U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OF 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1997
Commission File Number 0-14908

TGC INDUSTRIES, INC.
(Name of small business issuer of its charter)

Texas	74-2095844
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1304 Summit, Suite 2 Plano, Texas	75074
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number: (972) 881-1099

Securities registered under Section 12(b) of the Exchange Act: NONE
Securities registered under Section 12(g) of the Exchange Act:

Common Stock ($.10 Par Value)
Series C 8% Convertible Exchangeable Preferred Stock ($1.00 Par Value).

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No __

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. (X)

State issuer's revenues (from continuing operations) for its most recent fiscal year: $16,307,577

State the aggregate market value of the voting stock (Common Stock and Series C Preferred Stock) held by non-affiliates computed by reference to the price at which the stock was sold on March 10, 1998: $11,710,491

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	Outstanding at March 10, 1998
Common Stock ($.10 Par Value)	6,475,485

Documents Incorporated by Reference

Document	Part of the Form 10-KSB Into Which the Document is Incorporated
Portions of the Proxy Statement for Annual Meeting of shareholders to be held on June 4, 1998	Items 9 through 12 of Part III

Part I

ITEM 1. DESCRIPTION OF BUSINESS.

TGC Industries, Inc. ("TGC" or the "Company") is a Texas corporation engaged in the geophysical service business, primarily conducting Three-D ("3-D") surveys for clients in the oil and gas business. TGC's principal business office is located at 1304 Summit Avenue, Suite 2, Plano, Texas 75074. (Telephone: 972-881-1099).

History

In April 1980, Supreme Industries, Inc., formerly ESI Industries, Inc., ("Supreme") formed a wholly owned subsidiary that acquired certain equipment, instruments, and related supplies of Tidelands Geophysical Co., Inc. ("Tidelands"), a Houston-based corporation that had been organized in

1967 and was engaged in the business of conducting seismic, gravity, and magnetic surveys under contracts to companies in the exploration for oil and gas. In July 1986, Tidelands' name was changed to TGC Industries, Inc. ("TGC"). On June 30, 1986, the Board of Directors of Supreme and TGC approved a spin-off whereby substantially all of the shares of TGC owned by Supreme were distributed as a stock dividend to Supreme security holders.

On July 30, 1993, TGC acquired, through a wholly owned subsidiary, Chase Packaging Corporation ("Chase"), a specialty packaging business, principally supplying products to the agricultural industry, through the purchase of certain assets of the Chase Packaging division of Union Camp Corporation.

In June 1996, the Board of Directors of TGC approved the spin-off of Chase, effective July 31, 1996, whereby all of the shares of Chase owned by TGC were distributed as a stock dividend to the shareholders of TGC under the terms of the spin-off transaction. Pursuant to the terms of the spin-off, and following clearance by the Securities and Exchange Commission on March 7, 1997, the holders of TGC's Common Stock and, on an as-if-converted basis, the holders of TGC's Series C 8% Convertible Exchangeable Preferred Stock received the dividend distribution of Chase Common Stock. Since July 31, 1996, Chase has operated as an independent company as a specialty packaging business principally supplying products to the agricultural industry.

During July 1996, the Company issued 1,150,350 shares of Series C 8% Convertible Exchangeable Preferred Stock in a private placement offering with gross proceeds of approximately $5,800,000.

The preferred stock sold in the private placement entitles the holder to receive cumulative cash dividends as, when and if declared by the Board of Directors at a rate of 8% per annum prior to any dividend or distribution in cash or other property on any class or series of stock junior to the preferred stock. The dividends on the preferred stock are payable as, when and if declared by the Board of Directors on January 1 and July 1 of each year, commencing January 1, 1997. The dividend on the preferred stock is cumulative.

From the proceeds of the private placement, TGC made a capital contribution to Chase of $2,716,403 to facilitate the spin-off; and TGC retained $2,000,000 for the purchase of state-of-the-art geophysical recording equipment. Under the terms of the spin-off, the effective date of which was July, 31, 1996, TGC completed the spin-off of the business and assets relating to the Chase operations, except TGC retained the Portland, Oregon facility and canceled all inter-company debt owed by Chase to TGC. The distribution of Chase Stock was March 7, 1997. On March 18, 1997, TGC sold the Portland, Oregon facility for $2,430,000 and applied such proceeds in satisfaction of the mortgage indebtedness with respect to such facility and in satisfaction of a debt obligation owing by TGC to Chase to pay to Chase any such proceeds in excess of the amount of the mortgage indebtedness.

As of July 31, 1996, the effective date of the spin-off, TGC Industries, Inc.'s only business has been the geophysical service business, primarily conducting Three-D ("3-D") surveys for clients in the oil and gas business. Since July 31, 1996, the Chase operation has been reported as discontinued operations.

General Description of the Company's Business

Geophysical Business

Since its formation, TGC has engaged in the domestic geophysical services business principally through conducting seismic surveys and to a lesser extent through sales of gravity information from the Company's Data Bank to companies engaged in the exploration for oil and gas in the United States. Geophysics is the study of the structure and composition of the earth's interior and involves the measuring and interpretation of the earth's properties with appropriate instruments. Such studies are generally conducted by means of surveys performed by field crews employing seismic, gravity, or magnetic instruments to acquire data that is then interpreted by various means to obtain useful information for oil and gas companies. The two survey techniques used by the Company in acquiring geophysical data are seismic and gravity. Land seismic surveys are the Company's principal method of data acquisition and are by far the most widely used geophysical technique. TGC's seismic crews use dynamite as the primary energy source for such surveys.

In July 1996, the Company purchased an Opseis Eagle 24-BIT 1500 channel recording system, cables and geophones for approximately $2,900,000, using $2,000,000 from proceeds from the Company's preferred stock private placement, a $750,000 equipment loan, and funds from internal cash flow. In late November 1996, the Company purchased a second 1000 channel Eagle system using the proceeds and trade-in from TGC's two older systems along with equipment financing of $855,000 and internal cash flow. In 1997, TGC purchased an additional 1500 channels utilizing equipment financing of $2,242,685. At the present time, TGC is operating two Eagle 2000 channel crews. The greater precision and improved subsurface resolution obtainable from 3-D seismic data have enabled energy companies in the U.S. to better evaluate important subsurface features. The processing and interpretation of seismic data acquired by TGC are transmitted by the Company to data processing centers (not owned or operated by the Company) designated by the clients for processing.

The Company's Data Bank contains gravity data, and to a lesser extent magnetic data, from many of the major oil and gas producing areas located within the United States. TGC does not have a seismic data bank. Data Bank information has been amassed through participatory surveys as well as speculative surveys funded by TGC alone. All data and interpretations may be licensed to customers at a fraction of the cost of newly acquired data.

As a service business, the Company's domestic geophysical services business is not dependent upon the supply of raw materials or any other products and, therefore, the Company does not have arrangements with any raw material suppliers.

The Company utilizes two seismic crews to perform its geophysical services and, in any given period, these crews may generate a significant portion of their respective revenues from one or more customers. For the year ended December 31, 1997, two customers accounted for thirty-one percent (31%) and twenty eight percent (28%), of the Company's revenue, respectively. The Company enters into a general or master agreement with each of its customers for the provision of geophysical services and a supplementary agreement (which becomes a part of the general agreement) with respect to each particular job that the Company performs for a customer. Under the terms of such agreements the Company generally contracts to supply all personnel, transportation and equipment to perform seismic surveys for a given prospect for a fixed price plus reimbursement for certain third party charges. The Company generally bills its customers on a progressive basis over the term of the contract. The Company is generally obligated to maintain insurance against injury or damage to persons or equipment arising from the performance of its services and to indemnify its customers against all claims and liability arising therefrom. Management believes this insurance coverage is sufficient.

Activity in the U.S. Geophysical Industry has increased with the success and acceptance of 3-D surveys. The improved cost effectiveness gained from the data acquisition and processing of 3-D surveys has resulted in increased profits for the U.S. operations of the major and independent oil companies. With these cost advantages and the uncertainty of foreign operations, many of the major U.S. oil companies are increasing participation in the domestic oil industry.

Due to the recent acquisition of two state-of-the-art instruments by the Company, management believes that TGC should experience an increase in revenues and operating profits. However, due to uncertainties related to weather, the potential for contract delay or cancellation, and the potential for fluctuations in oil and gas prices, there can be no assurances that such improvement in revenue and operating profits can be achieved.

As of December 31, 1997, TGC employed 108 employees, supporting two seismic crews with a total of 100 crewmembers and direct support members. The Company believes its relationship with its employees to be satisfactory.

ITEM 2. DESCRIPTION OF PROPERTY.

The Company's headquarters are in leased facilities located in Plano, Texas from which it conducts all its current operations. These facilities include 8,000 square feet of office and warehouse space and an outdoor storage area of approximately 10,000 square feet. The monthly rent is $4,210. This facility is used to house corporate offices and serves as the headquarters for the geophysical business. The Company is not responsible for insuring the facilities. The condition of the Company's facilities is good and TGC management believes that these properties are suitable and adequate for the Company's foreseeable needs.

In July 1996, the Company retained the Portland, Oregon facility from the spin-off of the Company's wholly owned subsidiary, Chase Packaging Corporation. The facility is 88,000 square feet of office and manufacturing space with outdoor resin silos and a parking lot. Chase had previously acquired the facility when Chase purchased certain assets of Union Camp Corporation's packaging division in July 1993. On March 18, 1997, TGC sold the Portland, Oregon facility for $2,430,000 and applied such proceeds in satisfaction of the mortgage indebtedness with respect to such facility and in satisfaction of a debt obligation owing by TGC to Chase to pay to Chase any such proceeds in excess of the amount of the mortgage indebtedness.

ITEM 3. LEGAL PROCEEDINGS.

The Company is a defendant in various legal actions that arose out of the normal course of business. In the opinion of Management, none of the actions will result in any significant loss to the Company.

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

No matters were submitted by the Company, during the fourth quarter of the fiscal year ended December 31, 1997, to a vote of the Company's security holders, through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock has traded on the NASDAQ SmallCap Market under the symbol "TGCI" since September 25, 1994.

The number of shareholders of record of TGCI's Common Stock as of March 10, 1998, was 413. Due to the number of shares held in nominee or street name, the Company believes that there are a significantly greater number of beneficial owners of its Common Stock. As of such date, CEDE & CO. held 2,509,100 shares in street name. On March 10, 1998, TGC's Common Stock was quoted at a closing bid price of $1.125. High and low bid prices of TGC's Common Stock for the period of January 1, 1996, to December 31, 1997, were as follows:

Date	High	Low
October 1 -- December 31, 1997	1 1/2	1
July 1 -- September 30, 1997	1 5/8	1
April 1 -- June 30, 1997	1 1/4	7/8
January 1 -- March 31, 1997	1 5/8	1
October 1 -- December 31, 1996	1 1/2	1
July 1 -- September 30, 1996	1	1
April 1 -- June 30, 1996	1	3/8
January 1 -- March 31, 1996	3/8	3/8

The above bid quotations were furnished to TGC by the National Quotation Bureau

Dividends are payable on the Company's Common Stock at the discretion of the Board of Directors. In light of the working capital needs of the Company, it is unlikely that cash dividends will be declared and paid on the Company's Common Stock in the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS.

Results of operations

Geophysical Operation (Continuing Operations)

Revenues from continuing operations for the year ended December 31, 1997, increased 75% to $16,307,577 from revenue of $9,339,970 for the year ended December 31, 1996. Net earnings from continuing operations before dividend requirements on preferred stock was $1,306,039 for the year ended December 31, 1997. Included in the 1997 net earnings was a $170,000 income tax benefit. Net earnings from continuing operations before dividend requirements on preferred stock was $388,699 for the year ended December 31, 1996. EBITDA from continuing operations was $2,764,014 or $.19 per share on a fully diluted basis for the year ended December 31, 1997, compared with $1,267,472 or $.12 per share on a fully diluted basis for the year ended December 31, 1996. The increase in revenue was the result of the operation of state-of-the-art recording equipment which was acquired in the second half of 1996 for the full year of 1997. In addition, a diversified backlog which included seismic surveys with higher contract prices contributed to the increase in the 1997 revenue.

TGC's cost of services, as a percentage of revenue, was 86.1% in 1997, compared with 86.5% in 1996. Selling, general and administrative expense, as a percentage of revenue, decreased from 8.7% in 1996 to 5.6% in 1997. Interest expense increased by $137,103 in 1997 when compared to 1996 primarily as a result of the financing of additional geophysical equipment in the first half of 1997 and the financing of geophysical equipment acquired in the second half of 1996. Non-cash charges for depreciation were $1,425,817 in 1997 compared with $813,718 in 1996.

During 1997, TGC purchased approximately $3,900,000 of additional equipment to better serve our clients in their pursuit of Three-D ("3-D") seismic data acquisition. With this additional recording capacity, TGC's two crews are equipped with 24-Bit high resolution equipment capable of recording up to 4,000 channels. This additional equipment was financed with a combination of equipment-related financing, internal cash flow and insurance claim proceeds from the Company's equipment and business interruption insurance policies.

For over thirty years TGC has successfully served the geophysical industry and TGC crews are under contract through August 1998. We are currently working on securing contracts for the last part of 1998. If the 1998 exploration budgets of oil and gas companies are reduced significantly due to low oil prices, TGC's revenues and earnings may be adversely affected. However, a large portion of the Company's current contract backlog is in natural gas exploration, which, due to higher natural gas prices than a year ago, may soften the adverse impact of lower oil prices.

This report contains forward-looking statements which reflect the view of Company's management with respect to future events. Although management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from such expectations are disclosed in the Company's Securities and Exchange Commission filings, and include, without limitation, the unpredictable nature of forecasting weather, the potential for contract delay or cancellation, and the potential for fluctuations in oil and gas prices. The forward-looking statements contained herein reflect the current views of the Company's management and the Company assumes no obligation to update the forward-looking statements or to update the reasons actual results could differ from those contemplated by such forward-looking statements.

At December 31, 1997, the Company had net operating loss carry forwards of approximately $4,400,000 available to offset future taxable income, which expires at various dates through 2012.

Discontinued Operations

The operations of the Company's former wholly owned subsidiary, Chase Packaging Corporation ("Chase"), are reflected as discontinued operations in the Company's financial statements. The effective date of the spin-off of Chase was July 31, 1996, and the date of the distribution of Chase Packaging Corporation's stock was March 7, 1997. In addition, on March 18, 1997, TGC sold the Portland, Oregon manufacturing facility of Chase for approximately $2,430,000, and applied such proceeds in satisfaction of the mortgage indebtedness with respect to such facility and in satisfaction of a debt obligation owing by TGC to Chase to pay to Chase any such proceeds in excess of the amount of the mortgage indebtedness.

Financial Condition

Geophysical Operations (Continuing Operations)

Cash of $2,426,320 was provided by continuing operations for the twelve months ended December 31, 1997, compared with cash provided by continuing operations of $2,446,450 for the same period of the prior year. The funds generated in the first twelve months of 1997 were primarily attributable to net earnings before non-cash depreciation charges for the Company's geophysical operation. Cash used in investing activities for 1997 was primarily for additions to equipment for geophysical field operations. In addition, during 1997, the Company financed the acquisition of geophysical equipment through a note payable and capital leases in the amounts of $1,366,029 and $876,656, respectively. Cash used in financing activities were primarily for the payment of dividends on the Company's Series C 8% Convertible Exchangeable Preferred Stock in the amount of $685,710 and principal payments on debt obligations in the amount of $951,384.

Working capital deficit increased $962,358 to $2,247,887 from the December 31, 1996, balance of $1,285,529, primarily as a result of an increase in billings in excess of costs and estimated earnings on uncompleted contracts and debt incurred in the purchase of geophysical equipment. The Company's current ratio declined to .57 to 1.0 at December 31, 1997, compared to .65 to 1.0 at December 31, 1996. Stockholders' equity increased to $3,729,993 at December 31, 1997, from the December 31, 1996, balance of $3,017,306 due primarily to the net earnings of the Company.

During the fourth quarter of 1997, to support future growth of the Company, a $1,000,000 revolving bank line of credit was secured from a major bank. The line of credit bears interest at prime plus 1.5%, is collateralized by equipment and accounts receivable and requires the maintenance of certain financial ratios. At December 31, 1997, TGC was in compliance with all the financial ratios.

In July 1996, TGC closed the private placement of 8% Convertible Exchangeable Preferred Stock. TGC's geophysical operation received approximately $2,000,000 from the private placement and utilized the proceeds, together with outside financing of $750,000 and internally generated funds, to purchase a state-of-the-art geophysical 1500 channel recording system. The Company placed this system into service in early August 1996. In late November 1996, the Company purchased a second 1000 channel system using the proceeds and a trade-in from TGC's two older systems along with equipment financing of $855,000 and internal cash flow. This system was placed into service in December 1996.

The Company anticipates that available funds, together with anticipated cash flows generated from future operations and amounts available under its revolving line of credit will be sufficient to meet the Company's cash needs during 1998.

Discontinued Operations

As previously discussed, the operations of Chase has been accounted for as a discontinued operation in the accompanying financial statements due to the July 31, 1996, spin-off of Chase to TGC shareholders.

ITEM 7. FINANCIAL STATEMENTS

December 31, 1997 and 1996

CONTENTS

Report of Independent Certified Public Accountants

Board of Directors and Stockholders
TGC Industries, Inc.

We have audited the accompanying balance sheets of TGC Industries, Inc. as of December 31, 1997 and 1996, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TGC Industries, Inc. as of December 31, 1997 and 1996, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

\s\ GRANT THORNTON LLP

Dallas, Texas
February 6, 1998

TGC Industries, Inc.

BALANCE SHEETS

December 31,

ASSETS	1997	1996
CURRENT ASSETS		
Cash and cash equivalents	$ 120,535	$ 655,280
Trade accounts receivable	2,501,882	758,193
Costs and estimated earnings in excess of billings on uncompleted contracts	-	733,974
Prepaid expenses and other	134,629	205,756
Deferred income taxes	170,000	-
Total current assets	2,927,046	2,353,203
PROPERTY AND EQUIPMENT - at cost		
Machinery and equipment	9,876,691	6,587,807

Automobiles and trucks	672,515	567,901
Furniture and fixtures	317,167	294,822
	10,866,373	7,450,530
Less accumulated depreciation	(3,258,778)	(2,257,126)
	7,607,595	5,193,404
Property held for sale	-	1,329,000
	7,607,595	6,522,404
OTHER ASSETS	35,232	31,392
	$10,569,873	$ 8,906,999
	==========	=========

TGC Industries, Inc.

BALANCE SHEETS - CONTINUED

December 31,

LIABILITIES AND STOCKHOLDERS' EQUITY	1997	1996
CURRENT LIABILITIES		
Trade accounts payable	$ 1,410,668	$ 1,483,828
Accrued liabilities	213,667	424,929
Billings in excess of costs and estimated earnings on uncompleted contracts	2,225,711	1,238,379
Current maturities of long-term obligations	1,324,887	491,596
Total current liabilities	5,174,933	3,638,732
LONG-TERM OBLIGATIONS, less current maturities	1,664,947	1,025,937
NET LIABILITIES OF DISCONTINUED OPERATIONS	-	1,225,024
COMMITMENTS	-	-
STOCKHOLDERS' EQUITY		
Preferred stock, $1.00 par value; 4,000,000 shares authorized; 1,129,350 and 1,150,350 shares issued and outstanding in 1997 and 1996, respectively	1,129,350	1,150,350
Common stock, $.10 par value; 25,000,000 shares authorized; 6,571,317 and 6,338,652 shares issued in 1997 and 1996, respectively	657,132	633,865
Additional paid-in capital	5,377,133	5,932,960
Accumulated deficit	(3,218,308)	(4,524,347)
Treasury stock, at cost (95,832 and 71,057 shares in 1997 and 1996, respectively)	(215,314)	(175,522)
	3,729,993	3,017,306
	$10,569,873	$ 8,906,999
	==========	=========

The accompanying notes are an integral part of these statements.

TGC Industries, Inc.

STATEMENTS OF OPERATIONS

Years ended December 31,

	1997	1996
Revenue	$16,307,577	$ 9,339,970
Cost and expenses		
Cost of services	14,048,852	8,076,520
Selling, general and administrative	920,528	809,696
Interest expense	202,158	65,055
	15,171,538	8,951,271
Income from continuing operations before income taxes	1,136,039	388,699
Income tax benefit	170,000	-
Income from continuing operations	1,306,039	388,699
Discontinued operations		
Loss from operations	-	(1,402,706)
Net earnings (loss)	1,306,039	(1,014,007)
Less dividend requirement on preferred stock	(455,640)	(230,070)
Earnings (loss) allocable to common stockholders	$ 850,399	$(1,244,077)
	=======	=========
Basic earnings (loss) per common share		
Continuing operations	$.13	$ .03
Discontinued operations	-	(.23)
Earnings (loss) per common share	$.13	$ (.20)
Diluted earnings (loss) per common share		
Continuing operations	$.09	$ .02
Discontinued operations	-	(.21)
Earnings (loss) per common share	$.09	$ (.19)
Weighted average number of common shares		
Basic	6,356,806	6,196,142
Diluted	14,666,920	6,691,689

The accompanying notes are an integral part of these statements.

TGC Industries, Inc.

STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional paid-in capital	Accumulated deficit	Treasury stock	Total
Balances at January 1, 1996	-	$ -	6,232,152	$623,215	$4,697,774	$(3,510,340)	$(167,522)	$1,643,127
Private placement, net of expenses of $451,041	1,150,350	1,150,350	-	-	4,150,359	-	-	5,300,709

Capital contribution to Chase Packaging Corporation	-	-	-	-	(2,716,403)	-	-	(2,716,403)
Exercise of warrants and stock options	-	-	94,500	9,450	28,900	-	(8,000)	30,350
Cash dividends declared on preferred stock ($.20 per share)	-	-	-	-	(230,070)	-	-	(230,070)
Compensation paid in common stock	-	-	12,000	1,200	2,400	-	-	3,600
Net loss	-	-	-	-	-	(1,014,007)	-	(1,014,007)

TGC Industries, Inc.

STATEMENT OF STOCKHOLDERS' EQUITY (CONTINUED)

Balances at December 31, 1996	1,150,350	1,150,350	6,338,652	633,865	5,932,960	(4,524,347)	(175,522)	3,017,306
Conversion of preferred stock	(21,000)	(21,000)	139,997	14,000	7,000	-	-	-
Exercise of stock options	-	-	92,668	9,267	30,525	-	(39,792)	-
Spin-off of Chase Packaging Corporation	-	-	-	-	(103,976)	-	-	(103,976)
Expenses associated with private placement	-	-	-	-	(33,736)	-	-	(33,736)
Cash dividends on preferred stock ($.40 per share)	-	-	-	-	(455,640)	-	-	(455,640)
Net earnings	-	-	-	-	-	1,306,039	-	1,306,039
Balances at December 31, 1997	1,129,350	$1,129,350	6,571,317	$657,132	$5,377,133	$(3,218,308)	$(215,314)	$3,729,993
	=========	=========	=========	=======	=========	=========	=======	=========

The accompanying notes are an integral part of these statements.

TGC Industries, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	1997	1996
Cash flows from operating activities		
Net earnings (loss)	$ 1,306,039	$(1,014,007)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities		
Loss from discontinued operations	-	1,402,706
Depreciation	1,425,817	813,718

Loss (gain) on disposal of property and equipment	(126,088)	103,081
Deferred income taxes	(170,000)	-
Changes in operating assets and liabilities		
Trade accounts receivable	(1,743,689)	277,142
Billings in excess of costs and estimated earnings on uncompleted contracts	1,721,306	671,207
Prepaid expenses	71,127	(158,032)
Other assets	(3,840)	(194)
Accounts payable	(73,160)	627,723
Accrued liabilities	18,808	(276,894)
Net cash provided by continuing operations	2,426,320	2,446,450
Net cash used in discontinued operations	-	(456,687)
Net cash provided by operating activities	2,426,320	1,989,763
Cash flows from investing activities		
Capital expenditures	(1,685,162)	(3,195,330)
Proceeds from sale of property and equipment	213,927	119,191
Investing activities of discontinued operations	-	(92,442)
Net cash used in investing activities	(1,471,235)	(3,168,581)

TGC Industries, Inc.

STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended December 31,

	1997	1996
Cash flows from financing activities		
Dividends paid	(685,710)	-
Proceeds from issuance of debt	181,000	125,813
Proceeds from issuance of stock, net of expenses	-	4,938,847
Principal payments of debt obligations	(951,384)	(259,079)
Capital contribution to Chase Packaging Corporation	-	(2,716,403)
Financing activities of discontinued operations	-	(369,948)
Other	(33,736)	-
Net cash provided by (used in) financing activities	(1,489,830)	1,719,230
Net increase (decrease) in cash and cash equivalents	(534,745)	540,412
Cash and cash equivalents at beginning of year	655,280	114,868
Cash and cash equivalents at end of year	$ 120,535	$ 655,280
	=======	=======
Supplemental cash flow information		
Cash paid for interest	$ 201,934	$ 64,334

Noncash investing and financing activities

During 1996, the Company received 4,923 shares of common stock as payment for the exercise of options. The Company included these shares as treasury stock at $1.63 per share, the fair market value of the Company's common stock on the date of the transaction.

During 1996, the Company financed the acquisition of equipment through a note payable and capital leases in the amounts of $750,000 and $861,057, respectively.

TGC Industries, Inc.

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31, 1997 and 1996

During 1996, the Company issued 6,000 shares of the Company's Series C 8% convertible exchangeable preferred stock in exchange for notes receivable amounting to $30,000. Subordinated convertible debt in the amount of $365,812 was exchanged for 73,162 shares of the Company's preferred stock. The Company issued 45,938 shares of preferred stock for payment of commission expenses totaling $229,690.

During 1997, the Company received 14,025 and 10,750 shares of common stock, respectively, as payments for the exercise of options. The Company included these shares as treasury stock at $1.69 and $1.50 per share, respectively, the fair market value of the Company's common stock on the dates of the transactions.

During 1997, the Company financed the acquisition of equipment through a note payable and capital leases in the amounts of $1,366,029 and $876,656, respectively.

During 1997, the Company sold a manufacturing facility of its former wholly-owned Subsidiary, Chase Packaging Corporation (Chase). All proceeds were contributed to New Chase (Note C).

During 1997, the Company spun-off New Chase (Note C) resulting in a stock dividend to TGC stockholders amounting to $103,976.

During 1997, holders of 21,000 shares of convertible exchangeable preferred stock converted these shares into 139,997 shares of the Company's common stock.

The accompanying notes are an integral part of these statements.

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 1997 and 1996

NOTE A - NATURE OF OPERATIONS

TGC Industries, Inc. (TGC or the Company) is engaged in the domestic geophysical services business and primarily conducts seismic surveys and sells gravity data to companies engaged in exploration in the oil and gas industry. The operations of its former wholly-owned subsidiary, Chase Packaging Corporation

(Chase), which manufactures woven paper mesh and polypropylene mesh fabric bags for agricultural and industrial use, are reflected as discontinued in the accompanying financial statements. (See Note C).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents

The Company considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the individual assets.

Income Taxes

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes.

Stock-Based Compensation

Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation" encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees" and provides the required pro forma disclosures prescribed by SFAS 123.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Revenues from conducting seismic surveys are recognized over the term of the contract using the percentage-of-completion method. Under this method, revenues are recognized on the units-of-production method. Revenues for the sale of gravity data are recognized when services are rendered.

Earnings (Loss) Per Share

For the year ended December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128 (SFAS 128), "Earnings Per Share." Under SFAS 128, basic earnings (loss) per common share is based upon the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share is based upon the weighted average number of common shares outstanding and, when dilutive, common shares issuable for stock options, warrants and convertible securities. Earnings (loss) per share data for 1996 has been restated to conform to the provisions of SFAS 128.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

NOTE C - REORGANIZATION PLAN

In May 1996, a formal plan was adopted to reorganize TGC and Chase. Pursuant to the plan, the following actions have been taken:

(a) During July 1996, the Company issued 1,150,350 shares of Series C 8% convertible exchangeable preferred stock in a private placement offering with gross proceeds of approximately $5,800,000. The preferred stock is, at the option of the Company, exchangeable into 8% subordinated convertible debentures. The preferred

NOTE C - REORGANIZATION PLAN - Continued

stock and debentures are convertible into shares of the Company's common stock for a period of four years and are convertible in years one and two at $.75 per share, year three at $1.25 and thereafter at $2.00.

(b) Upon closing of the private placement, the Company contributed $2,716,403 as a capital contribution to Chase.

(c) TGC liquidated its wholly-owned subsidiary, Chase Packaging Corporation (Old Chase), with TGC receiving all of Old Chase's properties and liabilities in cancellation of the Old Chase stock held by TGC. TGC formed a new wholly-owned subsidiary, New Chase Corporation (New Chase), and subsequently changed the name to Chase Packaging Corporation. TGC transferred all of the properties and liabilities received in the liquidation of Old Chase to New Chase, except TGC retained the manufacturing facility of Old Chase located in Portland, Oregon. On March 18, 1997, TGC sold the facility for proceeds of approximately $2,400,000. TGC applied such proceeds in satisfaction of the mortgage indebtedness with respect to such facility and in satisfaction of a debt obligation owing by TGC to New Chase to pay to New Chase any such proceeds in excess of the amount of the mortgage indebtedness.

(d) During June 1996, the Board of Directors approved the spin-off of New Chase whereby all of the shares of New Chase would be distributed as a stock dividend to the shareholders of TGC common stock and, on an as if converted basis, TGC preferred stock, effective July 31, 1996. The New Chase common stock was distributed on March 7, 1997.

The spin-off distribution of New Chase to TGC stockholders reduced stockholders' equity by $103,976, which represents the book value of the net assets of New Chase as of March 7, 1997.

NOTE C - REORGANIZATION PLAN - Continued

Accordingly, the operations of Chase have been classified as discontinued in the accompanying financial statements. Summary operating results of the discontinued operations for the year ended December 31, 1996, were as follows:

Revenues	$ 5,517,914
Costs and expenses	6,920,620
Loss from discontinued operations	$(1,402,706)
	=========

The net assets and liabilities relating to the discontinued operations have been segregated on the balance sheet at December 31, 1996, and are as follows:

Cash	$ -
Accounts receivable, net	1,446,247
Inventories	2,375,400
Prepaid expenses	132,252
Property and equipment, net of accumulated depreciation	3,163,272
Other assets	16,386
Total assets	7,133,557
Trade accounts payable	1,477,971
Accrued liabilities	486,461
Advance billings	34,476
Note payable	3,868,270
Capital contribution from private placement	2,491,403
Total liabilities	8,358,581
Net liabilities	$1,225,024
	=========

NOTE D - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

The components of uncompleted contracts are as follows:

	December 31, 1997	December 31, 1996
Costs incurred on uncompleted contracts and estimated earnings	$ 3,488,065	$2,481,507
Less billings to date	5,713,776	2,985,912
	$ (2,225,711)	$ (504,405)

These components are included in the accompanying balance sheet under the following captions:

	December 31, 1997	December 31, 1996
Costs and estimated earnings in excess of billings on uncompleted contracts	$ -	$ 733,974
Billings in excess of costs and estimated earnings on uncompleted contracts	(2,225,771)	(1,238,379)
	$(2,225,711)	$ (504,405)

NOTE E - ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31, 1997	December 31, 1996
Compensation and payroll taxes	$137,751	$104,505
Dividends payable	-	230,070
Insurance	8,424	36,769
Other	67,492	53,585
	$213,667	$424,929
	=======	=======

NOTE F - LONG-TERM OBLIGATIONS

Long-term obligations consist of the following:

	December 31, 1997	December 31, 1996
Note payable, interest at 4%, due in monthly installments of $552 including interest; collateralized by equipment and accounts receivable	$ 112,480	$ -
Note payable, interest at 4%, due in monthly installments of $1,130 including interest; collateralized by equipment and accounts receivable	63,288	-
Notes payable to a finance company, interest at 11%, due in monthly installments of $41,367 including interest; collateralized by equipment	1,173,393	-
Note payable to a bank, interest at 9.83%, due in monthly installments		

of $22,959 including interest; collateralized by equipment and accounts receivable	498,384	-
Note payable to a finance company, interest at 10%, due in monthly installments of $24,220 including interest, collateralized by equipment	-	696,271
Capital lease obligations	1,142,289	821,262
	2,989,834	1,517,533
Less current maturities	1,324,887	491,596
	$1,664,947	$1,025,937
	=========	=========

NOTE F - LONG-TERM OBLIGATIONS - Continued

The Company has a revolving $1,000,000 bank line of credit which matures during November 1998. The line of credit bears interest at prime plus 1.5% (10% at December 31, 1997), and is collateralized by equipment and accounts receivable.

Some of the above notes have restrictive covenants which, among other things, require the maintenance of certain financial ratios.

Capital Lease Obligations

The Company has entered into lease agreements which have been accounted for as capital leases. The assets and liabilities under capital leases have been recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. Outstanding leases at December 31, 1997 have terms ranging from 24 to 36 months. The leases mature from April 1999 through October 1999, with interest rates ranging from 10% to 13%. Some of these leases contain purchase options.

Aggregate maturities of long-term obligations at December 31, 1997 are as follows:

	Notes payable	Capital lease obligations	Total
1998	$ 635,026	$ 751,560	$1,386,586
1999	707,451	469,116	1,176,567
2000	369,963	-	369,963
2001	14,803	-	14,803
2002	15,475	-	15,475
Thereafter	104,827	-	104,827
	1,847,545	1,220,676	3,068,221
Less amounts representing interest	-	(78,387)	(78,387)
	$1,847,545	$1,142,289	$2,989,834
	=========	=========	=========

NOTE F - LONG-TERM OBLIGATIONS - Continued

The following is a schedule of leased property under capital leases:

	December 31, 1997	December 31, 1996
Machinery and equipment	$1,732,066	$855,000
Furniture and fixtures	-	6,057
	1,732,066	861,057
Less accumulated depreciation	221,330	10,179
	$1,510,736	$850,878

The fair value of long-term debt is estimated using discounted cash flows based on the Company's incremental borrowing rate for similar types of borrowings. A comparison of the carrying value and fair value of these instruments is as follows:

	December 31, 1997	December 31, 1996
Carrying value	$2,989,834	$1,517,533
Fair value	$2,897,020	$1,551,423

NOTE G - STOCKHOLDERS' EQUITY

Earnings Per Share

A reconciliation of the numerators and denominators of the basic earnings per common share and diluted earnings per common share for the year ended December 31, 1997 is as follows:

	Income	Shares	Per-share amount
Net earnings	$1,306,039		
Less dividend requirement on preferred stock	(455,640)		
Basic earnings per common share			
Income allocable to common stockholders	850,399	6,356,806	$.13
Effect of dilutive securities			
Stock options		124,214	
Warrants		561,689	
Convertible preferred stock	455,640	7,624,211	
Diluted earnings per common share			
Income available to common stockholders plus assumed conversions	$1,306,039	14,666,920	$.09

NOTE G - STOCKHOLDERS' EQUITY - Continued

A reconciliation of the numerators and denominators of the basic earnings per common share and diluted earnings per common share for the year ended December 31, 1996 is as follows:

	Income	Shares	Per-share amount
Income from continuing operations	$ 388,699		
Less dividend requirement on preferred stock	(230,070)		
Basic earnings per common share			
Income allocable to common stockholders	158,629	6,196,142	$.03

			===
Effect of dilutive securities			
Stock options		96,703	
Warrants		398,844	
Diluted earnings per common share			
Income available to common stockholders plus assumed conversions	$ 158,629	6,691,689	$.02
	=======	=========	===

Stock-Based Compensation Plans

The Company's 1986 Incentive Stock Option Plan (the "1986 Plan") expired during July 1996. At December 31, 1997, options covering 37,000 shares of the Company's common stock were outstanding under the 1986 Plan. All options were exercisable at December 31, 1997, and will remain outstanding until they are exercised or canceled.

NOTE G - STOCKHOLDERS' EQUITY - Continued

The Company currently has in effect a 1993 Stock Option Plan (the "1993 Plan") covering a total of 750,000 shares of the Company's common stock, and options must be granted at prices at not less than the market price at the date of grant. Options granted under the 1993 Plan must be exercised within five years from the date of grant. Options covering 180,000 shares are exercisable as follows: (i) one-third of the shares after the first twelve-month period following the date of grant, (ii) up to two-thirds of the shares after the first twenty-four month period following the date of grant, and (iii) all of the shares of stock subject to the option at any time after the first thirty-six month period following the date of grant. At December 31, 1997, outstanding options for 83,333 shares were exercisable. Options covering 116,333 shares were available for future grant.

In conjunction with the spin-off of New Chase, options held by employees of New Chase under the 1993 Plan were converted into a nonqualified plan. Options covering 159,167 shares are exerciseable as follows: (i) 135,833 shares at date of grant, (ii) 11,666 shares after 18 months following the date of grant, and (iii) 11,668 after 30 months following the date of grant. At December 31, 1997, outstanding options for 135,833 shares were exercisable.

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1997 and 1996

NOTE G - STOCKHOLDERS' EQUITY - Continued

The Company has adopted only the disclosure provisions of SFAS 123. The Company will continue to apply APB 25 and related interpretations in accounting for its stock-based compensation plans. Had compensation cost for the Company's 1997 and 1996 stock grants for stock-based compensation plans been determined consistent with SFAS 123, the Company's net income (loss) and net earnings (loss) per common share for 1997 and 1996 would approximate the pro forma amounts indicated below:

	1997		1996	
	As reported	Pro forma	As reported	Pro forma
Income from continuing operations	$1,306,039	$1,221,249	$ 388,699	$ 120,909
Loss from discontinued operations	-	-	(1,402,706)	(1,402,706)
Net earnings (loss)	$1,306,039	$1,221,249	$(1,014,007)	$(1,281,797)
Net earnings (loss) allocable to common stockholders	$ 850,399	$ 765,609	$(1,244,077)	$(1,511,867)
Basic earnings (loss) per common share				
Continuing operations	$.13	$.12	$ .03	$(.02)
Discontinued operations	-	-	(.23)	(.22)
Earnings (loss) per common share	$.13	$.12	$(.20)	$(.24)

NOTE G - STOCKHOLDERS' EQUITY - Continued

	1997		1996	
	As reported	Pro forma	As reported	Pro forma

Diluted earnings (loss) per common share				
Continuing operations	$.09	$.08	$ .02	$(.02)
Discontinued operations	-	-	(.21)	(.21)
Earnings (loss) per common share	$.09	$.08	$(.19)	$(.23)
	===	===	===	===

The effects of applying SFAS 123 in this pro forma disclosure are not indicative of future disclosures because they do not take into effect pro forma compensation expense related to grants made before December 31, 1994. The fair value of these options was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants after January 1, 1995: expected volatility of 150%; risk-free interest rate of 6.25%; and expected life of 4 years. The weighted average fair value of options granted during 1996 was $.55. No options were granted during 1997.

NOTE G - STOCKHOLDERS' EQUITY - Continued

The following table summarizes activity under the Plans:

	Shares under option	Weighted average exercise price
Balance at January 1, 1996	458,668	$ .86
Granted	774,167	.70
Exercised	(84,500)	.41
Canceled	(568,167)	.75
Balance at December 31, 1996	580,168	.83
Granted	-	-
Exercised	(92,668)	.37
Canceled	(111,333)	.80
Balance at December 31, 1997	376,167	$.91
	=======	===
Exercisable at December 31:		
1996	235,835	$.81
1997	256,166	$.92

The following information applies to options outstanding at December 31, 1997:

Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price
$.375 to .40	25,000	3.3 years	$ .375
$.80 to 1.00	316,167	3.0 years	.90
$1.01 to 1.375	35,000	1.2 years	1.375
	376,167		$ .91
	=======		===

NOTE G - STOCKHOLDERS' EQUITY - Continued

The following information applies to options exercisable at December 31, 1997:

Range of exercise prices	Number exercisable	Weighted average exercise price
$.375 to .40	22,000	$ .375
$.80 to 1.00	199,166	.89
$1.01 to 1.375	35,000	1.375
	256,166	$ .92
	=======	===

Stock Warrants

At December 31, 1997 and 1996, warrants to purchase 887,174 common shares were outstanding. Warrants covering 737,174 shares, issued in a private placement during 1995 , are exercisable over a three year period and have a strike price of $.375 per share. In connection with the issuance of subordinated notes payable during 1995, certain officers and directors received warrants covering 150,000 shares. These warrants are exercisable over a five year period and have a strike price of $.80 per share. All warrants were issued with exercises prices equal to the fair market value at the date of grant.

Preferred Stock

During 1996, the Company issued 1,150,350 shares of Series C 8% convertible exchangeable preferred stock at $5.00 per share in a private placement offering with gross proceeds of approximately $5,800,000. The preferred stock is, at the option of the Company, exchangeable into 8% subordinated convertible debentures. The preferred stock and debentures are convertible into shares of the Company's common stock for a period of four years and are convertible in years one and two at $.75 per share, year three at $1.25 and thereafter at $2.00. In connection with the private placement, officers and directors converted approximately $366,000 of subordinated notes payable to 73,162 additional shares of preferred stock. The Company incurred expenses associated with the private placement of $451,041, of which $229,690 was paid by issuance of 45,938 shares of preferred stock.

NOTE G - STOCKHOLDERS' EQUITY - Continued

Dividends

Holders of the Company's Series C 8% convertible exchangeable preferred stock will receive, when, as and if declared by the Board of Directors of the Company, dividends at a rate of 8% per annum. The dividends are payable semi-annually during January and July of each year, commencing January 1997.

NOTE H - INCOME TAXES

The income tax provision (benefit) reconciled to the tax computed at the statutory Federal rate is as follows:

	December 31, 1997	1996
Federal tax expense (benefit) at statutory rate	$ 386,253	$(344,762)
Meals and entertainment	7,135	6,860
Tax effect of transfer of assets from Old Chase (Note C)	-	357,668
Losses from Old and New Chase not recorded by TGC	-	(504,684)
Other	71,328	(12,214)
Change in valuation allowance	(634,716)	497,132
	$(170,000)	$ -

Deferred tax assets and liabilities consist of the following:

	December 31, 1997	1996
Deferred tax assets		
Net operating loss carryforwards	$1,493,587	$ 1,461,430
Other	2,864	6,803
Deferred tax liability		
Property and equipment	(574,840)	(81,906)
	921,611	1,386,327
Less valuation allowance	(751,611)	(1,386,327)
Net deferred tax asset	$ 170,000	$ -

NOTE H - INCOME TAXES - Continued

At December 31, 1997, the Company had net operating loss carryforwards of approximately $4,400,000 available to offset future taxable income, which expire at various dates through 2012. Future tax benefits, such as net operating loss carryforwards, are recognized to the extent that realization of such benefits are more likely than not.

NOTE I - 401(k) PLAN

The Company has a 401(k) salary deferral plan which covers all employees who have reached the age of 20.5 years and have been employed by the Company for at least one year. The covered employees may elect to have an amount deducted from their wages for investment in a retirement plan. The Company matched contributions to the plan in 1996 at the following rates: (1) 75% of each participant's salary reduction contributions to the plan up to a maximum of 3% of the participant's compensation; and (2) 50% of each participant's salary reduction contributions to the plan which are in excess of 3% of the participant's compensation but not in excess of 8% of the participant's compensation. On January 1, 1997, the Company amended the plan to make contributions to the plan equal to 100% of each participant's salary reduction contributions to the plan up to 4.75% of the participant's compensation. The Company's matching contribution to the plan was approximately $41,000 and $30,000 for the years ended December 31, 1997 and 1996, respectively.

NOTE J - CONCENTRATION OF CREDIT RISK

The Company sells its geophysical services to large oil and gas companies operating in the United States. The Company performs ongoing credit evaluations of its customer's financial condition and, generally, requires no collateral from its customers. Three customers accounted for approximately 85% of accounts receivable at December 31, 1997. At December 31, 1996, one customer accounted for approximately 77% of accounts receivable.

During 1997, two customers accounted for 31% and 28% of the sales of the Company, respectively. During 1996, four customers accounted for 20%, 15%, 13% and 13% of the sales of the Company, respectively.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not Applicable.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

Certain information required by Item 9 of the Form 10-KSB is hereby incorporated by reference from the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year end for the year covered by this report, under the caption "Nominees for Directors" in the proxy statement.

ITEM 10. EXECUTIVE COMPENSATION.

The information required by Item 10 of Form 10-KSB is hereby incorporated by reference from the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year end for the year covered by this report, under the caption "Executive Compensation" in the proxy statement.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by Item 11 of Form 10-KSB is hereby incorporated by reference from the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year end for the year covered by this report, under the caption "Security Ownership of Certain Beneficial Owners and Management" in the proxy statement.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information provided by Item 12 of Form 10-KSB is hereby incorporated by reference from the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year end for the year covered by this report, under the caption "Transactions with Management" in the proxy statement.

ITEM 13. EXHIBITS.

Item 13 (a). The following is a list of exhibits to this Form 10-KSB:

3.1 Restated Articles of Incorporation as of July 31, 1986, filed as Exhibit 3(a) to the Company's Registration Statement on Form 10 (Registration No. 0-14908), filed with the Commission and incorporated herein by reference.

3.2 Certificate of Amendment to the Company's Restated Articles of Incorporation, as of July 5, 1988, filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988, and incorporated herein by reference.

3.3 First Amended Bylaws of the Company as amended, filed as Exhibit 3.2 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 1987, and incorporated herein by reference.

3.4 Amendment to the Company's First Amended Bylaws as adopted by the Board of Directors on March 7, 1988, filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1987, and incorporated herein by reference.

4.1 Statement of Resolution Establishing Series of Preferred Stock of TGC Industries, Inc. filed with the Secretary of State of Texas on July 16, 1993, filed as Exhibit 2 to the Company's Current Report on Form 8-K dated August 11, 1993, and incorporated herein by reference.

4.2 Statement of Resolution Establishing Series C 8% Convertible Exchangeable Preferred Stock of TGC Industries, Inc. as filed with the Secretary of State of Texas on July 9, 1996, filed as Exhibit B to the Company's current report on Form 8-K dated July 11, 1996, filed with the Commission and incorporated herein by reference.

4.3 Form of Debenture Agreement and Debenture for 8% Subordinated Convertible Debentures, Series A, filed as Exhibit 4.2 to the Company's Registration Statement on Form SB-2 (Registration No. 333-12269), as amended, filed with the Commission and incorporated herein by reference.

4.4 Form of Warrant Agreement dated July 28, 1995, as amended, and Warrant, filed as Exhibit 4.3 to the Company's Registration Statement on Form SB-2 (Registration No. 333-12269), as amended, filed with the Commission and incorporated herein by reference.

10.1 Service Mark License Agreement dated as of July 31, 1986, between the Company and Supreme Industries, Inc. (formerly ESI Industries, Inc.), relating to the use of the Company's logo, filed as Exhibit 10(b) to the Company's Registration Statement on Form 10 (Registration No. 0-14908), filed with the Commission and incorporated herein by reference.

10.2 The Company's 1986 Incentive and Nonqualified Stock Option Plan, filed as Exhibit 10(c) to the Company's Registration Statement on Form 10 (Registration No. 0-14908), filed with the Commission and incorporated herein by reference.

10.3 Amendment Number One to the Company's 1986 Incentive and Nonqualified Stock Option Plan as adopted by the Board of Directors on May 1, 1987, filed as Exhibit 10.4 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 1987, and incorporated herein by reference.

10.4 The Company's 1993 Stock Option Plan as adopted by the Board of Directors on June 3, 1993, filed as Exhibit 10.4 to the Company's Registration Statement on Form S-2 (Registration No. 33-73216), filed with the Commission and incorporated by reference.

10.5 Master Contract for Geophysical Services-Onshore dated April 18, 1990 between Marathon Oil Co. and the Company together with a form of Supplementary Agreement thereto, filed as Exhibit 10.8 to the Company's Registration Statement on Form S-2 (Registration No. 33-73216), filed with the Commission and incorporated herein by reference.

10.6 Agreement for Geophysical Services dated May 19, 1992, between DLB Oil & Gas, Inc. and the Company together with a form of Supplementary Agreement thereto, filed as Exhibit 10.9 to the Company's Registration Statement on Form S-2 (Registration No. 33-73216), filed with the Commission and incorporated herein by reference.

10.7 Agreement for Spin-off of Subsidiary Stock filed as Exhibit 1 to the Company's Form 8-K filed with the Commission on August 9, 1996 and incorporated herein by reference.

10.8 Bill of Sale dated July 31, 1996 between TGC Industries, Inc. and Chase Packaging Corporation, filed as Exhibit 10.8 to the Company's annual report on Form 10-KSB for the fiscal year ended December 31, 1996, and incorporated herein by reference.

27. Financial Data Schedule.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TGC INDUSTRIES, INC.

Date: March 23, 1998 By: /s/ Robert J. Campbell
Robert J. Campbell
Vice Chairman of the Board,
(Principal Executive Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 23, 1998 By: /s/ Allen T. McInnes
Allen T. McInnes
Chairman of the Board
and Secretary

Date: March 23, 1998 By: /s/ Robert J. Campbell
Robert J. Campbell
Vice-Chairman of the Board,
(Principal Executive Officer)
and Director

Date: March 23, 1998 By: /s/ Wayne A. Whitener
Wayne A. Whitener
President, Chief Operating Officer
and Director

Date: March 23, 1998 By: /s/ Kenneth Uselton
Kenneth Uselton

(Principal Financial and
Accounting Officer)

Date:	March 23, 1998	By:	/s/ William J. Barrett William J. Barrett Director
Date:	March 23, 1998	By:	/s/ Herbert M. Gardner Herbert M. Gardner Director

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YEAR
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JAN-01-1997
DEC-31-1997
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