

DORCHESTER MINERALS, L.P.
Form DEFA14A
February 24, 2012
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

- Filed by the Registrant
- Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

DORCHESTER MINERALS, L.P.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

Dorchester Minerals, L.P.
3838 Oak Lawn Avenue, Suite 300
Dallas, Texas 75219-4541

April 4, 2012

To our fellow Unitholders:

Our results during 2011 were strong despite declining natural gas prices and reduced drilling activity in many of our producing areas. Significant results include the following:

- Net Income of \$42.2 million;
- Distributions of \$50.7 million to our limited partners;
- Identification of 408 new wells located on our Royalty and Net Profits Interest Properties in nine states; and
- Consummation of 42 leases of our mineral interest in undeveloped properties located in 26 counties and parishes in seven states.

The most significant event of 2011 was the Minerals NPI reaching pay status after eight years of deficits. One of our six NPIs, the Minerals NPI owns cost bearing interests located in 10 states, representing 8.2% of our total Proved Reserves at year end and contributed to our distributions to limited partners for the first time in the first quarter of 2012.

Our efforts to acquire complementary assets in not-taxable exchanges for our partnership interests during 2011 were unsuccessful despite many attempts. We continue to “turn over a lot of rocks” and pursue acquisition opportunities, and are hopeful we can consummate transactions in 2012 and beyond.

The enclosed Annual Report on Form 10-K includes information about activity on our Royalty Properties and Net Profits Interests. We encourage you to read this information and to contact us with any questions about your investment. In addition, the enclosed Proxy Statement contains important information concerning matters to be voted upon at our 2012 Annual Meeting. Please read the Proxy Statement and submit your vote at your earliest convenience.

We thank you for your continued support.

Very truly yours,

William Casey McManemin
Chief Executive Officer

Dorchester Minerals, L.P.
3838 Oak Lawn Avenue, Suite 300
Dallas, Texas 75219-4541

NOTICE OF ANNUAL MEETING OF LIMITED PARTNERS

To Be Held on May 16, 2012

To the Unitholders of Dorchester Minerals:

The Annual Meeting of the Limited Partners of Dorchester Minerals, L.P. will be held at 10:00 a.m. Central Time on Wednesday, May 16, 2012, at the DeGolyer House at the Dallas Arboretum and Botanical Gardens, 8525 Garland Road, Dallas, Texas 75218, for the following purposes:

1. To elect three managers who will serve on the Board of Managers and be appointed to the Advisory Committee until the 2013 Annual Meeting of Limited Partners;
2. To approve the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2012;
3. To consider any other matters that may properly come before the meeting.

Only holders of record of common units as of the close of business on March 21, 2012 are entitled to notice of, and to vote at, the meeting.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, WE URGE YOU TO VOTE USING ONE OF THE VOTING METHODS DESCRIBED IN THE ATTACHED MATERIALS AT YOUR EARLIEST CONVENIENCE.

By Order of the Board of Managers of
Dorchester Minerals Management GP LLC,

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

April 4, 2012

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Limited Partners to be Held on May 16, 2012:

The Partnership's Proxy Statement for the 2012 Annual Meeting of Limited Partners and Annual Report on Form 10-K for the fiscal year ended December 31, 2011 are available at www.dmlp.net.

Dorchester Minerals, L.P.
3838 Oak Lawn Avenue, Suite 300
Dallas, Texas 75219-4541

PROXY STATEMENT
For
ANNUAL MEETING OF LIMITED PARTNERS
To Be Held on May 16, 2012

SOLICITATION OF PROXIES

This Proxy Statement is being furnished to holders of common units in connection with the solicitation of proxies by our Board of Managers for use at the Dorchester Minerals, L.P. 2012 Annual Meeting. Our general partner is Dorchester Minerals Management LP, and its general partner is Dorchester Minerals Management GP LLC. As a result, the Board of Managers of Dorchester Minerals Management GP LLC exercises effective control of us. Dorchester Minerals Management LP is referred to herein as our general partner, and Dorchester Minerals Management GP LLC is referred to herein as the general partner of our general partner. The approximate date on which definitive copies of this proxy statement and form of proxy are intended to be released to Unitholders is April 4, 2012.

When and Where Is the 2012 Annual Meeting?

The 2012 Annual Meeting will be held at 10:00 a.m. Central Time on Wednesday, May 16, 2012, at the DeGolyer House at the Dallas Arboretum and Botanical Gardens, 8525 Garland Road, Dallas, TX 75218.

What Are The Board of Managers' Proposals?

To elect three managers who will serve on the Board of Managers and be appointed to the Advisory Committee, and, to approve the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2012.

How Does the Board of Managers Recommend I Vote on the Proposals?

The Board of Managers recommends a vote FOR each of the nominees to serve on the Board of Managers and the Advisory Committee, and, a vote FOR the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2012.

How Will Voting On Any Other Business Be Conducted?

The Board of Managers does not know of any business to be considered at the 2012 Annual Meeting other than the proposals described in this Proxy Statement. However, if any other business is properly presented, your signed proxy card gives authority to the persons named in the proxy to vote on such matters at their discretion.

Who Is Entitled to Vote?

Each Unitholder as of the close of business on March 21, 2012, the record date, is entitled to vote at the 2012 Annual Meeting.

How Many Units May Be Voted?

As of the record date, 30,675,431 units were outstanding. Each unit entitles its holder to one vote.

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What is a “Quorum”?

A quorum is established if a majority of the outstanding units are represented in person or by proxy at the 2012 Annual Meeting. There must be a quorum for the 2012 Annual Meeting to be held. If you submit a properly executed proxy card, you will be considered part of the quorum. Proxies received by us that are marked “withhold authority” or abstain, or that constitute a broker non-vote, are counted as present for purposes of establishing a quorum. A broker non-vote occurs when a broker returns a valid proxy but does not vote on a particular matter because the broker does not have the discretionary voting power for that matter and has not received instructions from the beneficial owner.

What Vote Is Required to Approve the Proposals?

The affirmative vote of holders of a plurality of the outstanding units is required to elect each manager to the Board of Managers. Thus, any abstentions, broker non-votes or other limited proxies will have no effect on the outcome of the election of managers. The affirmative vote of holders of a majority of the units present in person or represented by proxy at the annual meeting and entitled to vote thereon is required to approve the appointment of Grant Thornton LLP as our registered independent public accounting firm for the year ending December 31, 2012. Abstentions will have the effect of votes against the proposal to approve Grant Thornton LLP as our independent public accounting firm, but broker non-votes and other limited proxies will have no effect on this proposal.

How Do I Vote?

You may vote by any one of three different methods:

- (a) In Writing - You can vote by marking, signing and dating the enclosed proxy card and returning it in the enclosed envelope. If you return your signed proxy card, but do not give instructions as to how you wish to vote, your units will be voted FOR proposal nos. 1 and 2 in accordance with the Board of Managers’ recommendation.
- (b) By Telephone - You can vote by calling the telephone number on the proxy card and following the instructions. Please have the proxy card in hand when calling.
- (c) In Person - You can vote by attending the 2012 Annual Meeting.

Units represented by properly executed proxies that are not revoked will be voted in accordance with the instructions shown on the proxy card. You have the right to revoke your proxy at any time before the 2012 Annual Meeting by:

- (a) Delivering to Dorchester Minerals, L.P., Attn: 2012 Annual Meeting, 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas, 75219-4541, a written revocation;
- (b) Voting in person at the 2012 Annual Meeting; or;
- (c) Returning a later-dated proxy card.

Attendance at the 2012 Annual Meeting will not, without further action by you, revoke your proxy.

Unitholders have no dissenters’ rights or rights of appraisal under Delaware law or our Amended and Restated Agreement of Limited Partnership.

What Does It Mean If I Receive More Than One Proxy Card?

If your units are registered differently and/or are in more than one account, you will receive more than one proxy card. Please mark, sign, date and return all of the proxy cards you receive to ensure that all of your units are voted. We encourage you to have all accounts registered in the same name and address (whenever possible). You can accomplish this by contacting our transfer agent, American Stock Transfer & Trust Company, at (800) 937-5449.

How Can I Vote If My Units Are Held in "Street Name"?

If your units are held in the name of your broker, a bank, or other nominee, that party will give you instructions about how to vote your units.

Who Will Count the Votes?

Representatives of Broadridge Investor Communication Services, an independent tabulator, will count the votes and act as the inspector of election.

Where and When Will I Be Able to Find Out the Results of Voting?

In addition to announcing the results at the 2012 Annual Meeting, you will also be able to find the results in our Form 8-K that will be publicly filed within four days of the 2012 Annual Meeting.

Who Is Bearing the Cost Of This Proxy Solicitation?

We are bearing the cost of soliciting proxies for the 2012 Annual Meeting. In addition to using the mail, managers, officers and employees may solicit proxies by telephone, personal interview or otherwise. They will not receive additional compensation for this activity but may be reimbursed for their reasonable out-of-pocket expenses. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to Unitholders.

How Can I Obtain A Copy of the Annual Report on Form 10-K?

A copy of our 2011 Annual Report on Form 10-K, including the consolidated financial statements filed therewith is included with this proxy statement. We will provide an additional copy of our 2011 Annual Report on Form 10-K, including the consolidated financial statements, upon written request to Dorchester Minerals, L.P., Attn: 2012 Annual Meeting, 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219-4541. We will furnish a requesting Unitholder with any exhibit not contained therein upon payment of a reasonable fee.

When Are the Unitholder Proposals For the 2013 Annual Meeting of Limited Partners Due?

We presently expect that our next Annual Meeting of Limited Partners will be held on May 15, 2013. Unitholder proposals for inclusion in the proxy materials relating to the 2013 Annual Meeting must be received at our principal executive office at 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219-4541, addressed to our general partner no later than December 5, 2012. In accordance with our Amended and Restated Agreement of Limited Partnership, Unitholders who intend to present a proposal at the 2013 Annual Meeting without inclusion of such proposal in our proxy materials are required to provide notice of such proposal to us no later than March 16, 2013, and Unitholders who intend to nominate a manager for election to the Board of Managers and Advisory Committee are required to provide notice of such proposal to us no later than February 14, 2013. If the date of the 2013 Annual Meeting is changed to a different month, we will advise our Unitholders of the new date for the submission of Unitholder

proposals in one of our periodic filings with the Securities and Exchange Commission.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common units as of February 23, 2012. The information is set forth for (i) each nominee and current manager and named executive officer of the general partner of our general partner, (ii) all executive officers and managers of the general partner of our general partner as a group, and (iii) all those known by us to be beneficial owners of more than 5% of our common units.

| Name of Beneficial Owner | Beneficial Ownership(1) | |
|--|-------------------------|------------|
| | Number of Units | Percentage |
| Named Executive Officers and Managers (2) | | |
| William Casey McManemin (3) | 1,212,427 | 4.0 % |
| James E. Raley (4) | 11,000 | * |
| H.C. Allen, Jr. (5) | 233,175 | * |
| Preston A. Peak (6) | 501,890 | 1.6 % |
| Robert C. Vaughn (7) | 484,381 | 1.6 % |
| Buford P. Berry (8) | 0 | N/A |
| C.W. ("Bill") Russell (9) | 4,000 | * |
| Ronald P. Trout (10) | 13,555 | ** |
| All executive officers and managers and nominees to be managers as a group (eight persons)(11) | 2,401,673 | 7.8 % |
| Holders of 5% or More Not Named Above | | |
| Energy Trust LLC (12) | 2,230,185 | 7.3 % |

* Less than one percent (1%)

(1) As of record date, there were 30,675,431 common units outstanding.

(2) Unless otherwise indicated, the business address of each manager and executive officer of the general partner of our general partner is c/o Dorchester Minerals Management GP LLC, 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219-4541.

(3) Includes 660,570 units held by Mr. McManemin, 209,457 units held by 1307, Ltd., 5,531 units held by SAM Partners Management, Inc., 283,645 units held by Ptarmigan Royalty Partners, and 53,224 units held by Smith Allen Oil & Gas, LLP. Mr. McManemin disclaims beneficial ownership of those common units owned by 1307, Ltd., SAM Partners Management, Inc., Ptarmigan Royalty Partners, and Smith Allen Oil & Gas, LLP in which he does not have an economic interest but which he may be deemed to beneficially own based on shared voting and investment power. Mr. McManemin is individually a general partner, is the President of the other general partner and is a limited partner of 1307, Ltd. All of the remaining limited partner interest of 1307, Ltd. is owned by Mr. McManemin's wife and minor children. Mr. McManemin is the Vice President and a shareholder of SAM Partners Management, Inc. and is the managing partner in Smith Allen Oil & Gas, LLP. Mr. McManemin is the managing partner of Ptarmigan Royalty Partners.

(4) Includes 11,000 units held in an Individual Retirement Account for the benefit of Mr. Raley.

(5) Includes 174,420 units held by Mr. Allen individually or jointly with his spouse, 5,531 units held by SAM Partners Management, Inc. and 53,224 units held by Smith Allen Oil & Gas, LLP. Mr. Allen disclaims beneficial ownership of those common units owned by SAM Partners Management, Inc. and Smith Allen Oil & Gas, LLP in which he does not have an economic interest but which he may be deemed to beneficially own based on shared voting and investment power. Mr. Allen is the Secretary and a shareholder of SAM Partners Management, Inc. and Smith Allen

Oil & Gas, LLP.

- (6) Includes 12,179 units held by 4MP Corp and 489,711 units held by the Peak Revocable Living Trust. Mr. Peak disclaims beneficial ownership of those common units owned by the 4MP Corp and the Peak Revocable Living Trust in which he does not have an economic interest but which he may be deemed to beneficially own based on shared voting and investment power. Mr. Peak and his spouse are the beneficiaries of the Peak Revocable Living Trust, and Mr. Peak is a Co-Trustee of the Peak Revocable Living Trust. The Peak Revocable Living Trust is the shareholder of 4MP Corp.
- (7) Includes 427,210 units held by Vaughn Petroleum, Ltd., 17,723 units held by Empire Partners, Ltd., 9,861 units held by the Jack C. Vaughn, Jr. Trust, 9,862 units held by the Robert C. Vaughn Trust, 9,863 units held by the Sharon E. Vaughn Trust and 9,862 units held by the David C. Vaughn Trust. Mr. Vaughn disclaims beneficial ownership of those common units owned by the Jack C. Vaughn, Jr. Trust, the Robert C. Vaughn Trust, the Sharon E. Vaughn Trust, and the David C. Vaughn Trust, in which he does not have an economic interest but which he may be deemed to own based on shared voting and investment power. Mr. Vaughn and his spouse are the only partners of the general partnership that owns all the partnership interests in Vaughn Petroleum, Ltd. Mr. Vaughn is the President of Empire (GP), Inc. the general partner of Empire Partners, Ltd. Mr. Vaughn and his spouse are the shareholders of Empire (GP), Inc. All of the remaining limited partner interest of Empire Partners, Ltd. is owned by Mr. Vaughn, his spouse and his children. Mr. Vaughn is a co-trustee of the Jack C. Vaughn, Jr. Trust, the Robert C. Vaughn Trust, the Sharon E. Vaughn Trust and the David C. Vaughn Trust.
- (8) The business address for Mr. Berry is 1722 Routh Street, Suite 1500, Dallas, Texas 75201.

- (9) The business address for Mr. Russell is 4695 N FM 2869, Winnsboro, Texas 75494. The 4,000 common units are held in an Individual Retirement Account for the benefit of Mr. Russell.
- (10) Includes 2,250 units held individually by Mr. Trout, 8,000 units held by Mr. Trout and his spouse, 655 units held in an Individual Retirement Account for the benefit of Mr. Trout, 2,250 units held by the Benjamin R. Trout Trust and 400 units held by the Gabriel G. Trout Trust. Mr. Trout disclaims beneficial ownership of those common units owned by the Benjamin R. Trout Trust and the Gabriel G. Trout Trust in which he does not have an economic interest but which he may be deemed to own based on voting and investment power. Mr. Trout is the Trustee for the Benjamin R. Trout Trust and the Gabriel G. Trout Trust. The business address for Mr. Trout is 1241 Mohawk Trail, Richardson, Texas 75080.
- (11) Pursuant to Instruction 5 to Item 403 of Regulation S-K, the 5,531 units owned by SAM Partners Management, Inc. and the 53,224 units owned by Smith Allen Oil & Gas, LLP included in the beneficial ownership of both Mr. McManemin and Mr. Allen are only included once in this total.
- (12) The business address of Energy Trust LLC is 551 Fifth Avenue, 37th Floor, New York, New York 10176. Energy Trust LLC reported on its Amendment No. 8 to Schedule 13-G filed on February 3, 2012 (“Amendment No. 8”) that it is the investment advisor to various pension funds that beneficially own the securities, and Energy Trust LLC has sole voting and dispositive power over such securities. Energy Trust LLC exercises its voting and dispositive powers on behalf of each pension fund separately pursuant to its fiduciary duties to such pension fund as its investment advisor. Energy Trust LLC exercises voting and dispositive power over 2,230,185 of our common units, in the aggregate, on behalf of the pension funds, which represents 7.3% of our outstanding common units. Each pension fund has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities it beneficially owns. In December 2011, each of the various pension funds notified the Securities and Exchange Commission of its intent to sell in aggregate up to 300,000 common units in accordance with Rule 144. Although each of the various pension funds is required to notify the Securities and Exchange Commission of its intention to sell, none of the pension funds is required to report on Form 4 the sales that have taken place.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our managers, officers and persons who own more than 10% of our common units to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common units. Managers, officers and 10% holders of the common units are required by Securities and Exchange Commission rules and regulations to furnish us with copies of all Section 16(a) forms they file. To our knowledge, based solely on a review of the copies of such reports furnished to us and representations that no other reports were required, all Section 16(a) filing requirements applicable to our managers, officers and 10% holders were met.

PARTNERSHIP GOVERNANCE

Our business and affairs are managed by and under the direction of the Board of Managers, which exercises all of our corporate powers and establishes broad corporate policies. The Board of Managers consists of five managers appointed by the five members of the general partner of our general partner and three additional managers nominated by these members and elected annually by our limited partners. The elected managers, as a group, must meet the requirements of our Amended and Restated Agreement of Limited Partnership and the Securities and Exchange Commission and NASDAQ Global Select Market (“NASDAQ”) rules for members of an audit committee.

Messrs. Allen, McManemin, Peak, Raley and Vaughn are the five managers appointed by the members of the general partner of our general partner and will hold office until the earlier of their death, resignation or removal from office. In the event of any vacancy on the Board of Managers left by an appointed manager, the member who holds the right to

appoint the appointed manager will designate the replacement appointed manager, unless the member who otherwise holds the right to appoint the replacement appointed manager has lost his appointment right.

Messrs. Berry, Russell and Trout are the three managers who were elected at our 2011 Annual Meeting and are the three managers nominated by the members of the general partner of our general partner to stand for election to the Board of Managers at the 2012 Annual Meeting.

In the opinion of the Board of Managers, and as “independent” currently is defined by the NASDAQ rules, and assuming the three nominated managers are elected by the limited partners at the 2012 Annual Meeting, a majority of the Board of Managers after the 2012 Annual Meeting are and will be independent of management and free of any relationship that would interfere with their exercise of independent judgment. The Board of Managers has affirmatively determined that Messrs. Berry, Peak, Russell, Trout and Vaughn are independent. In addition to the NASDAQ “independent” rules, the Board of Managers has also affirmatively determined that Messrs. Berry, Russell and Trout also satisfy the definition of “independent” prescribed by the Securities and Exchange Commission for members of an audit committee.

The Board of Managers held nine meetings and acted by unanimous written consent two times in fiscal 2011. Each Manager attended at least 75% of the total number of meetings of the Board of Managers and of the committees of the Board of Managers on which such Manager served.

The Board of Managers strongly recommends each manager attend the 2012 Annual Meeting of our limited partners. Seven of the eight managers currently serving attended the 2011 Annual Meeting.

The Board of Managers has an Advisory Committee that consists of Messrs. Berry, Russell and Trout. The Advisory Committee functions as the audit committee and as the compensation committee. In addition the Advisory Committee addresses all matters concerning conflicts of interest and the application of the Business Opportunities Agreement. The Advisory Committee met one time in person and acted by unanimous written consent one time in fiscal 2011.

The Board of Managers does not have a nominating committee or committee performing similar functions and has not adopted a resolution addressing the nominations process nor does it consider diversity with respect to manager nominees or have a diversity policy. This arrangement is appropriate as the nominations for all managers are made by the members of the general partner of our general partner. Messrs. McManemin, Raley, Allen, Vaughn and Peak all participate in the consideration of nominees for the Board of Managers in their capacities as officers and/or managers of the members of the general partner of our general partner. The Board of Managers has not adopted a resolution addressing the nominations process as the general partner of our general partner is legally required to provide its members with the ability to nominate managers.

The Board of Managers does provide a process for Unitholders to send communications to it. Unitholders may contact each member of the Board of Managers in writing at their respective business addresses. See "Security Ownership of Certain Beneficial Owners and Management."

Our partnership adopted our Code of Business Conduct and Ethics on July 17, 2003. The Board of Managers reviewed the Code of Business Conduct and Ethics in 2011 for adequacy and was satisfied therewith. The Code of Business Conduct and Ethics applies to all officers, managers, advisors and employees of our partnership and its affiliates. Upon written request, we will provide any person, without charge, a copy of the Code of Business Conduct and Ethics. Written requests should be sent to Dorchester Minerals, L.P., Attn: Code of Business Conduct and Ethics, 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219-4541.

ADVISORY COMMITTEE

In their service as the Audit Committee, the members of the Advisory Committee assist the Board of Managers in fulfilling its oversight responsibilities relating to our consolidated financial statements and other financial information; compliance with applicable laws, regulations and our code of conduct; independence and qualifications of the independent auditor; management's establishment of and adherence to a system of internal accounting and disclosure controls; and the performance of the internal audit function and independent auditors. The Advisory Committee is empowered to investigate any matter brought to its attention with full access to all our books, records, facilities and personnel and may retain outside counsel, auditors or other experts to assist it. Our Board of Managers has adopted a written charter for the Advisory Committee in its service as the Audit Committee specifying its purpose of overseeing the accounting and financial reporting processes, a copy of which can be obtained free of charge on our website at www.dmlp.net. The charter is reviewed periodically to ensure that it meets all applicable legal and NASDAQ listing requirements. As interpreted in the Board of Managers' business judgment, assuming the three nominated managers are elected by the limited partners at the 2012 Annual Meeting, each member of the Audit Committee is financially literate and two members, including C.W. ("Bill") Russell, of the Advisory Committee possess accounting or related financial management expertise and are "audit committee financial experts" as described in Item 407(2)(5) of Regulation S-K. None of the members of the Advisory Committee has participated in the preparation of our

consolidated financial statements in the previous three years.

We administer our risk oversight function through our Advisory Committee as well as through our Board of Managers as a whole. Our Advisory Committee is empowered to monitor the integrity of our financial reporting processes and systems of internal controls and provide an avenue of communication among our independent auditors, management, employees overseeing our internal audit functions and our Board of Managers. Additionally, reports are provided during our board meetings by the individuals who oversee risk management in liquidity, environmental, safety, litigation and other operational areas.

In their service as the Compensation Committee, the members of the Advisory Committee exercise the power of the Board of Managers in connection with all matters relating to compensation of executive officers. All determinations concerning executive compensation for our officers are made by the Advisory Committee as provided in our agreements of the general partner and the general partner of our general partner. Advisor compensation is approved by the Board of Managers. Because of the simple remuneration for the services of our officers and managers, the Advisory Committee does not delegate or use consultants in determining and considering amounts or form of compensation and has not adopted a Compensation Committee charter.

COMPENSATION DISCUSSION AND ANALYSIS

Our executive officers are not paid any compensation for their services as officers of our Partnership, however, they generally serve in the same capacities for our general partner, the general partner of our general partner and for the operating partnership of our general partner and are compensated by the operating partnership for their service in those capacities. Such compensation is borne indirectly by us as a result of our obligation to reimburse our general partner and the operating partnership for management expenses, subject to the limitation on reimbursement.

Each of our Appointed Managers is associated with one or more of the members of our general partner. Each owner of our general partner receives a portion of the cash flow generated by our activities and those of the operating partnership as set forth in the agreement of the general partner of our general partner. Three of our Appointed Managers also serve as officers. The incentives to each of our Appointed Managers come solely from a portion of the cash flow generated and their individual holdings of publicly traded units in our partnership. The additional amount paid to each of the officers by the operating partnership as compensation is in recognition of their service provided in managing the day-to-day affairs necessary to our partnership and the operating partnership. This arrangement has been in place since we began operations on January 31, 2003, and each officer has received the same \$96,000 annual salary from our operating partnership since then. At this time, there are no other objectives, designs or elements of our compensation program, except recognition of management services provided. In the event we have new officers that are not also associated with the owners of our general partner or otherwise not holders of significant amounts of our units, our compensation may then require such programs.

The Advisory Committee has the discretion and authority to award performance-based cash bonuses, the amount of which will be determined based on the contribution of the executive officer and the benefit to the Partnership of the contribution of the executive officer. The Advisory Committee has not awarded any cash bonuses since 2003.

The Advisory Committee and the Board of Managers considered the results of our most recent unitholder advisory vote on executive compensation at our 2011 Annual Meeting. Our unitholders overwhelmingly approved the compensation of our named executive officers, with over 97% of the common units present at the meeting voting in favor of such compensation. Accordingly, the Advisory Committee and the Board of Managers have not changed our executive compensation decisions and policies following the 2011 Annual Meeting.

SUMMARY COMPENSATION TABLE

| Name and Principal Position | Year | Salary (\$) | All Other Compensation (1) (\$) | Total (\$) |
|--|------|----------------|--|---------------|
| William Casey McManemin Chief Executive Officer | 2011 | \$96,000 | \$19,200 | \$115,200 |
| | 2010 | \$96,000 | \$19,200 | \$115,200 |
| | 2009 | \$96,000 | \$19,200 | \$115,200 |
| H.C. Allen, Jr. Chief Financial Officer | 2011 | \$96,000 | \$19,200 | \$115,200 |
| | 2010 | \$96,000 | \$19,200 | \$115,200 |
| | 2009 | \$96,000 | \$19,200 | \$115,200 |

| | | | | |
|-------------------------|------|----------|----------|-----------|
| | | | | |
| James E. Raley | 2011 | \$96,000 | \$19,200 | \$115,200 |
| Chief Operating Officer | 2010 | \$96,000 | \$19,200 | \$115,200 |
| | 2009 | \$96,000 | \$19,200 | \$115,200 |

(1) Compensation for SEP-IRA contributions. Applies equal percentage to all operating partnership employees.

COMPENSATION OF DIRECTORS

Appointed Managers receive no remuneration for serving on the Board of Managers, but each member of the Advisory Committee received an annual retainer fee of \$35,000 during 2011 and will receive \$35,000 during 2012. In addition, members of the Advisory Committee receive \$1,500 for each meeting of any special committees. In 2011, one special committee meeting was held.

DIRECTOR COMPENSATION FOR 2011

| Name | Fees Earned or Paid in Cash (\$) | Total (\$) |
|-----------------------|--|---------------|
| Buford P. Berry | \$36,500 | \$36,500 |
| C.W. ("Bill") Russell | \$36,500 | \$36,500 |
| Ronald P. Trout | \$36,500 | \$36,500 |

COMPENSATION COMMITTEE REPORT

The Advisory Committee has reviewed and discussed the Compensation Discussion and Analysis with management and based on that review and discussion recommends to the Board of Managers its inclusion in the Proxy Statement.

February 23, 2012

C.W. ("Bill") Russell
Buford P. Berry
Ronald P. Trout

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of our executive officers serves as a member of the board or compensation committee of any entity that has one or more of its executive officers serving as a member of the Board of Managers or the Advisory Committee, which functions as our compensation committee.

REPORT OF THE AUDIT COMMITTEE

As members of the Audit Committee of the Board of Managers, we are responsible for helping to ensure the reliability of the Partnership's consolidated financial statements. In keeping with this goal, the Board of Managers has adopted a written charter for the Audit Committee to follow. The Audit Committee reviewed and reassessed the charter's adequacy on February 23, 2012.

Independence of Audit Committee Members. All of the members of the Audit Committee are independent as defined by Rule 5605(a)(2) of the NASDAQ Marketplace Rules and the most recent interpretations of those standards.

Review and Discussions. The Audit Committee has reviewed and discussed the Partnership's audited consolidated financial statements with management. It has also discussed with the independent auditors the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU § 380). Additionally, the Audit Committee has received the written disclosures and the letter from the independent accountants at Grant Thornton LLP, as required by the Public Company Accounting Oversight Board Ethics and Independence Rule 3526 (Communication With Audit Committees Concerning Independence), and has discussed with the independent accountants their independence.

Recommendation to Include Audited Consolidated Financial Statements in Annual Report. Based on the Audit Committee's discussions with management and the independent accountants and its review of the representation of management and the report of the independent accountants to the Audit Committee, the Audit Committee recommended that the Board of Managers include the audited consolidated financial statements in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission.

February 23, 2012

Buford P. Berry
C.W. ("Bill") Russell
Ronald P. Trout

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In 2011, we and our wholly-owned subsidiaries reimbursed certain direct and indirect expenses to the operating partnership and our general partner. The reimbursements were made pursuant to the Partnership's Amended and Restated Agreement of Limited Partnership and Administrative Services Agreements or office lease agreements between the operating partnership and Dorchester Minerals Oklahoma LP or Maecenas Minerals, L.L.P., both wholly-owned subsidiaries of the Partnership. No management fees or any other type of compensation is paid by or to any related party, other than compensation reported pursuant to Item 402 of Regulation S-K.

Reimbursement of Our General Partner

Our general partner was reimbursed \$1,462,700 for expenses incurred in 2011 pursuant to our Amended and Restated Agreement of Limited Partnership. Our general partner is not compensated for services provided in acting as our general partner. However, we reimburse our general partner on a monthly basis for all expenses incurred or payments made on our behalf, and all other necessary or appropriate expenses allocable to us. Such expenses include both direct expenses and management expenses. Pursuant to our Amended and Restated Agreement of Limited Partnership, direct

expenses include

- professional fees and expenses, such as audit, tax, legal and engineering costs;
 - regulatory fees and expenses;
 - ad valorem taxes;
 - severance taxes;
- the fees and expenses of independent managers of our general partner and its general partner; and
 - premiums for officers' and managers' liability insurance.

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Management expenses are expenses of the general partner and its affiliates incurred on our behalf and include:

- rent, wages, salaries and the cost of employee benefit plans provided to employees and officers that are properly allocable to us; and
- all other necessary or appropriate expenses allocable to us but do not include items classified as direct expenses or production costs.

As a result of the limitation on management expenses discussed below, recovery of additional expenses may occur by changing the classification of the expenses only to the extent that (i) a portion of management expense is reduced by shifting certain costs to direct expenses or production cost, and (ii) such classification change impacts a period when management expense could otherwise exceed the 5% cap and (iii) such excess above the cap cannot be recovered in future or past fiscal years.

Our reimbursements to our general partner of management expenses (excluding overhead expenses included in production costs that are deducted in determining net profits interests) during any fiscal year are limited to an amount not greater than five percent (5%) of the sum of our distributions to our partners for that fiscal year, adjusted for changes in cash reserves, plus expenses paid by us for that year for direct and management expenses and production costs which are capital in nature and charged against the net profits interests, and increases in taxes and regulatory compliance costs.

To the extent that actual reimbursement for management expenses in any fiscal year is less than five percent (5%) of this sum, our reimbursement to our general partner may exceed the 5% limitation by the amount of that difference at any time during the succeeding three fiscal years. If reimbursement to our general partner was limited by the 5% limitation during the preceding three fiscal years, the amount by which the management expenses are less than the 5% limitation in the current year may be used to permit our general partner to recoup the deficit from the preceding years.

Our Amended and Restated Agreement of Limited Partnership generally may not be amended to increase the 5% limitation on the reimbursement of management expenses.

Reimbursement to the Operating Partnership

In 2011, the operating partnership was reimbursed an aggregate of \$1,153,400 from Dorchester Minerals Oklahoma LP and Maecenas Minerals, L.L.P., two of our wholly-owned subsidiaries, pursuant to Administrative Service Agreements or office lease agreement. The operating partnership provided the wholly-owned subsidiaries services related to accounting, internal controls, management of data processing systems, preparation of all federal and state tax reports, service as paymaster, preparation of periodic financial statements and banking and other financial relationships. The operating partnership was reimbursed for the payment of all direct and indirect costs and expenses incurred in the performance of the services provided, including without limitation, (i) attributable secretarial, telephone, office rent and other office expenses, (ii) attributable salaries and other compensation expenses of employees, officers and directors, (iii) other attributable administrative expenses, (iv) travel expenses, (v) legal and accounting costs and expenses and (vi) expenses incurred in providing or obtaining such other professional, technical, administrative services and advice as deemed necessary or desirable. Reimbursements made pursuant to the Administrative Service Agreements were not also made pursuant to the Amended and Restated Agreement of Limited Partnership.

Review, Approval or Ratification of Transactions with Related Persons

Whenever any potential conflict of interest exists or arises between our general partner or any of its affiliates and us or any of our partners, our general partner resolves that conflict. Our Amended and Restated Agreement of Limited

Partnership requires our general partner to seek approval of a majority of the members of the Advisory Committee of the general partner of our general partner as to a proposed resolution of the conflict. In addition to approval by the Advisory Committee the resolution of the conflict of interest must also be fair and reasonable to us. Any resolution of a conflict of interest shall also be conclusively deemed fair and reasonable to us if such resolution is:

- on terms no less favorable to us than those generally being provided to or available from unrelated third parties, or
- fair to us, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to us).

Our general partner, or its general partner's Advisory Committee if its approval is sought, is authorized, in connection with its determination of what is fair and reasonable to us, and in connection with its resolution of any conflict of interest, to consider:

- the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest,
- any customary or accepted industry practices and any customary or historical dealings with a particular person,
 - any applicable generally accepted accounting practices or principles, and
- such additional factors as our general partner's, or its general partner's Advisory Committee, determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances.

Whenever our Amended and Restated Agreement of Limited Partnership requires that a particular transaction, arrangement or resolution of a conflict of interest be fair and reasonable, the fair and reasonable nature of that transaction, arrangement, or resolution shall be considered in the context of all similar or related transactions.

EXECUTIVE OFFICERS AND MEMBERS OF THE BOARD OF MANAGERS

William Casey McManemin, age 51, has served as Chief Executive Officer and as a manager of Dorchester Minerals Management GP LLC and as Chief Executive Officer of Dorchester Minerals Operating GP LLC and Dorchester Minerals, L.P. since 2001. He received his Bachelor of Science degree in Petroleum Engineering from Texas A&M University in 1984 and is a Registered Professional Engineer in the State of Texas. The members of the general partner of our general partner have determined that Mr. McManemin's extensive and varied professional experience in petroleum engineering, extensive history of managing the majority of the properties held by the Partnership, as well as his strong executive management skills, qualify him to continue to serve on the Board of Managers.

H.C. Allen, Jr., age 73, has served as Chief Financial Officer and as a manager of Dorchester Minerals Management GP LLC and as Chief Financial Officer of Dorchester Minerals Operating GP LLC and Dorchester Minerals, L.P. since 2001. He co-founded SASI Minerals Company, Republic Royalty Company, Spinnaker Royalty Company, L.P. and CERES Resource Partners, LP with Mr. McManemin in 1988, 1993, 1996 and 1998, respectively. He received his Bachelor of Business Administration degree from the University of Texas in 1962 and his Master of Business Administration degree from the University of North Texas in 1963. The members of the general partner of our general partner have determined that Mr. Allen's business and financial experience with the Partnership and other companies within our industry and his extensive history of managing the majority of the properties held by the Partnership qualifies him to continue to serve on the Board of Managers.

James E. Raley, age 72, has served as Chief Operating Officer and as a manager of Dorchester Minerals Management GP LLC and as Chief Operating Officer of Dorchester Minerals Operating GP LLC and Dorchester Minerals, L.P. since 2001. He had served as a general partner of Dorchester Hugoton since 1990. He received a Bachelor of Science degree in Mechanical Engineering from Texas Tech University in 1962. The members of the general partner of our general partner have determined that Mr. Raley's extensive history of managing a portion of the properties held by the Partnership, as well as his long standing management experience with the Partnership, provides our Board of Managers with considerable knowledge and understanding of the Partnership's properties and its strategic matters and qualifies him to continue to serve on the Board of Managers.

Preston A. Peak, age 89, has served as a manager of Dorchester Minerals Management GP LLC since 2001. Mr. Peak co-founded Dorchester Hugoton and was a general partner since 1982. He holds a Bachelor of Science degree from the U.S. Naval Academy and a Master of Business Administration degree from the Wharton School of the University of Pennsylvania. From 1954 until 1984, he served Dorchester Gas Corporation in various financial capacities, including Vice Chairman. Mr. Peak previously served on the boards of directors of each of Kaneb Services, Inc. and

Kaneb Pipe Line Partners, L.P. The members of the general partner of our general partner have determined that Mr. Peak's education and past experience as a member of the board of directors of other companies within our industry qualify him to continue to serve on our Board of Managers.

Robert C. Vaughn, age 56, has served as a manager of Dorchester Minerals Management GP LLC since 2001. Mr. Vaughn has served in various capacities with Vaughn Petroleum, LLC and affiliated entities since 1979, including as Chairman, President and Chief Executive Officer. He co-founded Republic Royalty Company in 1993 and Dorchester Minerals, L.P. in 2003. He received his Bachelor of Business Administration from the University of Texas at Austin. He currently serves on the Board of Trustees of the Culver Educational Foundation, the Development Board of The University of Texas at Austin and the Board of Visitors of the McDonald Observatory and Department of Astronomy of the University of Texas at Austin. The members of the general partner of our general partner have determined that Mr. Vaughn's education and experience as a founder and executive of the Partnership and of other companies within our industry provides our Board of Managers with considerable knowledge and understanding of strategic matters and qualifies him to continue to serve on our Board of Managers.

BOARD OF MANAGERS QUALIFICATIONS

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended nominees, the members of the general partner of our general partner consider criteria such as the candidate's integrity, business acumen, age, experience, commitment, diligence, conflicts of interest and the ability to act in the interests of all limited partners. We seek nominees with a diversity of experience, professions, skills, geographic representation and backgrounds. The members of the general partner of our general partner do not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the managers, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board of Managers to fulfill its responsibilities.

ELECTION OF MANAGERS TO THE BOARD OF MANAGERS
WHO WILL BE APPOINTED TO THE ADVISORY COMMITTEE

(PROPOSAL NO. 1 ON THE PROXY CARD)

Unitholders are entitled to elect three managers to the Board of Managers who will also be appointed to serve on the Advisory Committee. Nominations for the election of these managers listed below were made by the members of the general partner of our general partner and approved by its Board of Managers. If elected, all nominees are expected to serve until the 2013 Annual Meeting of Limited Partners or until their successors are duly elected.

NOMINEES FOR ELECTION

Buford P. Berry, age 76, has served as a manager and an Advisory Committee Member of Dorchester Minerals Management GP LLC since February 2003. He is currently of counsel to Thompson & Knight LLP, a Texas based law firm. Mr. Berry has been an attorney with Thompson & Knight LLP, serving in various capacities since 1963, including as Managing Partner from 1986 to 1998. He also currently serves on the Board of Directors of Holly Frontier Corporation. Mr. Berry previously served as a Vice Chairman of the Advisory Board of the Institute for Energy Law of the Center for American and International Law (formerly Southwestern Legal Foundation). He is a past Chairman of the Natural Resources Committee of the Taxation Section of the American Bar Association and a past Chairman of the Southwestern Legal Foundation Oil and Gas Tax Institute. From 1958 to 1960, Mr. Berry served as a Lieutenant in the United States Naval Reserve. He received his Bachelor of Business Administration degree in 1958 and his Bachelor of Laws Degree in 1963, both from the University of Texas. The members of the general partner of our general partner have determined that Mr. Berry's experience advising companies in the oil and gas industry, as well as his experience serving as a member of the board of directors of Holly Frontier Corporation, qualify him to continue to serve on our Board of Managers.

C. W. "Bill" Russell, age 70, has served as a manager and an Advisory Committee Member of Dorchester Minerals Management GP LLC since May 2004. Mr. Russell was employed by KPMG, LLP and predecessor firms from 1967 until his retirement in 1995. Elected as a partner in 1974, Mr. Russell concentrated in the field of energy taxation and served in various capacities at KPMG including as National Director, technical tax services – energy and chairman of the KPMG International Petroleum Group. He co-authored Income Taxation of Natural Resources, from 1986 to 2000. He currently performs tax services and related accounting functions for independent oil and gas producers and individuals. Mr. Russell is a graduate of the University of Texas at Arlington and is a certified public accountant. The members of the general partner of our general partner have determined that Mr. Russell's extensive financial and accounting background brings considerable financial experience to the Board of Managers and qualifies him to continue to serve on our Board of Managers.

Ronald P. Trout, age 72, currently serves on the Board of Trustees and Audit Committee of The Cushing MLP Total Return Fund, a New York Stock Exchange listed closed-end investment company. Mr. Trout previously served as an Advisor and Audit Committee member of Dorchester Hugoton, Ltd., one of our predecessors, from 2001 through 2003 and a Director of Galaxy Energy Corporation from November 2006 through December 2008. He was a Senior Vice President and one of the founding partners of Hourglass Capital Management Corp., a Texas-based investment management company until his retirement in April 2001. Prior to the formation of Hourglass, he was a Senior Vice President of Mercantile Securities Corp., the trust investment arm of Mercantile Bank. Mr. Trout has been a Chartered Financial Analyst since 1970 and is a current member of the Dallas Association of Investment Analysts and past President of the Oklahoma Chapter of the Analysts Society. Mr. Trout received a B.S. and M.S. in Business Administration with a major in Finance from the University of Missouri. The members of the general partner of our general partner have determined that Mr. Trout's extensive financial background brings considerable financial experience to the Board of Managers and qualifies him to continue to serve on our Board of Managers.

THE BOARD OF MANAGERS RECOMMENDS THAT UNITHOLDERS VOTE “FOR” THE ELECTION OF EACH OF THE BOARD OF MANAGERS’ NOMINEES.

APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

(PROPOSAL NO. 2 ON THE PROXY CARD)

The Board of Managers recommends the approval of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2012. Grant Thornton LLP has been our independent registered accounting firm since 2003.

Representatives of Grant Thornton LLP are expected to be present at the Annual Meeting of Unitholders and will be given the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions. Although unitholder approval of the appointment of Grant Thornton LLP is not required, the Board believes that it is appropriate to seek unitholder approval of this appointment. If the unitholders fail to approve the appointment, the Advisory Committee and the Board of Managers will consider whether or not to retain Grant Thornton LLP. Even if the appointment is approved, the Board of Managers, at its discretion, may direct the appointment of a different independent registered accounting firm at any time during the year if it determines that such a change would be in our best interest and the best interests of our unitholders.

During 2011 and 2010, we incurred the following fees with Grant Thornton:

| | 2010 | 2011 |
|--------------------|------------|------------|
| AUDIT FEES | \$ 271,000 | \$ 253,000 |
| AUDIT-RELATED FEES | — | — |
| TAX FEES | — | — |
| ALL OTHER FEES | — | — |

The Advisory Committee has adopted procedures for pre-approving all audit and permitted non-audit services provided by our independent auditor. Part of this approval process includes making a determination on whether non-audit services are consistent with the Securities and Exchange Commission's rules on auditor independence. The Advisory Committee periodically monitors the services rendered and actual fees paid to the independent auditors to ensure such services are within the parameters approved.

Unless unitholders specify otherwise in the proxy, proxies solicited by the Board of Managers will be voted by the persons named in the proxy at the Annual Meeting of Unitholders to approve the appointment of Grant Thornton LLP as our independent registered accounting firm for 2012.

THE BOARD OF MANAGERS RECOMMENDS THAT UNITHOLDERS VOTE "FOR" THE APPOINTMENT OF GRANT THORNTON LLP.

OTHER MATTERS

The Board of Managers does not intend to present any other matters at the 2012 Annual Meeting and knows of no other matters that will be presented. However, if any other matters come before the 2012 Annual Meeting, it is the intention of the persons named in the enclosed proxy to vote in accordance with their judgment on such matters.

By Order of the Board of Managers of Dorchester Minerals Management GP LLC,

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

April 4, 2012

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PROXY
DORCHESTER MINERALS, L.P.
PROXY FOR 2012 ANNUAL MEETING OF LIMITED PARTNERS
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF MANAGERS

The undersigned hereby appoints each of William Casey McManemin and Preston A. Peak proxy and attorney in-fact with full power of substitution, on behalf and in the name of the undersigned, to represent the undersigned and to vote as specified on the reverse side all common units of Dorchester Minerals, L.P., which the undersigned is entitled to vote at the Annual Meeting of Limited Partners on May 16, 2012 at 10:00 a.m. Central Time at the DeGolyer House at the Dallas Arboretum and Botanical Gardens, 8525 Garland Road, Dallas, TX 75218 or any adjournments or postponements thereof.

UNLESS A CONTRARY DIRECTION IS INDICATED, THIS PROXY WILL BE VOTED FOR ALL NOMINEES LISTED IN PROPOSAL ONE AND FOR PROPOSAL TWO, AS MORE SPECIFICALLY DESCRIBED IN THE PROXY STATEMENT. IF SPECIFIC INSTRUCTIONS ARE INDICATED, THIS PROXY WILL BE VOTED IN ACCORDANCE THEREWITH.

Continued and to be marked, dated and signed on the reverse side and returned in the enclosed envelope, voted telephonically or voted via the internet.

VOTE BY INTERNET – www.proxyvote.com

Use the internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS

If you would like to reduce the costs incurred by our partnership in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE – 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Managers recommends that you vote FOR the following:

| | | |
|-----|----------|---------|
| For | Withhold | For All |
| All | All | Except |

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

1. Election of Managers with subsequent appointment to the Advisory Committee
Nominees
01 Buford P. Berry 02
C.W. ("Bill") Russell 03
Ronald P. Trout

The Board of Managers recommends that you vote FOR the following:

| | | |
|-----|---------|---------|
| For | Against | Abstain |
|-----|---------|---------|

- 2.

Approval of the
appointment of Grant
Thornton LLP as our
independent registered
public accounting firm for
the year ending December
31, 2012

3. Such other business as may properly come before the meeting or any adjournment or postponement thereof

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS INDICATED, WILL BE VOTED "FOR" PROPOSAL NOS. 1 AND 2, AND IN THE DISCRETION OF THE PROXIES ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING, INCLUDING, AMONG OTHER THINGS, CONSIDERATION OF ANY MOTION MADE FOR ADJOURNMENT OR POSTPONEMENT OF THE MEETING.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature (PLEASE SIGN
WITHIN BOX)

Date

Signature (PLEASE SIGN WITHIN Date
BOX)