

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC. 20549
FORM 10-Q**

(Mark One)

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

For the quarterly period ended **September 30, 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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 November 5, 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.

ITEM 1. FINANCIAL STATEMENTS

See attached financial statements on the following pages.

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

CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)
(Unaudited)

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,854	\$ 15,339
Trade and other receivables	4,496	7,061
Net profits interests receivable - related party	1,998	5,882
Total current assets	21,348	28,282
Property and leasehold improvements - at cost:		
Oil and natural gas properties (full cost method)	399,989	405,670
Accumulated full cost depletion	(328,933)	(319,544)
Total	71,056	86,126
Leasehold improvements	989	989
Accumulated amortization	(215)	(146)
Total	774	843
Operating lease right-of-use asset	1,451	1,632
Total assets	\$ 94,629	\$ 116,883
LIABILITIES AND PARTNERSHIP CAPITAL		
Current liabilities:		
Accounts payable and other current liabilities	\$ 2,509	\$ 2,052
Operating lease liability	303	310
Total current liabilities	2,812	2,362
Operating lease liability	1,958	2,185
Total liabilities	4,770	4,547
Commitments and contingencies (Note 4)		
Partnership capital:		
General Partner	619	1,228
Unitholders	89,240	111,108
Total partnership capital	89,859	112,336
Total liabilities and partnership capital	\$ 94,629	\$ 116,883

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net operating revenues:				
Royalties	\$ 10,740	\$ 14,075	\$ 27,195	\$ 44,629
Net profits interests	1,681	2,259	7,127	10,523
Lease bonus	12	3,147	281	3,569
Other	112	88	213	479
Total net operating revenues	12,545	19,569	34,816	59,200
Costs and expenses:				
Operating, including production taxes	1,532	1,380	4,322	4,781
Depreciation, depletion and amortization	3,161	3,628	9,458	9,865
General and administrative expenses	2,233	1,694	5,464	4,112
Total costs and expenses	6,926	6,702	19,244	18,758
Net income	\$ 5,619	\$ 12,867	\$ 15,572	\$ 40,442
Allocation of net income:				
General partner	\$ 192	\$ 463	\$ 490	\$ 1,364
Unitholders	\$ 5,427	\$ 12,404	\$ 15,082	\$ 39,078
Net income per common unit (basic and diluted)	\$ 0.16	\$ 0.35	\$ 0.43	\$ 1.15
Weighted average basic and diluted common units outstanding	34,680	34,680	34,680	33,960

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

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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 September 30, 2019				
Balance at July 1, 2019	\$ 1,611	\$ 121,918	\$ 123,529	34,680
Net income	463	12,404	12,867	
Distributions (\$0.515016 per Unit)	(592)	(17,861)	(18,453)	
Balance at September 30, 2019	<u>\$ 1,482</u>	<u>\$ 116,461</u>	<u>\$ 117,943</u>	<u>34,680</u>
Three Months Ended September 30, 2020				
Balance at July 1, 2020	\$ 629	\$ 91,662	\$ 92,291	34,680
Net income	192	5,427	5,619	
Distributions (\$0.226318 per Unit)	(202)	(7,849)	(8,051)	
Balance at September 30, 2020	<u>\$ 619</u>	<u>\$ 89,240</u>	<u>\$ 89,859</u>	<u>34,680</u>
Nine Months Ended September 30, 2019				
Balance at January 1, 2019	\$ 1,826	\$ 84,821	\$ 86,647	32,280
Net income	1,364	39,078	40,442	
Acquisition of assets for units	-	43,824	43,824	2,400
Distributions (\$1.513903 per Unit)	(1,708)	(51,262)	(52,970)	
Balance at September 30, 2019	<u>\$ 1,482</u>	<u>\$ 116,461</u>	<u>\$ 117,943</u>	<u>34,680</u>
Nine Months Ended September 30, 2020				
Balance at January 1, 2020	\$ 1,228	\$ 111,108	\$ 112,336	34,680
Net income	490	15,082	15,572	
Distributions (\$1.065451 per Unit)	(1,099)	(36,950)	(38,049)	
Balance at September 30, 2020	<u>\$ 619</u>	<u>\$ 89,240</u>	<u>\$ 89,859</u>	<u>34,680</u>

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

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

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

	Nine Months Ended	
	September 30,	
	2020	2019
Net cash provided by operating activities	\$ 32,048	\$ 54,756
Cash flows provided by investing activities:		
Net cash contributed in acquisition	-	1,406
Proceeds from the sale of oil and natural gas properties	5,516	439
Total cash flows provided by investing activities	5,516	1,845
Cash flows used in financing activities:		
Distributions paid to General Partner and unitholders	(38,049)	(52,970)
(Decrease) increase in cash and cash equivalents	(485)	3,631
Cash and cash equivalents at beginning of period	15,339	18,285
Cash and cash equivalents at end of period	\$ 14,854	\$ 21,916
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

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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 COVID-19 as a pandemic, based on the rapid increase in exposure globally, and throughout the second and third quarters of 2020 and thereafter, COVID-19 continued to spread throughout the U.S. 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. While OPEC, Russia and other oil producing countries reached an agreement in April 2020 to reduce production levels, and U.S. production has declined, a significant crude oil price recovery is not expected until global supply matches current lower levels of demand caused by a number of factors, including the uncertainty around the extent and timing of an economic recovery due to the COVID-19 pandemic. The effects of COVID-19 and concerns regarding its domestic and global spread, as well as the actions by Russia and Saudi Arabia in the first and second quarters of 2020, could continue to negatively impact the domestic and international supply and demand for oil and natural gas, to sustain continued 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 and the historically low oil and natural gas prices on the account 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 domestically and worldwide, additional governmental or other actions taken to combat COVID-19 and the effect COVID-19 and the current depressed oil prices 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 nine months ended September 30, 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. Net Profits Interests Divestiture

On September 30, 2020, the Partnership and affiliates of its General Partner closed the divestiture of our Hugoton net profits interests located in Texas County, Oklahoma and Stevens County, Kansas to a third party. In accordance with the full cost method of accounting, as the divestiture did not represent a significant portion of the Partnership’s reserves, gross divestiture proceeds of \$5.7 million were credited to the oil and natural gas properties full cost pool as of September 30, 2020. Transaction costs of \$0.5 million are included in general and administrative expenses on the condensed consolidated income statements for the three and nine month periods ended September 30, 2020. Holdbacks of \$0.2 million are included in trade and other receivables on the condensed consolidated balance sheet as of September 30, 2020. Final net proceeds from the sale are subject to customary adjustments 120 days after the closing date.

4. Commitments and Contingencies

The Partnership and Dorchester Minerals Operating LP, 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.

5. Distributions to Holders of Common Units

Distributions for both the third quarter of 2020 and the third quarter of 2019 were paid on 34,679,774 common units. The third quarter 2020 distribution of \$0.325612 per common unit will be paid on November 12, 2020. Our partnership agreement requires the fourth quarter cash distribution to be paid by February 14, 2021.

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.

As of September 30, 2020, we own five 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 five 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.

From a cash perspective, as of September 30, 2020, the Minerals NPI was in a surplus position and had outstanding capital commitments in the Bakken region equaling cash on hand of \$2.5 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, and subsequently, throughout the second and third quarters of 2020 and thereafter, COVID-19 continued to spread throughout the U.S. 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 natural gas prices. While OPEC, Russia and other oil producing countries reached an agreement in April 2020 to reduce production levels, and U.S. production has declined, oil prices remain low.

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. These recent events have impacted operators throughout the energy industry, and as described below, our revenues have decreased due to lower commodity prices and related operator curtailment. Please see "--- Results of Operations." 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 \$1.4 million (including adjustments made post-closing). 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.

Net Profits Interests Divestiture

On September 30, 2020, the Partnership and affiliates of its General Partner closed the divestiture of our Hugoton net profits interests located in Texas County, Oklahoma and Stevens County, Kansas to a third party. In accordance with the full cost method of accounting, as the divestiture did not represent a significant portion of the Partnership's reserves, gross divestiture proceeds of \$5.7 million were credited to the oil and natural gas properties full cost pool as of September 30, 2020. Transaction costs of \$0.5 million are included in general and administrative expenses on the condensed consolidated income statements for the three and nine month periods ended September 30, 2020. Holdbacks of \$0.2 million are included in trade and other receivables on the condensed consolidated balance sheet as of September 30, 2020. Final net proceeds from the sale are subject to customary adjustments 120 days after the closing date.

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 September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Accrual basis sales volumes:						
Royalty properties natural gas sales (mmcf)	973	913	7%	2,681	3,059	(12%)
Royalty properties oil sales (mmbbls)	260	260	0%	706	796	(11%)
NPI natural gas sales (mmcf)	528	719	(27%)	1,884	2,063	(9%)
NPI oil sales (mmbbls)	125	123	2%	426	390	9%
Accrual basis weighted average sales price:						
Royalty properties natural gas sales (\$/mcf)	\$ 1.33	\$ 1.28	4%	\$ 1.37	\$ 1.81	(24%)
Royalty properties oil sales (\$/bbl)	\$ 36.34	\$ 48.85	(26%)	\$ 33.31	\$ 48.84	(32%)
NPI natural gas sales (\$/mcf)	\$ 1.37	\$ 1.21	13%	\$ 1.36	\$ 1.87	(27%)
NPI oil sales (\$/bbl)	\$ 32.33	\$ 47.87	(32%)	\$ 35.39	\$ 45.97	(23%)

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

Oil sales volumes attributable to our Royalty properties remained consistent during the third quarter of 2019 and 2020. The decrease in oil sales volumes attributable to our Royalty properties from the first nine months of 2019 to the same period of 2020 is primarily a result of decreased Permian Basin production due to lower suspense releases on new wells, operator curtailments based on the low commodity price environment and natural declines, partially offset by higher suspense releases on new wells in the Bakken and Rockies. The increase in natural gas sales volumes attributable to our Royalty properties from the third quarter of 2019 to the same period of 2020 is primarily a result of production on new wells in the Rockies and Southeast and the return of production curtailed across multiple regions during the second quarter of 2020. The decrease in natural gas sales volumes attributable to our Royalty properties from the first nine months of 2019 to the same period of 2020 is primarily a result of first and second quarter decreases in production across multiple regions due to operator curtailments based on the low commodity price environment and higher natural declines than prior year, partially offset by increased production in the Rockies and higher suspense releases on new wells in the Bakken.

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The increase in oil sales volumes attributable to our NPI properties from the third quarter of 2019 to the same period of 2020 is primarily a result of the return of production curtailed across multiple regions during the second quarter of 2020. The increase in oil sales volumes attributable to our NPI properties from the first nine months of 2019 to the same period of 2020 is primarily a result of higher suspense releases for new wells in the Bakken and increased production in the Permian Basin, partially offset by second quarter 2020 Bakken curtailments due to the low commodity price environment. The decrease in natural gas sales volumes attributable to our NPI properties from the third quarter of 2019 to the same period of 2020 is primarily a result of a lower Hugoton Field production contribution due to the September 1, 2020 effective date of the NPI divestiture and lower suspense releases on new wells in the Permian Basin. The decrease in natural gas sales volumes attributable to our NPI properties from the first nine months of 2019 to the same period of 2020 is primarily a result of lower production in the Hugoton Field and Fayetteville Shale, partially offset by increased production in the Permian Basin and Bakken.

Operating revenues decreased 36% from \$19.6 million during the third quarter of 2019 to \$12.5 million during the same period of 2020. Operating revenues also decreased 41% from \$59.2 million during the first nine months of 2019 to \$34.8 million during the same period of 2020. The decreases for the three and nine months ended September 30, 2020 versus the prior year are primarily a result of lower realized prices on Royalty properties oil sales, lower NPI revenues, and lower lease bonus revenues.

Operating costs, including production taxes, increased 7% from \$1.4 million during the third quarter of 2019 to \$1.5 million during the same period of 2020. The increase is primarily a result of higher oil and natural gas marketing costs in the Permian Basin. Operating costs, including production taxes, decreased 10% from \$4.8 million during the first nine months of 2019 to \$4.3 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 lower oil and natural gas prices, partially offset by higher oil and gas marketing costs in the Permian Basin and Bakken.

Depreciation, depletion and amortization decreased 11% from \$3.6 million during the third quarter of 2019 to \$3.2 million during the same period of 2020. Depreciation, depletion and amortization decreased 4% from \$9.9 million during the first nine months of 2019 to \$9.5 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 29% from \$1.7 million during the third quarter of 2019 to \$2.2 million during the same period of 2020. The increase is primarily a result of higher information technology project costs and non-recurring Hugoton NPI divestiture transaction costs. General and administrative expenses increased 34% from \$4.1 million during the first nine months of 2019 to \$5.5 million during the same period of 2020. The increase is primarily a result of higher information technology project costs, higher public company compliance costs, and non-recurring Hugoton NPI divestiture transaction costs.

Net cash provided by operating activities decreased 42% from \$54.8 million during the first nine months of 2019 to \$32.0 million during the same period of 2020. The decrease is primarily a result of lower net operating revenues largely driven by lower realized prices for Royalty properties oil sales and higher general and administrative expenses, for the first nine months of 2020 compared to the same period of 2019.

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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 third quarter of 2020 totaled \$8.2 million. Approximately 77% of these receipts reflect oil sales during June 2020 through August 2020 and natural gas sales during May 2020 through July 2020, and approximately 23% from prior sales periods. The weighted average indicated prices for oil and natural gas sales received during the third quarter of 2020 attributable to the Royalty Properties were \$33.59/bbl and \$1.16/mcf, respectively.

There were no cash receipts attributable to our NPIs during the third quarter of 2020 as our NPIs were in deficit for the months of May 2020 through July 2020.

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 many 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 5 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 ongoing 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 ongoing 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 continue to evaluate 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.

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Liquidity and Working Capital

Cash and cash equivalents totaled \$14.9 million at September 30, 2020 and \$15.3 million at December 31, 2019.

Critical Accounting Policies

As of September 30, 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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 September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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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

There have been no material changes to the Partnership's risk factors as disclosed in Item 1A of Part I of the Partnership's annual report on Form 10-K for the year ended December 31, 2019, as supplemented and updated by the Partnership's quarterly reports on Form 10-Q for the quarter ended March 31, 2020 and the quarter ended June 30, 2020.

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<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

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101.INS*	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
<u>104</u>	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

**Furnished herewith

[Table of Contents](#)**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: November 5, 2020

By: /s/ Leslie Moriyama

Leslie Moriyama
Chief Financial Officer

Date: November 5, 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: November 5, 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.

/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.

Date: November 5, 2020

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 September 30, 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: November 5, 2020

/s/ William Casey McManemin

William Casey McManemin
Chief Executive Officer

Date: November 5, 2020

/s/ Leslie Moriyama

Leslie Moriyama
Chief Financial Officer