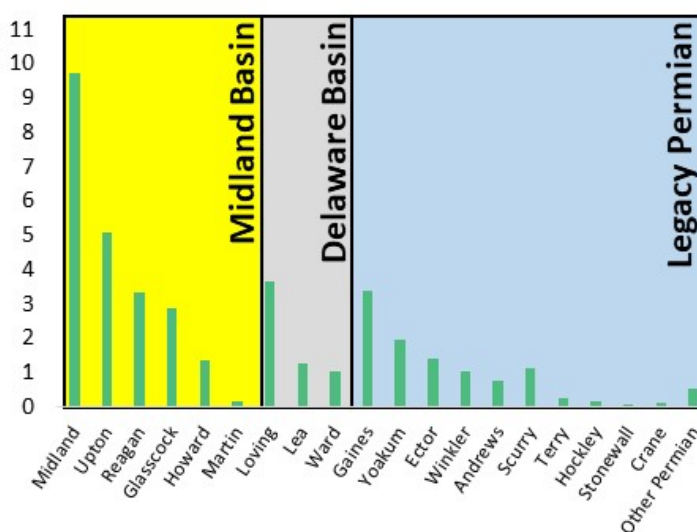
2019

- Primarily Wolfcamp, Spraberry, Bone Springs
- Growth exclusively horizontal development
- Delaware contribution is growing

2009 Net Royalty Revenue (\$MM)



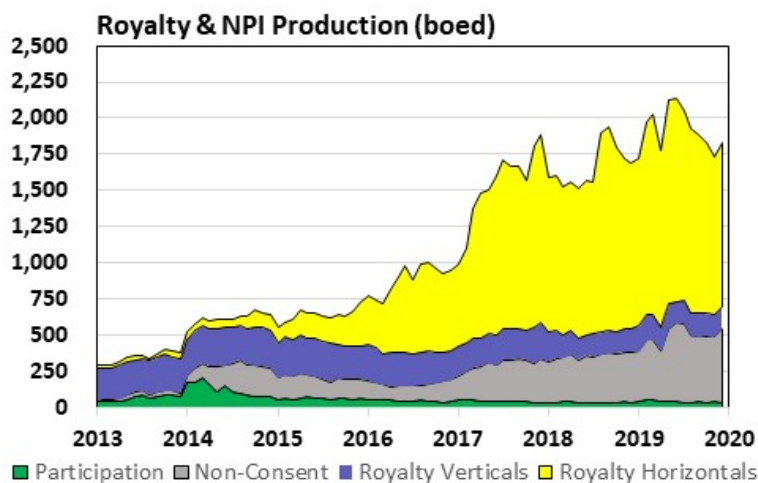
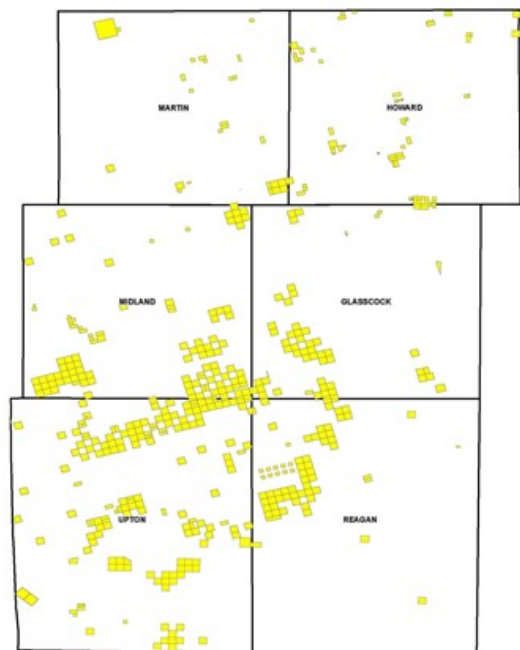
2019 Net Royalty Revenue (\$MM)



Note: Legacy Permian counties comprised mainly of conventional and EOR units located on the Central Basin Platform

Midland Basin

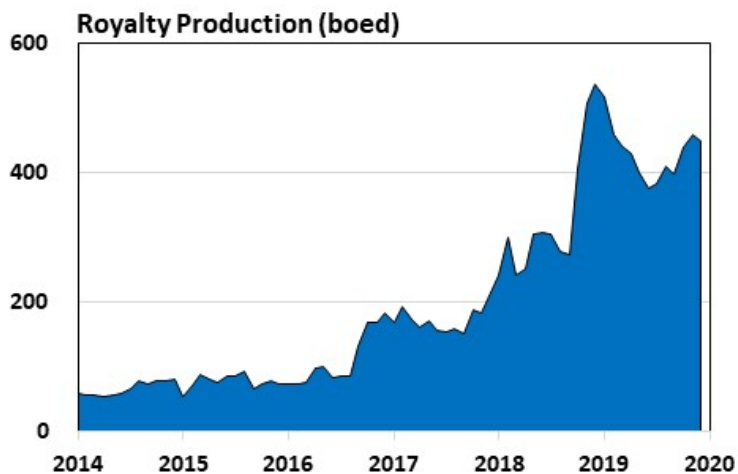
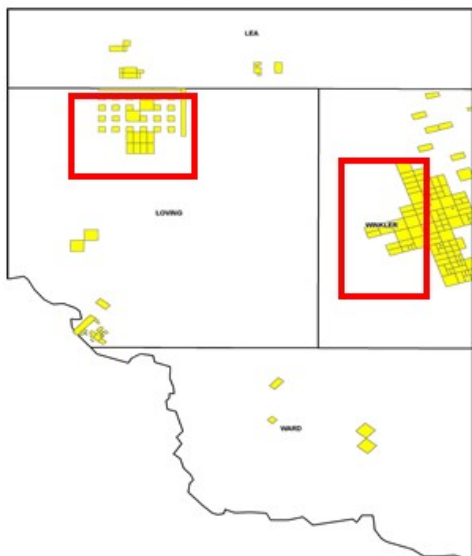
- 251,000 gross ac (15,440 net ac) in core
- Unleased at some depth in numerous tracts
- Operator Exposure → PE, PXD, CXO
- Largest sources are Midland and Upton Co.
- Growth in NPI production is a result of after-payout interest (APO) in Non-Consent wells
- 2019 exit rate → 1,830 boed (29% NPI)
 - 165 royalty and 20 APO wells added in 2019



Note: Production graph limited to "in pay" volumes from Glasscock, Howard, Martin, Midland, Reagan, and Upton Counties. Net acreage includes multiple interest types. 18

Delaware Basin

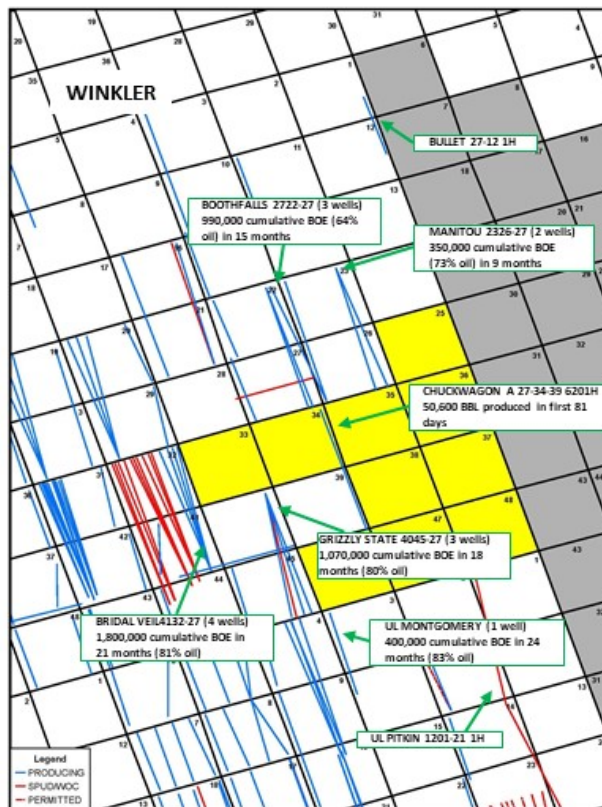
- DMLP Position
 - 13,538 gross ac (911 net ac) located in Loving, Reeves and Ward Co., TX and Lea Co., NM
 - Majority of tracts are leased at 1/4 royalty
 - 640 gross ac of ORRI's
 - Prospective in multiple zones within the Wolfcamp and Bone Springs plays
- Silvertip Prospect Area (Loving County)
 - Active development in 2019/2020
 - Potential for increased well density
 - 10 of 21 DSU's contain only 1 well
 - 7 of 21 DSU's contain 5 wells or more
- Winkler County Prospect Area
 - Recent development will determine DMLP exposure to eastern extension of basin



Note: Acreage counts reflect the portions of Lea, Loving, & Ward counties shown above but do not include Winkler County. Net acreage includes multiple interest types. 19

Delaware Basin

- Winkler County Prospect Area
 - Wolfcamp/Bone Springs
 - Varying undivided mineral interests in 6,400 gross acres in Block 27
 - 90% leased/HBP with average NRI of 8.940%
- Development Contiguous to DMLP Position
 - Majority of permits/spud wells have been completed
 - 24 wells producing (1 on DMLP tract)
 - 14 wells spud/WOC
 - Minimal new permitted wells due operator consolidation
- Looking Forward
 - Timeline for further development remains unclear due to complex leasehold ownership and commodity pricing environment



Note: Only perpetual participating mineral interests shown above (excludes other RI and ORRIs). Laterals from DrillingInfo.

Our Goal and Our Principles

We Want to:

- Assemble and actively manage a portfolio of properties that will enable unitholders to benefit from multiple commodity price and development cycles

We will be:

- Conscientious about G&A
- Aligned
- UBTI-Free

We are:

- Not chasing drill-bits
- Not incentivized or interested in growth for growth's sake
- Committed to achieve our goal through organic growth and accretive acquisitions
- Committed to a formulaic distribution calculation – because it's your money, not ours



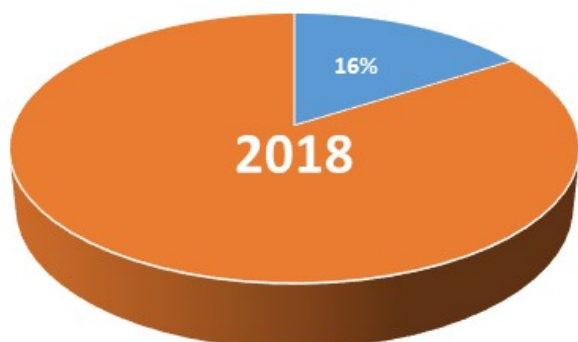
APPENDIX



G&A Expense*

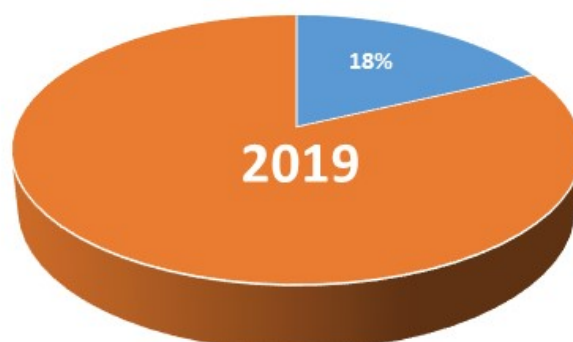
- Modest headcount increase in 2019 vs 2018 to support public company compliance and A&D work
- Base and Incentive Compensation is discretionary – not formulaic
- Approximately 18% discretionary in 2019 (\$0.03/unit)
- No dilutive equity or phantom equity compensation

\$0.8 MM (\$0.02/unit)
Discretionary compensation**



\$4.9 MM total G&A expense*

\$1.1 MM (\$0.03/unit)
Discretionary compensation**



\$6.1 MM total G&A expense*

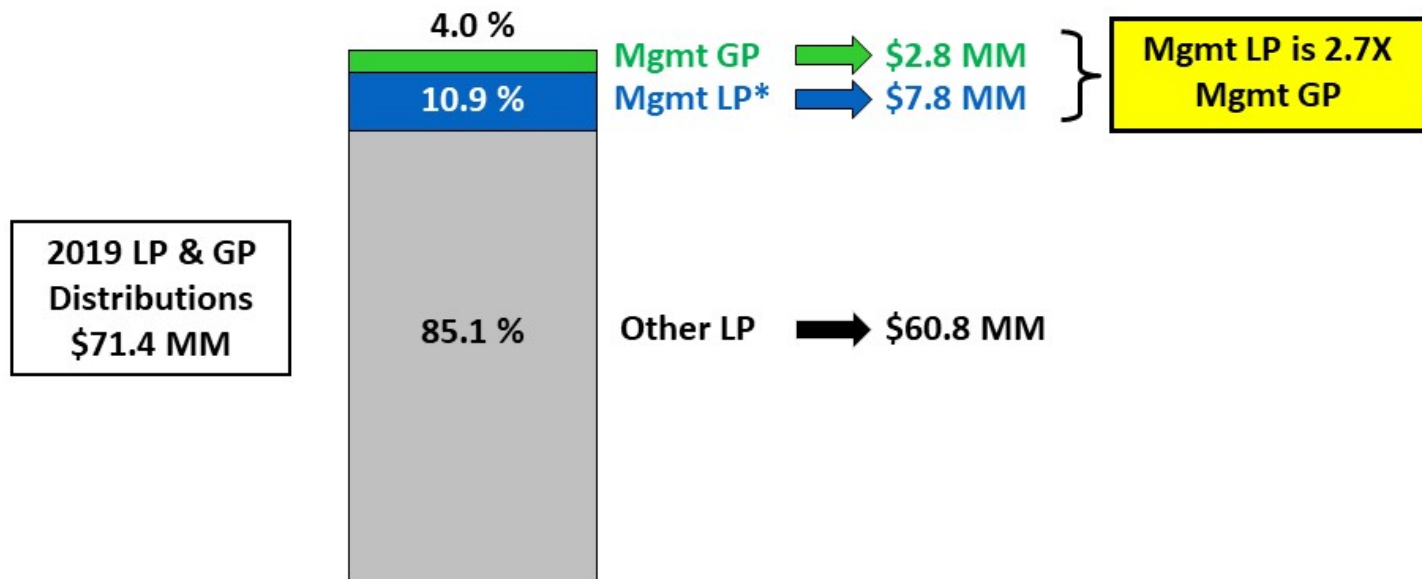
* Total G&A expense per 10-K, including direct expenses.

** Discretionary compensation defined as cash bonuses, units granted, applicable taxes, and retirement contributions.

Management Ownership

Alignment of GP and LP interests

- GP has no incentive distribution rights – fixed sharing ratio
- Management’s LP interest exceeds its GP interest
- Not incentivized to make dilutive transactions



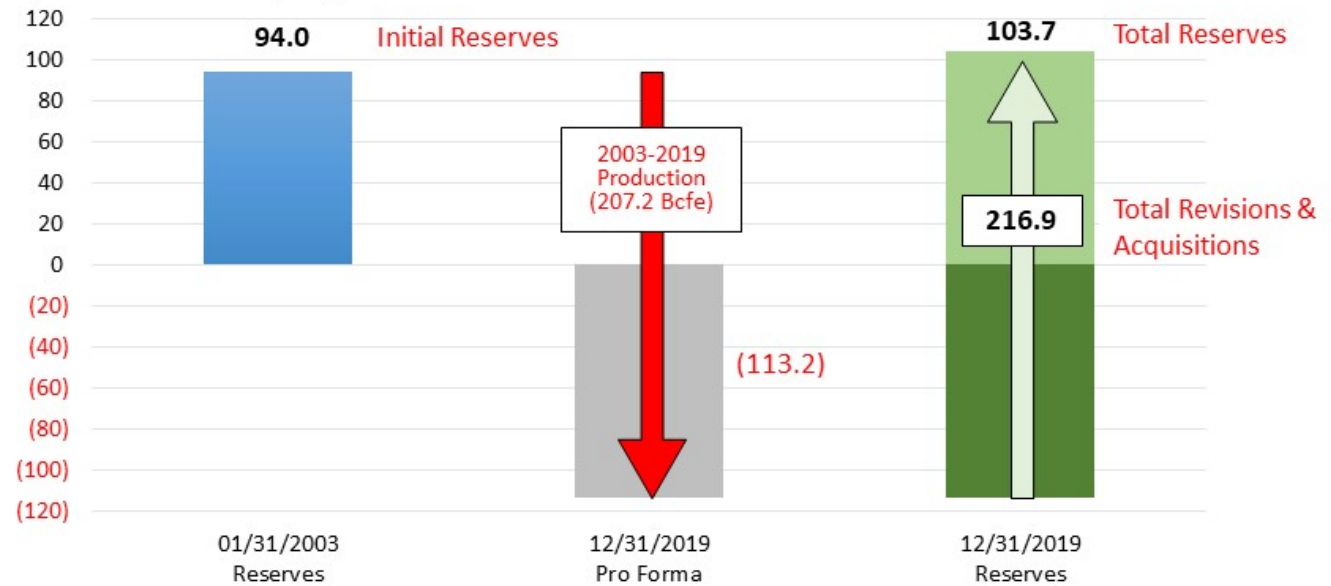
Note: Mgmt LP interest includes LP units owned by officers, managers, and their immediate families. Full-year calculation based on units owned at 12/31/2019. Total distributions include DMOLP’s 3.03% retainment in the Net Profits Interest.

2019 Reserves

History of Positive Reserve Revisions

- Cumulative Reserve Revisions have exceeded 100% of Current Reserves
- Production has exceeded initial reserves by 113.2 Bcfe

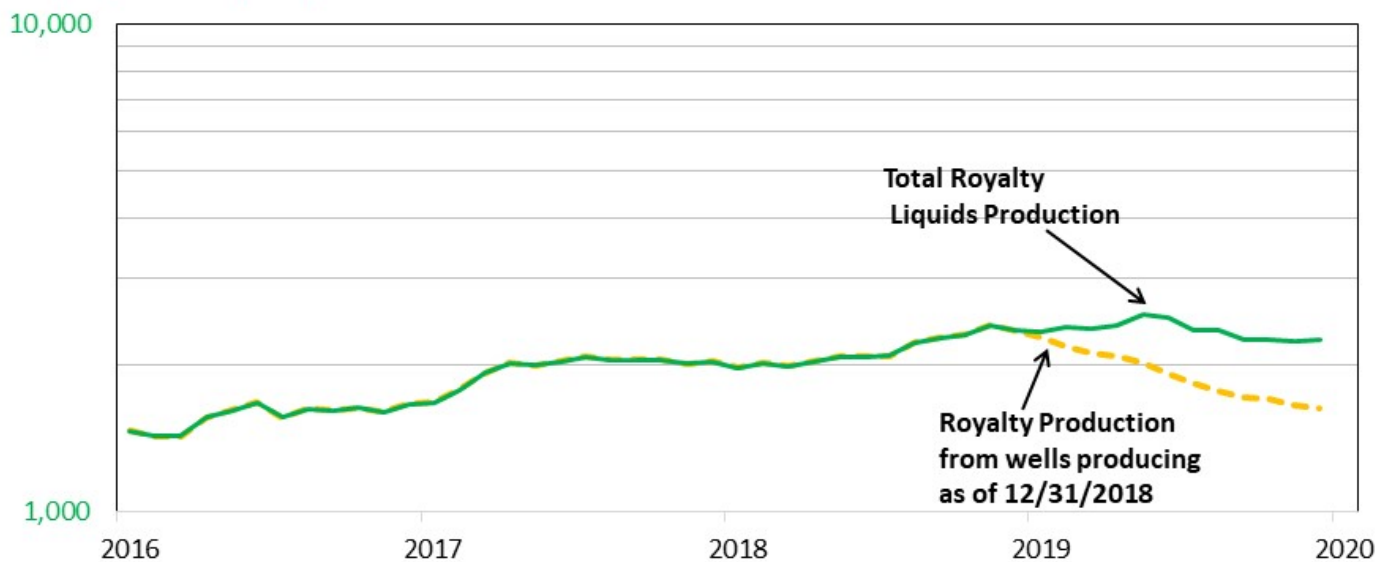
Equivalent Reserves (Bcfe)



Royalty Liquids Production

- Incremental contribution from 1,140 wells in 2019 with an average NRI of 0.3535%
- Underlying year-over-year decline of 31% excluding 2019 wells
- Legacy production declined 15% in last 6 months of 2019

Daily Liquids Rate (boed)

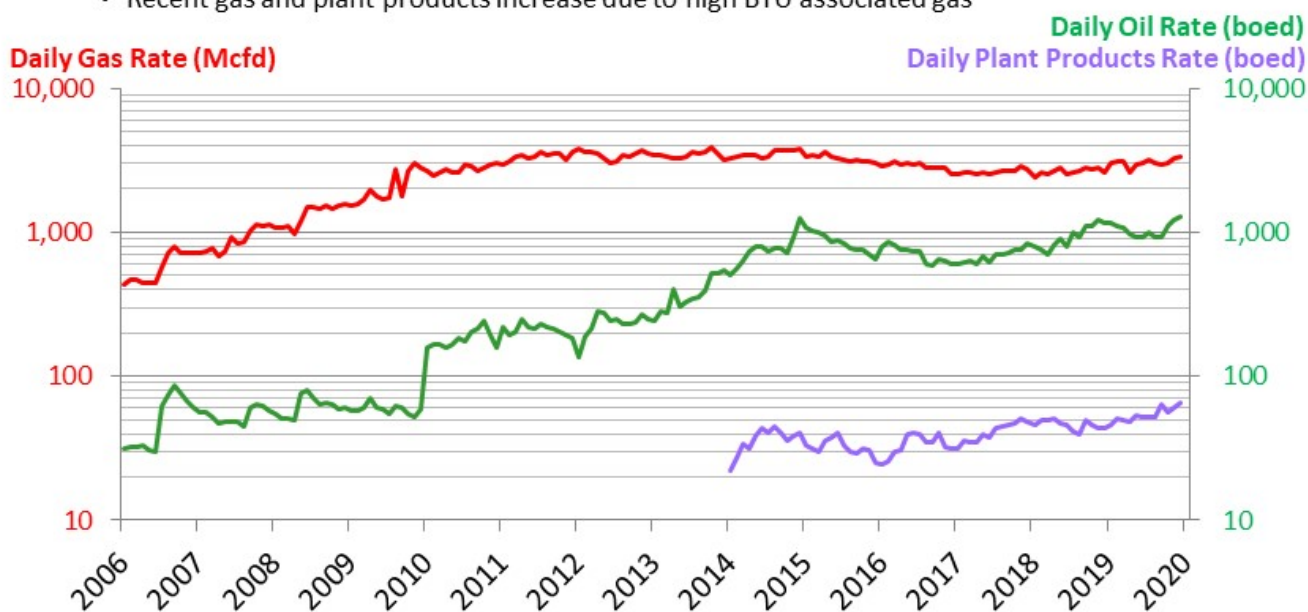


Note: Production graph limited to "in pay" volumes. Liquids include oil and plant products. Incremental wells include wells from Q1 2019 acquisition.

Minerals NPI

Production by Product

- Added 86 new wells in 2019 located in North Dakota and Texas
- Since Year-end 2016 gas production has been flat, while oil production increased by 110%
- Oil increase due to Bakken participation and Permian APO activity
- Recent gas and plant products increase due to high BTU associated gas

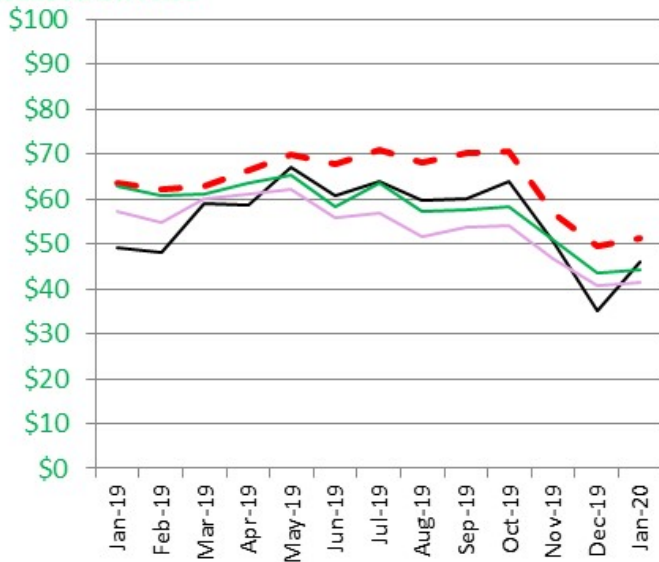


Note: Production graph limited to "in pay" volumes.

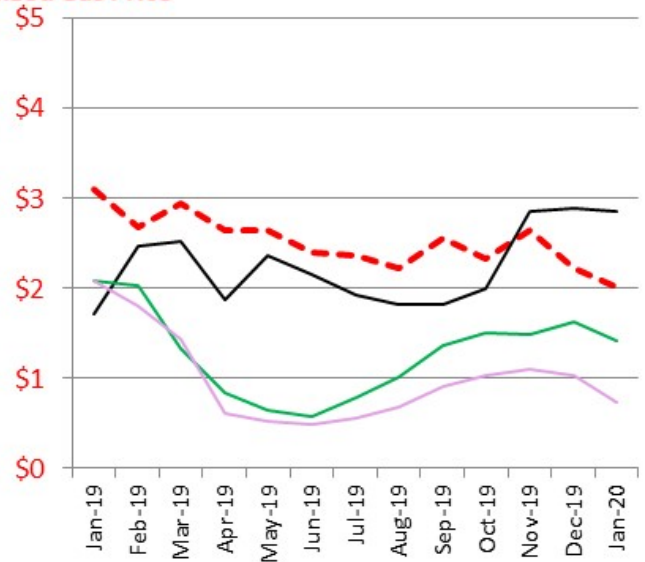
Price Differentials

- Comparison of highest contributing Basins' realized prices to NYMEX monthly averages.
- Recent Bakken gas premium related to payment on BTU-adjusted prices

Realized Oil Price



Realized Gas Price

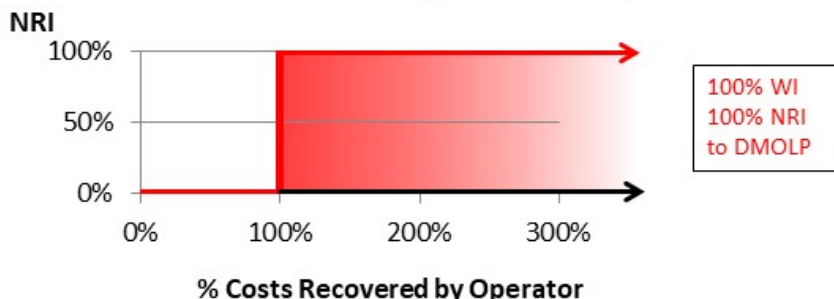


— Average WTI — Bakken — Core Midland Basin — Other Permian

Non-Consent/Non-Participation

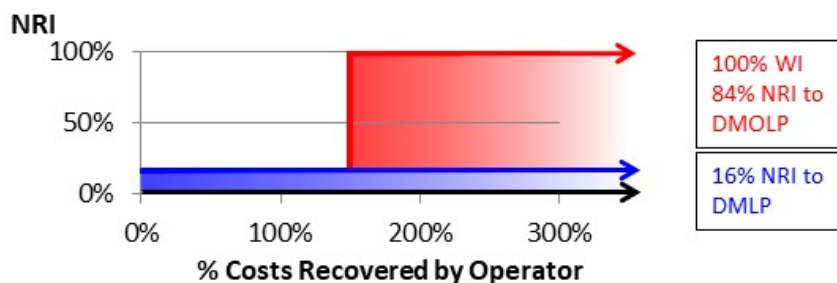
Texas

- Unleased mineral owner backs in for full working interest after operator recovers 100% of costs



North Dakota

- Unleased mineral owner receives 16% royalty and backs in for full working interest after operator recovers 150% of costs



Non-Consent/Non-Participation

Texas

- Unleased mineral owner backs in for full working interest after operator recovers 100% of costs

Selected Texas Counties	Total N/C Well Count	Paid Out Well Count	Average BPO NRI	Average APO NRI
Howard	31	15	0.000%	1.710%
Ector	68	39	0.000%	12.178%
Gaines	18	7	0.000%	3.880%
Midland	100	51	0.000%	2.922%
Upton	228	163	0.000%	3.436%
Total	445	275	0.00%	4.554%

North Dakota

- Unleased mineral owner receives 16% royalty and backs in for full working interest after operator recovers 150% of costs

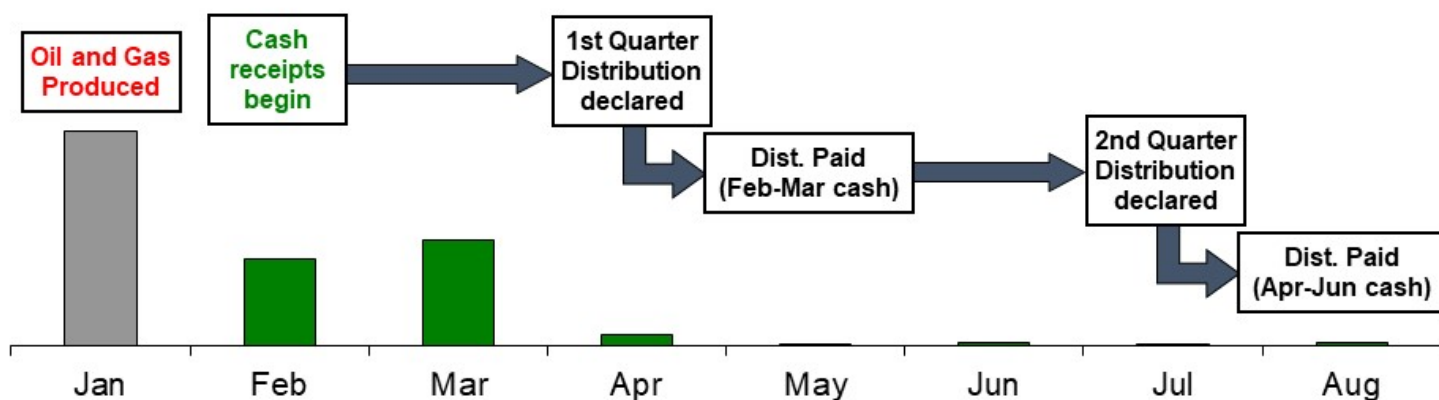
Selected North Dakota Counties	Total N/C Well Count	Paid Out Well Count	Average BPO NRI	Average APO NRI
Burke	25	0	0.029%	0.182%
Divide	42	3	0.253%	1.431%
Dunn	38	6	0.610%	3.576%
McKenzie	90	25	0.360%	1.394%
Mountrail	81	21	0.761%	3.436%
Williams	112	17	0.486%	3.034%
Total	388	72	0.472%	2.433%

Note: Figures as of 03/31/2020. Total non-consent well count includes paid out wells. Average APO NRIs include all non-consent wells.

Royalty Cash Receipts

Long delay between production and cash distribution

- Cash receipts extend over multiple months due to adjustments, releases, etc.
- Prices can change dramatically between production and payment of distribution
- Example of a typical cash receipt cycle :

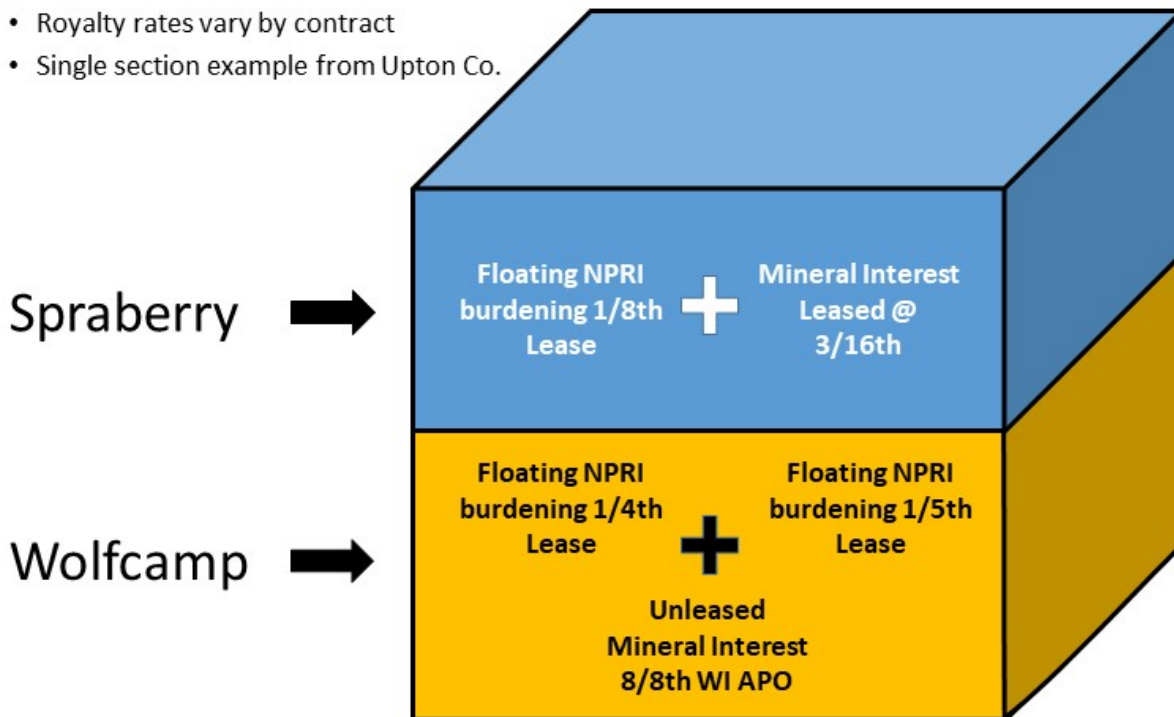


LP distribution of all cash attributable to January production may occur as late as August, a 7-month time lag

Net Royalty Acres?

Complex mineral ownership is not well represented by Net Royalty Acres

- Royalty rates and lease status vary by depth
- Royalty rates vary by contract
- Single section example from Upton Co.



Notes: Interests arise from multiple leases with different ownership. Each interest type is represented on 8/8th basis before proportional reduction to DMLP share.

Dorchester Minerals, LP

VIRTUAL
ANNUAL MEETING

May 18, 2020

