

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC. 20549

FORM 10-Q

QUARTERLY REPORT UNDER 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 March 31, 2004
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.)

3738 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

Indicate by check mark if the Registrant is an accelerated filer (as
defined in Rule 12b-2 of the Exchange Act). Yes X No

As of May 5, 2004, 27,040,431 common units of partnership interest were
outstanding.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Statements included in this report which 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.

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. 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 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.

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 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

partnership that commenced operations on January 31, 2003, upon the combination of Dorchester Hugoton, Ltd., which was a publicly traded Texas limited partnership, and Republic Royalty Company and Spinnaker Royalty Company, L.P., both of which were privately held Texas partnerships. The amounts and results of operations of Dorchester Minerals included in these financial statements as historical amounts prior to February 1, 2003 reflect the results of operations of Dorchester Hugoton. The effect of the combination is reflected in the balance sheet and in the results of operations and cash flows since January 31, 2003. The combination was accounted for using the purchase method of accounting. In this report, the term "Partnership," as well as the terms "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.

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

CONDENSED BALANCE SHEETS
(Dollars in Thousands)

| | March 31, 2004 | December 31, 2003 |
|-------------------------------------------------------|----------------------|----------------------|
| | ----- (unaudited) | ----- |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents..... | \$ 11,715 | \$ 10,881 |
| Trade receivables..... | 8,064 | 7,658 |
| Note receivable - related party..... | 192 | 205 |
| Prepaid expenses | 113 | 69 |
| | ----- | ----- |
| Total current assets..... | 20,084 | 18,813 |
| Oil and gas properties - at cost (full cost method).. | 268,194 | 268,189 |
| Less accumulated depletion | (93,352) | (88,051) |
| | ----- | ----- |
| Net oil and natural gas properties..... | 174,842 | 180,138 |
| | ----- | ----- |
| Total assets..... | \$194,926 | \$198,951 |
| | ===== | ===== |
| LIABILITIES AND PARTNERSHIP CAPITAL | | |
| Current liabilities: | | |
| Accounts payable and other current liabilities.. | \$ 689 | \$ 512 |
| | ----- | ----- |
| Total current liabilities..... | 689 | 512 |
| Commitments and contingencies | - | - |
| Partnership capital: | | |
| General partner..... | 8,134 | 8,246 |
| Unitholders..... | 186,103 | 190,193 |
| | ----- | ----- |
| Total partnership capital..... | 194,237 | 198,439 |
| | ----- | ----- |
| Total liabilities and partnership capital..... | \$194,926 | \$198,951 |
| | ===== | ===== |

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

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

CONDENSED STATEMENT OF OPERATIONS
(Dollars in Thousands)
(Unaudited)

| | Three Months Ended March 31, | |
|-------------------------------------------------------|---------------------------------|----------|
| | 2004 | 2003 |
| Net operating revenues: | | |
| Net profits interests..... | \$ 5,994 | \$ 4,874 |
| Natural gas sales..... | - | 2,401 |
| Royalties..... | 7,039 | 6,555 |
| Other..... | 408 | 126 |
| Total net operating revenues..... | 13,441 | 13,956 |
| Cost and expenses: | | |
| Operating, including production taxes..... | 583 | 782 |
| Depreciation, depletion and amortization..... | 5,301 | 4,971 |
| General and administrative..... | 842 | 907 |
| Management fees..... | - | 524 |
| Combination costs and related expenses..... | - | 2,907 |
| Total costs and expenses..... | 6,726 | 10,091 |
| Operating income..... | 6,715 | 3,865 |
| Other income (expense) | | |
| Investment income..... | 17 | 21 |
| Other income (expense), net..... | (81) | 57 |
| Total other income (expense)..... | (64) | 78 |
| Net earnings..... | \$ 6,651 | \$ 3,943 |
| Allocation of net earnings | | |
| General partner..... | \$ 166 | \$ 131 |
| Unitholders..... | \$ 6,485 | \$ 3,812 |
| Net earnings per common unit (in dollars)..... | \$ 0.24 | \$ 0.18 |
| Weighted average common units outstanding (000's).... | 27,040 | 21,608 |

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

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

CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

| | Three Months Ended March 31, | |
|--------------------------------------------------------|---------------------------------|------------|
| | 2004 | 2003 |
| Net cash provided by operating activities. | \$ 11,777 | \$ 3,374 |
| Cash flows from investing activities: | | |
| Cash received in combination..... | - | 68 |
| Capital expenditures..... | (91) | (3) |
| Net cash provided by (used in) investing activities... | (91) | 65 |
| Cash flows from financing activities: | | |
| Distributions paid to partners..... | (10,852) | (20,613) |
| Increase (decrease) in cash and cash equivalents..... | 834 | (17,174) |
| Cash and cash equivalents at January 1,..... | 10,881 | 23,129 |
| Cash and cash equivalents at March 31,..... | \$ 11,715 | \$ 5,955 |
| | ===== | ===== |
| Non cash investing and financing activities: | | |
| Acquisition of assets for units | | |
| Oil and gas properties..... | \$ - | \$ 233,466 |
| Receivables..... | - | 3,660 |
| Cash..... | - | 68 |
| Value assigned to assets acquired..... | \$ - | \$ 237,194 |
| | ===== | ===== |

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

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

NOTES TO THE CONDENSED 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 in connection with the combination, which was completed on January 31, 2003, of Dorchester Hugoton, Ltd., which was a publicly traded Texas limited partnership, and Republic Royalty Company (Republic) and Spinnaker Royalty Company, L.P., (Spinnaker) both of which were privately held Texas partnerships.

The condensed 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 the Partnership's financial position and operating results for the interim period. Interim period results are not necessarily indicative of the results for the calendar year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information. Per-unit information is calculated by dividing the income applicable to holders of the Partnership's common units by the weighted average number of units outstanding.

The accompanying financial statements reflect the combination completed on January 31, 2003 and accounted for using the purchase method of accounting. In accordance with the purchase method of accounting, Dorchester Hugoton was designated as the accounting acquiror. Under the purchase method of accounting, the Partnership used the market price of Dorchester Hugoton's partnership units on the last day of trading, adjusted for the liquidating distribution to Dorchester Hugoton Unitholders, to determine the value of the Republic and Spinnaker oil and gas properties merged into the Partnership. Such method increased the historic book values of the oil and gas properties of Republic and Spinnaker by approximately \$192,000,000, which increased the Partnership's quarterly depletion. See the Partnership's Form 8-K filed on April 15, 2003 and Note 4 for more details.

Prior to January 31, 2003, the Partnership had no combined operations. In these circumstances, the Partnership is required to present, discuss and analyze the financial condition and results of operations of Dorchester Hugoton, the accounting acquiror, for the one month period ended January 31, 2003 combined with the financial condition and results of operations for the Partnership for the two month period ended March 31, 2003 and results of operations of the Partnership for the three month period ended March 31, 2004.

2. CONTINGENCIES: In January 2002, some individuals and an association called Rural Residents for Natural Gas Rights, referred to as RRNGR, sued Dorchester Hugoton, Ltd., Anadarko Petroleum Corporation, Conoco, Inc., XTO Energy Inc., ExxonMobil Corporation, Phillips Petroleum Company, Incorporated and Texaco Exploration and Production, Inc. Dorchester Minerals Operating LP, owned directly and indirectly by our general partner, now owns and operates the properties formerly owned by Dorchester Hugoton. These properties contribute a major portion of the Net Profits Interests amounts paid to the Partnership. The suit is currently pending in the District Court of Texas County, Oklahoma and discovery is underway by the plaintiffs and defendants. The individuals and RRNGR consist primarily of Texas County, Oklahoma residents who, in residences located on leases use natural gas from gas wells located on the same leases, at their own risk, free of cost. The plaintiffs seek declaration that their domestic gas use is not limited to stoves and inside lights and is not limited to a principal dwelling as provided in the oil and gas lease agreements with defendants in the 1930s to the 1950s. Plaintiffs' claims against defendants include failure to prudently operate wells, violation of rights to free domestic gas, violation of irrigation gas contracts, underpayment of royalties, a request for accounting, and fraud. Plaintiffs also seek certification of class action against defendants. Dorchester Minerals Operating LP believes plaintiffs' claims are completely without merit. In July 2002, the defendants were granted a motion for summary judgment removing RRNGR as a plaintiff. Based upon past measurements of such gas usage, Dorchester Minerals Operating LP believes the damages sought by plaintiffs to be minimal. An adverse decision could reduce amounts the Partnership receives from the Net Profits Interests.

The Partnership and Dorchester Minerals Operating LP are involved in other 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 financial position or operating results.

3. COMBINATION TRANSACTION: On January 31, 2003, Dorchester Hugoton transferred certain assets to Dorchester Minerals Operating LP in exchange for a net profits interest, contributed the net profits interest and other assets to the Partnership and subsequently liquidated. Republic and Spinnaker transferred certain assets to Dorchester Minerals Operating LP in exchange for net profits interests and subsequently merged with the Partnership. For accounting purposes Dorchester Hugoton is deemed the acquiror. The value assigned to the assets of Republic and Spinnaker was based on the market capitalization of Dorchester Hugoton and the share of the total common units of the Partnership received by the former partners of Republic (10,953,078 common units) and Spinnaker (5,342,973 common units). The assets of Republic and Spinnaker were valued at \$237,194,000 which was allocated as follows:

| | | |
|-----------------------------|----|-------------|
| Cash..... | \$ | 68,000 |
| Oil and gas properties..... | | 233,466,000 |
| Receivables..... | | 3,660,000 |
| | | ----- |
| Total..... | \$ | 237,194,000 |
| | | ===== |

The following reflects 2003 unaudited pro forma data related to the combination discussed herein which assumes the combination had taken place as of January 1, 2003. The pro forma amounts are not necessarily indicative of the results that may be reported in the future. Pro forma adjustments have been made to depletion, depreciation, and amortization to reflect the new basis of accounting for the assets of Spinnaker and Republic as of January 31, 2003, and to January 2003 revenues to reflect the revenues of Dorchester Hugoton as Net Profits Interests.

| | |
|-------------------------------|--------------------|
| | Three Months Ended |
| | March 31, 2003 |
| | ----- |
| Revenues..... | \$15,845,000 |
| Depletion..... | 6,722,000 |
| Net earnings | 3,794,000 |
| Earnings per common unit..... | 0.18 |

Nonrecurring items:

| | |
|----------------------------------|--------------|
| Severance and related costs..... | \$ 3,003,000 |
| Combination-related costs..... | 496,000 |

4. DISTRIBUTION TO HOLDERS OF COMMON UNITS: Since the Partnership's combination on January 31, 2003, unitholder cash distributions per common unit have been:

| Year | Quarter | Record Date | Payment Date | Amount |
|------|---------------|------------------|-------------------|------------|
| ---- | ----- | ----- | ----- | ----- |
| 2003 | 1st (partial) | April 28, 2003 | May 8, 2003 | \$0.206469 |
| 2003 | 2nd | July 28, 2003 | August 7, 2003 | \$0.458087 |
| 2003 | 3rd | October 31, 2003 | November 10, 2003 | \$0.422674 |
| 2003 | 4th | January 26, 2004 | February 5, 2004 | \$0.391066 |
| 2004 | 1st | April 30, 2004 | May 10, 2004 | \$0.415634 |

The next cash distribution will be paid by August 15, 2004.

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

Overview

Dorchester Minerals, L.P. is a publicly traded Delaware limited partnership that was formed in December 2001 in connection with the combination, which was completed on January 31, 2003, of Dorchester Hugoton, which was a publicly traded Texas limited partnership, and Republic and Spinnaker both of which were privately held Texas partnerships.

Dorchester Minerals Operating LP, a Delaware limited partnership owned directly and indirectly by our general partner, holds the working interest properties previously owned by Dorchester Hugoton and a minor portion of mineral interest properties previously owned by Republic and Spinnaker. We refer to Dorchester Minerals Operating LP by the term "operating partnership". Our Partnership directly and indirectly holds a 96.97% net profits overriding royalty interest in these properties. We refer to our net profits overriding royalty interest in these

properties as the Net Profits Interests. After the close of each month, we receive a payment equaling 96.97% of the net proceeds actually received during that month from the properties subject to the Net Profits Interests.

In addition to the Net Profits Interests, we also hold producing and non-producing mineral, royalty, overriding royalty, net profits and leasehold interests, which we acquired as part of the combination upon the mergers of Republic and Spinnaker into our Partnership. We refer to these interests as the Royalty Properties. We currently own Royalty Properties in 563 counties and parishes in 25 states.

Basis of Presentation

In the combination completed on January 31, 2003 and accounted for as a purchase, Dorchester Hugoton was designated as the accounting acquiror. Prior to January 31, 2003, our Partnership had no combined operations. In these circumstances, we are required to present, discuss and analyze the financial condition and results of operations of Dorchester Hugoton, the accounting acquiror, for the one month period ended January 31, 2003 combined with the financial condition and results of operations for Dorchester Minerals for the two month period ended March 31, 2003 and the results of operations of our Partnership for the three month period ended March 31, 2004. For the purposes of this presentation, the term combination means the transactions consummated in connection with the combination of the business and properties of Dorchester Hugoton, Republic and Spinnaker.

Commodity Price Risks

Our profitability is affected by volatility in prevailing oil and natural gas prices. Oil and natural gas prices have been subject to significant volatility in recent years in response to changes in the supply and demand for oil and natural gas in the market and general market volatility.

Results of Operations

Three Months Ended March 31, 2004 as compared to Three Months Ended March 31, 2003

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

| | Three Months Ended March 31, | |
|-----------------------------------------------|---------------------------------|---------------|
| | ----- 2004 | 2003 ----- |
| Sales Volumes: | | |
| Dorchester Hugoton Gas Sales (mmcf) (1) | -- | 448 |
| Net Profits Interests Gas Sales (mmcf)..... | 1,347 | 886 |
| Net Profits Interests Oil Sales (mbbls) | 2 | 2 |
| Royalty Properties Gas Sales (mmcf) | 888 | 658 |
| Royalty Properties Oil Sales (mbbls) | 80 | 57 |
| Weighted Average Sales Price: | | |
| Dorchester Hugoton Gas Sales (\$/mcf) | -- | \$ 5.20 |
| Net Profits Interests Gas Sales (\$/mcf)..... | \$ 5.46 | \$ 6.63 |
| Net Profits Interests Oil Sales (\$/bbl)..... | \$30.15 | \$33.23 |
| Royalty Properties Gas Sales (\$/mcf) | \$ 5.05 | \$ 7.00 |
| Royalty Properties Oil Sales (\$/bbl)..... | \$31.96 | \$33.91 |
| Production Costs Deducted | | |
| Under the Net Profits Interests (\$/mcf)(2) | \$ 1.09 | \$ 1.18 |
| ----- | | |

(1) For purposes of comparisons the January 2003 Dorchester Hugoton volumes have been reduced to reflect our 96.97% Net Profits Interest in production from the underlying properties.

(2) Provided to assist in determination of revenues; applies only to Net Profit Interest sales volumes and prices.

First quarter natural gas sales volumes attributable to the former Dorchester Hugoton properties underlying our Net Profits Interests increased 1.6% from 1,278,000 mcf during 2003 to 1,299,000 mcf during 2004 due to addition of field compression causing gas well production increases to offset natural reservoir decline. See "Liquidity and Capital Resources - Expenses and Capital

Oil and natural gas sales volumes attributable to the Royalty Properties and oil and natural gas sales volumes attributable to the Net Profits Interests from Republic and Spinnaker are included in our results for the three month period ended March 31, 2004 and are included for only the two months ended March 31, 2003. See "Basis of Presentation".

The weighted average sales price for natural gas production from the former Dorchester Hugoton properties underlying our Net Profits Interests decreased 11.9% from \$6.22 per mcf during first quarter 2003 to \$5.48 per mcf during first quarter 2004 due to changing market conditions.

Weighted average prices for oil and natural gas sales volumes attributable to the Royalty Properties and also to the Net Profits Interests from Republic and Spinnaker are included in our results for the three months ended March 31, 2004 and are included for only the two months ended March 31, 2003. See "Basis of Presentation" and Note 1 of the Notes to the Condensed Financial Statements.

Our first quarter net operating revenues decreased 3.7% from \$13,956,000 during 2003 to \$13,441,000 during 2004 due primarily to decreased natural gas prices combined with the effects of the combination. Management cautions the reader in the comparison of results for these periods because operations attributable to properties formerly owned by Republic and Spinnaker are not included for one month in the three-month period ending March 31, 2003. See "Basis of Presentation" and Notes 1 and 3 to the Condensed Financial Statements.

Several categories of costs during the first quarter of 2004 were lower than the first quarter of 2003 due to non-recurring expenses associated with the 2003 liquidation of Dorchester Hugoton. Such 2003 costs include combination and related expenses of \$2,907,000, consisting primarily as a result of approximately \$2,500,000 in severance payments and related costs. Similarly management fees in 2003 include a one-time \$496,000 charge.

Our first quarter 2004 other income (expense) net includes \$87,000 attributable to unsuccessful property acquisition attempts.

Depletion, depreciation and amortization increased from \$4,971,000 in first quarter 2003 to \$5,301,000 in first quarter 2004 primarily due to the effects of the combination. Management cautions the reader in the comparison of results for these periods because operations of the properties formerly owned by Republic and Spinnaker are not included for one month in the three-month period ending March 31, 2003 and due to the application of purchase accounting methods. See "Basis of Presentation", "Critical Accounting Policies", and Notes 1 and 3 to the Condensed Financial Statements.

We received cash payments in the amount of \$487,000 from various sources during the first quarter of 2004 including lease bonus attributable to nine leases and pooling elections located in nine counties and parishes in four states. These leases reflected royalty terms ranging from 20% to 25% and lease bonuses ranging up to \$300/acre. One of these leases included a commitment to drill a well, in which we would own an approximate 5.1% royalty interest, to a depth of approximately 10,000 feet in a relatively unexplored area of South Texas. Another of these leases covered an undivided 75% interest in multiple tracts located in North Texas. We negotiated the right to review seismic information covering our lands and adjacent tracts, along with our lessees interpretation thereof. In the event a well is drilled on our lands or lands pooled therewith, we retain the right for the operating partnership to participate with our unleased interest subject to our reservation of a 96.97% Net Profits Interest.

We received division orders for, or otherwise identified 44 new wells completed on our Royalty Properties and Net Profit Interests in 24 counties and parishes in seven states during the first quarter of 2004. Selected new wells and the royalty interests owned therein by us and the working interests and net revenue interests owned therein by the operating partnership are summarized in the following table:

| State | County/ Parish | Operator | Well Name | Ownership | | Test Rates per day | |
|--------------------|-------------------|----------|---------------------|-----------|--------|-----------------------|-----------|
| | | | | WI(1) | NRI(1) | Gas, mcf | Oil, bbls |
| ROYALTY PROPERTIES | | | | | | | |
| Texas | Hildago | Shell | Woods Christian 44 | -- | 2.8% | 6,687 | 54 |
| Texas | Brooks | Westport | Garcia Gas Unit 2-2 | -- | 3.0% | 2,584 | 156 |

NET PROFITS INTERESTS

| | | | | | | |
|------------------|---------|---------------------|------|------|-------|-----|
| Oklahoma Washita | Cimarex | Green 3-2 BPO(2) | -- | 3.5% | 6,535 | 417 |
| | | Green 3-2 APO(2) | 3.5% | 4.8% | | |
| Oklahoma Washita | Cimarex | Sullivan 2-2 BPO(2) | 7.0% | 8.8% | 1,793 | 143 |
| | | Sullivan 2-2 APO(2) | 8.8% | 9.4% | | |

-
- (1) WI and NRI mean working interest and net revenue interest, respectively.
(2) BPO and APO mean before payout and after payout, respectively.

First quarter net earnings allocable to common units increased 70.1% from \$3,812,000 during 2003 to \$6,485,000 during 2004 due primarily to the effects of the combination. Management cautions the reader in the comparison of results for these periods because operations of the properties formerly owned by Republic and Spinnaker are not included for one month in the three-month period ending March 31, 2003 and due to the application of purchase accounting methods. See "Basis of Presentation" and Notes 1 and 3 to the Condensed Financial Statements.

Net cash provided by operating activities increased 249.1% from \$3,374,000 during 2003 to \$11,777,000 during 2004 due primarily to the effects of the combination. Management cautions the reader in the comparison of results for these periods because operations of the properties formerly owned by Republic and Spinnaker are not included for one month in the three-month period ending March 31, 2003. See "Basis of Presentation" and Notes 1 and 3 of the Notes to the Condensed Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

Our primary sources of capital are our cash flow from the Net Profits Interests and the Royalty Properties. Our only cash requirements are the distributions to our unitholders, the payment of oil and gas production and property taxes not otherwise deducted from gross production revenues and general and administrative expenses incurred on our behalf and properly allocated in accordance with our partnership agreement. Since 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 payments of expenses. Since most of these expenses vary directly with oil and natural gas prices and sales volumes, we anticipate that sufficient funds will be available at all times for payment of these expenses. See Note 4 of the Notes to the Condensed Financial Statements for the amounts and dates of 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 our 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).

Expenses and Capital Expenditures

The operating partnership does not currently anticipate drilling additional wells as a working interest owner in the Fort Riley zone or the Council Grove formations or elsewhere in the Oklahoma properties previously owned by Dorchester Hugoton. Successful activities by others in these formations could prompt a reevaluation of this position. Any such drilling is estimated to cost \$250,000 to \$300,000 per well. The operating partnership anticipates continuing additional fracture treating in the Oklahoma properties previously owned by Dorchester Hugoton but is unable to predict the cost until additional engineering studies are performed. Previous fracture treatments in those properties have cost between \$36,000 and \$45,000 per well, excluding any needed casing repairs. Such activities by the operating partnership could influence the amount we receive from the Net Profits Interests.

The operating partnership owns and operates the wells, pipelines and gas compression and dehydration facilities located in Kansas and Oklahoma previously owned by Dorchester Hugoton. The operating partnership anticipates gradual increases in expenses as repairs to these facilities become more frequent, and anticipates gradual increases in field operating expenses as reservoir pressure declines. The operating partnership does not anticipate incurring significant expense to replace these facilities at this time. The operating partnership incurred approximately \$767,000 of capital costs in connection with the installation of field compression facilities on portions of its Oklahoma properties during the second and third quarters of 2003. Incremental operating costs (primarily compressor rentals) attributable to these facilities are estimated to be approximately \$680,000 per year. These capital and operating costs are reflected in the Net Profit Interests payments we receive from the operating partnership. Management believes the benefits of such compression have recovered such capital and will continue to more than exceed cost. Over 70% of the operating partnership's Oklahoma wells have received regulatory approval to

operate at a vacuum made possible by the compression. The operating partnership does not currently plan to install additional field compression capacity.

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. Both infill drilling and removal of production limits could require considerable capital expenditures. The outcome and the cost of such activities are unpredictable. Such activities by the operating partnership could influence the amount we receive from the Net Profits Interests. No additional compression affecting the wells formerly owned by Dorchester Hugoton has been installed since 2000 by operators on adjoining acreage. The operating partnership believes it now has sufficient field compression to remain competitive with adjoining operators for the foreseeable future.

Liquidity and Working Capital

Cash and cash equivalents totaled \$11,715,000 at March 31, 2004 and \$10,881,000 at December 31, 2003.

CRITICAL ACCOUNTING POLICIES

We utilize the full cost method of accounting for costs related to our oil and gas properties. Under this method, all such costs (productive and nonproductive) are capitalized and amortized on an aggregate basis over the estimated lives of the properties using the units-of-production method. These capitalized costs are subject to a ceiling test, however, which limits such pooled costs to the aggregate of the present value of future net revenues attributable to proved oil and gas reserves discounted at 10% plus the lower of cost or market value of unproved properties. In accordance with applicable accounting rules, Dorchester Hugoton was deemed to be the accounting acquiror of the Republic and Spinnaker assets. Our Partnership's acquisition of these assets was recorded at a value based on the closing price of Dorchester Hugoton's common units immediately prior to consummation of the combination transaction, subject to certain adjustments. Consequently, the acquisition of these assets was recorded at values that exceed the historical book value of these assets prior to consummation of the combination transaction. Our Partnership did not assign any book or market value to unproved properties, including nonproducing royalty, mineral and leasehold interests. The full cost ceiling is evaluated at the end of each quarter. For 2003, our unamortized costs of oil and gas properties exceeded the ceiling test. As a result, in 2003, our Partnership recorded full cost write-downs of \$43,804,000. No additional impairments have been recorded since the quarter ended September 30, 2003.

The discounted present value of our proved oil and gas reserves is a major component of the ceiling calculation and requires many subjective judgments. Estimates of reserves are forecasts based on engineering and geological analyses. Different reserve engineers may reach different conclusions as to estimated quantities of natural gas reserves based on the same information. Our reserve estimates are prepared by independent consultants. The passage of time provides more qualitative information regarding reserve estimates, and revisions are made to prior estimates based on updated information. However, there can be no assurance that more significant revisions will not be necessary in the future. Significant downward revisions could result in an impairment representing a non-cash charge to earnings. In addition to the impact on calculation of the ceiling test, estimates of proved reserves are also a major component of the calculation of depletion.

While the quantities of proved reserves require substantial judgment, the associated prices of oil and gas reserves that are included in the discounted present value of our reserves are objectively determined. The ceiling test calculation requires use of prices and costs in effect as of the last day of the accounting period, which are generally held constant for the life of the properties. As a result, the present value is not necessarily an indication of the fair value of the reserves. Oil and gas prices have historically been volatile and the prevailing prices at any given time may not reflect our Partnership's or the industry's forecast of future prices.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 royalties and net profits interests in properties operated by non-affiliated entities are particularly subjective due to inability to gain accurate and timely information. Therefore, actual results could differ from those estimates.

NEW ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. SFAS No. 143 is effective for fiscal years beginning after

June 15, 2002. Dorchester Minerals adopted SFAS No. 143 on January 1, 2003, which did not have a material effect on its financial statements.

The FASB's Emerging Issues Task Force (EITF) reached a consensus that mineral rights are tangible assets in EITF Issue 04-2, "Whether Mineral Assets Are Tangible or Intangible Assets". The FASB ratified the EITF consensus, subject to amendment of SFAS No. 141 and No. 142 through a FASB Staff Position (FSP).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following information provides quantitative and qualitative information about our potential exposures to market risk. The term "market risk" refers to the risk of loss arising from adverse changes in oil and natural gas prices, interest rates and currency exchange rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses.

Market Risk Related to Oil and Natural Gas Prices

Essentially all of our assets and sources of income are from the Net Profits Interests and the Royalty Properties, which generally entitle us to receive a share of the proceeds based on oil and natural gas production from those properties. Consequently, we are subject to market risk from fluctuations in oil and natural gas prices. Pricing for oil and natural gas production has been volatile and unpredictable for several years. We do not anticipate entering into financial hedging activities intended to reduce our exposure to oil and natural gas price fluctuations.

Absence of Interest Rate and Currency Exchange Rate Risk

We do not anticipate having a credit facility or incurring any debt, other than trade debt. Therefore, we do not expect interest rate risk to be material to us. We do not anticipate engaging in transactions in foreign currencies which could expose us to foreign currency related market risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, our Partnership's 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 Partnership's disclosure controls and procedures effectively ensure that the information required to be disclosed in the reports the Partnership files with the Securities and Exchange Commission is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission.

Changes in Internal Controls

There were no changes in our Partnership's internal controls or in other factors that have materially affected, or are reasonably likely to materially affect, our Partnership's internal controls subsequent to the date of their evaluation of our disclosure controls and procedures.

PART II

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

- a) We held our Annual Unitholders meeting on Wednesday, May 5, 2004 in Dallas, Texas.
- b) Proxies were solicited by the Board of Managers pursuant to Regulation 14A under the Securities Exchange Act of 1934. There were no solicitations in opposition to the nominees listed in the proxy statement and all of such nominees were duly elected.

- c) The only matter voted on at the meeting was the election of the three nominees to the Board of Managers. Out of the 27,040,431 units issued and outstanding and entitled to vote at the meeting, 25,055,367 units were present in person or by proxy. The results were as follows:

| Nominee | Votes for Election | Votes Withheld from Election | Broker Non-Votes |
|-----------------|--------------------|---------------------------------|------------------|
| ----- | ----- | ----- | ----- |
| Buford P. Berry | 24,757,336 | 298,031 | 1,985,064 |
| Rawles Fulgham | 24,931,147 | 124,220 | 1,985,064 |
| C. W. Russell | 24,978,477 | 76,890 | 1,985,064 |

ITEM 5. OTHER INFORMATION
None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits: See the attached Index to Exhibits.

b) Reports on Form 8-K filed during the quarter ended March 31, 2004:

- (i) Filed January 16, 2004 on Item 9. Regulation FD Disclosure and Item 12. Results of Operations and Financial Condition (Regarding Fourth Quarter Cash Distribution)
- (ii) Filed March 5, 2004 on Item 9. FD Disclosure and Item 12. Results of Operations and Financial Condition (Regarding Fourth Quarter Earnings)

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

/s/ William Casey McManemin

Date: May 5, 2004

William Casey McManemin
Chief Executive Officer

/s/ H.C. Allen, Jr.

Date: May 5, 2004

H.C. Allen, Jr.
Chief Financial Officer

INDEX TO EXHIBITS

| Number | Description |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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' Report on Form 10-K filed for the year ended December 31, 2002) |
| 3.3 | 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) |
| 3.4 | Amended and Restated Agreement of Limited Partnership of Dorchester Minerals Management LP (incorporated by reference to Exhibit 3.4 to Dorchester Minerals' Report on Form 10-K for the year ended December 31, 2002) |
| 3.5 | 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) |
| 3.6 | Amended and Restated Limited Liability Company Agreement of Dorchester Minerals Management GP LLC (incorporated by reference to Exhibit 3.6 to Dorchester Minerals' Report on Form 10-K for the year ended December 31, 2002). |
| 3.7 | 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) |
| 3.8 | 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) |
| 3.9 | 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) |
| 3.10 | Amended and Restated Agreement of Limited Partnership of Dorchester Minerals Operating LP. (incorporated by reference to Exhibit 3.10 to Dorchester Minerals' Report on Form 10-K for the year ended December 31, 2002) |
| 3.11 | Certificate of Limited Partnership of Dorchester Minerals Oklahoma LP (incorporated by reference to Exhibit 3.11 to Dorchester Minerals' Report on Form 10-K for the year ended December 31, 2002) |
| 3.12 | Agreement of Limited Partnership of Dorchester Minerals Oklahoma LP (incorporated by reference to Exhibit 3.12 to Dorchester Minerals' Report on Form 10-K for the year ended December 31, 2002) |
| 3.13 | Certificate of Incorporation of Dorchester Minerals Oklahoma GP, Inc. (incorporated by reference to Exhibit 3.13 to Dorchester Minerals' Report on Form 10-K for the year ended December 31, 2002) |
| 3.14 | Bylaws of Dorchester Minerals Oklahoma GP, Inc. (incorporated by reference to Exhibit 3.14 to Dorchester Minerals' 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) of the Securities Exchange Act of 1934 |
| 31.2 | Certification of Chief Financial Officer of the Partnership pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934. |
| 32.1 | Certification of Chief Executive Officer of the Partnership pursuant to 18 U.S.C. Sec. 1350 |
| 32.2 | Certification of Chief Financial Officer of the Partnership pursuant to 18 U.S.C. Sec. 1350 |

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, 2004 (the "Report"), I, William Casey McManemin, Chief Executive Officer of Dorchester Minerals Management GP LLC, General Partner of Dorchester Minerals Management LP, General Partner of the Partnership, hereby certify 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 Company.

/s/ William Casey McManemin

William Casey McManemin
Chief Executive Officer

Date: May 5, 2004

CERTIFICATIONS

I, H.C. Allen, Jr., Chief Financial Officer of Dorchester Minerals Management GP LLC, General Partner of Dorchester Minerals Management LP, General Partner of Dorchester Minerals, L.P., (the "Registrant"), 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 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)) 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) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) 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 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 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.

/s/ H.C. Allen, Jr.

H.C. Allen, Jr.
Chief Financial Officer

Date: May 5, 2004

CERTIFICATIONS

I, William Casey McManemin, Chief Executive Officer of Dorchester Minerals Management GP LLC, General Partner of Dorchester Minerals Management LP, General Partner of Dorchester Minerals, L.P., (the "Registrant"), 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 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)) 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) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) 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 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 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.

/s/ William Casey McManemin

William Casey McManemin
Chief Executive Officer

Date: May 5, 2004

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, 2004 (the "Report"), I, H.C. Allen, Jr., Chief Financial Officer of Dorchester Minerals Management GP LLC, General Partner of Dorchester Minerals Management LP, General Partner of the Partnership, hereby certify 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 Company.

/s/ H.C. Allen, Jr.

H.C. Allen, Jr.
Chief Financial Officer

Date: May 5, 2004