

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2012.

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 001-32472

**TGC INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

Texas

(State or other jurisdiction of incorporation or organization)

74-2095844

(I.R.S. Employer Identification No.)

101 East Park Blvd., Suite 955, Plano, Texas

(Address of principal executive offices)

75074

(Zip Code)

Registrant's telephone number, including area code: (972) 881-1099

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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

<u>Title of Each Class</u>	<u>Outstanding at May 1, 2012</u>
Common Stock (\$.01 Par Value)	19,441,816

**PART I — FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

Reference is made to the succeeding pages for the following financial information:

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CONSOLIDATED BALANCE SHEETS  
March 31, 2012

	March 31, 2012 (Unaudited)	December 31, 2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 10,661,739	\$ 15,745,559
Trade accounts receivable	54,411,908	19,351,023
Cost and estimated earnings in excess of billings on uncompleted contracts	3,294,079	5,101,478
Prepaid expenses and other	1,089,306	1,606,936
Total current assets	69,457,032	41,804,996
<b>PROPERTY AND EQUIPMENT - at cost</b>		
Machinery and equipment	156,463,122	139,017,290
Automobiles and trucks	13,329,331	12,616,608
Furniture and fixtures	435,228	434,146
Leasehold improvements	14,994	14,994
	170,242,675	152,083,038
Less accumulated depreciation and amortization	(99,586,763)	(94,286,207)
	70,655,912	57,796,831
Goodwill	201,530	201,530
Other assets	81,714	77,870
	283,244	279,400
Total assets	<u>\$ 140,396,188</u>	<u>\$ 99,881,227</u>

See Notes to Consolidated Financial Statements

[Table of Contents](#)TGC INDUSTRIES, INC.  
CONSOLIDATED BALANCE SHEETS - CONTINUED  
March 31, 2012

	March 31, 2012 (Unaudited)	December 31, 2011
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	\$ 20,001,143	\$ 9,256,392
Accrued liabilities	4,781,590	2,598,126
Billings in excess of costs and estimated earnings on uncompleted contracts	4,324,061	937,755
Federal and state income taxes payable	6,922,803	2,017,644
Current maturities of notes payable	6,698,132	5,802,513
Current portion of capital lease obligations	1,868,346	1,336,037
Total current liabilities	44,596,075	21,948,467
NOTES PAYABLE, less current maturities	10,198,395	5,328,892
CAPITAL LEASE OBLIGATIONS, less current portion	1,583,554	1,626,612

LONG-TERM DEFERRED TAX LIABILITY	7,166,342	7,257,576
COMMITMENTS AND CONTINGENCIES	—	—
SHAREHOLDERS' EQUITY		
Preferred stock, \$1.00 par value; 4,000,000 shares authorized; issued - none	—	—
Common stock, \$.01 par value; 25,000,000 shares authorized; 19,473,903 and 19,348,436 in each period	194,739	193,484
Additional paid-in capital	28,746,917	28,176,922
Retained earnings	47,883,802	35,499,541
Treasury stock, at cost, 71,074 and 37,820 shares in each period	(598,927)	(257,394)
Accumulated other comprehensive income (loss)	625,291	107,127
	<u>76,851,822</u>	<u>63,719,680</u>
Total liabilities and shareholders' equity	<u>\$ 140,396,188</u>	<u>\$ 99,881,227</u>

See Notes to Consolidated Financial Statements

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TGC INDUSTRIES, INC.  
CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)  
March 31, 2012

	Three Months Ended	
	2012	2011
Revenue	\$ 67,045,408	\$ 50,247,313
Cost and expenses:		
Cost of services	38,548,049	34,269,694
Selling, general and administrative	2,300,002	2,500,558
Depreciation and amortization expense	5,722,599	4,462,879
	<u>46,570,650</u>	<u>41,233,131</u>
Income from operations	20,474,758	9,014,182
Interest expense	<u>242,345</u>	<u>190,840</u>
Income before income taxes	20,232,413	8,823,342
Income tax expense	<u>7,848,153</u>	<u>3,059,608</u>
NET INCOME	<u>\$ 12,384,260</u>	<u>\$ 5,763,734</u>
Earnings per common share:		
Basic	\$ 0.61	\$ 0.29
Diluted	\$ 0.60	\$ 0.28
Weighted average number of shares outstanding:		
Basic	20,311,392	20,169,538
Diluted	20,751,640	20,473,710

See Notes to Consolidated Financial Statements

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TGC INDUSTRIES, INC.  
Consolidated Statements of Comprehensive Income (unaudited)  
March 31, 2012

Three Months Ended

	March 31,	
	2012	2011
Net Income	\$ 12,384,260	\$ 5,763,734
Other comprehensive income (loss):		
Foreign currency translation adjustments	518,164	729,020
Total other comprehensive income, net of tax	518,164	729,020
Comprehensive income	<u>\$ 12,902,424</u>	<u>\$ 6,492,754</u>

See Notes to Consolidated Financial Statements

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TGC INDUSTRIES, INC.  
Consolidated Statement of Cash Flows (Unaudited)  
March 31, 2012

	Three Months Ended March 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 12,384,260	\$ 5,763,734
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,722,599	4,462,879
(Gain) loss on disposal of property and equipment	(279,242)	(27,180)
Non-cash compensation	89,179	(50,976)
Deferred income taxes	(91,234)	(490,619)
Changes in operating assets and liabilities		
Trade accounts receivable	(34,847,890)	(10,164,015)
Cost and estimated earnings in excess of billings on uncompleted contracts	1,846,409	1,751,614
Prepaid expenses and other	680,869	1,037,022
Prepaid federal and state income tax	78,268	1,225,867
Other assets	(3,153)	(1,674)
Trade accounts payable	3,712,864	1,744,463
Accrued liabilities	2,160,206	1,486,300
Billings in excess of cost and estimated earnings on uncompleted contracts	3,386,306	320,751
Income taxes payable	4,786,372	2,026,039
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(374,187)</b>	<b>9,084,205</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(2,837,982)	(4,623,531)
Proceeds from sale of property and equipment	328,049	55,344
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,509,933)</b>	<b>(4,568,187)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(2,095,986)	(1,932,601)
Principal payments on capital lease obligations	(406,825)	(289,213)
Proceeds from exercise of stock options	140,538	105,288
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,362,273)</b>	<b>(2,116,526)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,246,393)</b>	<b>2,399,492</b>
Effect of exchange rates on cash	162,573	(6,371)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>15,745,559</b>	<b>13,072,503</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>\$ 10,661,739</u></b>	<b><u>\$ 15,465,624</u></b>
<b>Supplemental cash flow information</b>		
Interest paid	\$ 242,345	\$ 190,840
Income taxes paid	\$ 3,074,747	\$ 298,323
<b>Noncash investing and financing activities</b>		
Capital lease obligations incurred	\$ 874,651	\$ 421,493
Financed equipment purchase	\$ 7,701,800	\$ —

Financed insurance premiums	\$	156,723	\$	153,938
Restricted stock awards to employees	\$	46,020	\$	—
Treasury shares issued for stock options exercised	\$	341,533	\$	—

See Notes to Consolidated Financial Statements

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TGC INDUSTRIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2012

NOTE A

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and the instructions to Form 10-Q. Accordingly, they do not include all of the financial information and footnotes required by generally accepted accounting principles for complete financial statements. References to “we,” “us,” “our,” “its,” or the “Company” refer to TGC Industries, Inc. and our subsidiaries.

In connection with the preparation of these consolidated financial statements, the Company evaluated subsequent events after the balance sheet date of March 31, 2012, through May 10, 2012, the dates these consolidated financial statements were issued.

REVENUE RECOGNITION

Seismic Surveys

The Company provides seismic data acquisition survey services to its customers under general service agreements which define certain obligations for the Company and for its customers. A supplemental agreement setting forth the terms of a specific project, which may be cancelled by either party upon 30 days’ advance written notice, is entered into for every project. These supplemental agreements are either “turnkey” agreements providing for a fixed fee to be paid for each unit of seismic data acquired or “term” agreements providing for a fixed hourly, daily, or monthly fee during the term of the project. The duration of these projects will vary from a few days to several months. The Company recognizes revenue when services are performed under both types of agreements. Services are defined as the commencement of data acquisition. Under turnkey agreements, the total number of units of seismic data to be gathered is set forth in the agreement, and revenue is recognized as services are performed on a per unit of seismic data acquired rate. Under term agreements, revenue is recognized as services are performed based on the time worked rate provided in the term agreement. Under both turnkey and term agreements, cost of earned revenue is recognized by multiplying total estimated agreement cost by the percentage-of-completion of the agreement. The excess of that amount over the cost of earned revenue reported in prior periods is recognized as cost of earned revenue for the period. Agreements are not segmented or combined for purposes of calculating percentage of completion. The asset “Cost and estimated earnings in excess of billings on uncompleted contracts” represents costs incurred on turnkey agreements in excess of billings on those agreements. The liability “Billings in excess of costs and estimated earnings on uncompleted contracts” represents billings on turnkey agreements in excess of costs on those agreements.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards*, to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances disclosure requirements, particularly for Level 3 fair value measurements. ASU 2011-04 became effective in our first quarter of 2012 and will be applied prospectively. The adoption of this standard did not have a significant impact on our financial statements or disclosures.

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TGC INDUSTRIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2012

NOTE A - continued

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*, to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. This update does not change what items are reported in other comprehensive income or the requirement to report reclassification of items from other comprehensive income to net income. ASU 2011-05 became effective in our first quarter of 2012. The adoption changed the order in which we presented certain financial statements, but did not have any other impact on our financial statements.

In September 2011, the FASB issued ASU 2011-08, *Intangibles-Goodwill and Other-Topic 350: Testing for Impairment*. ASU 2011-08 amends the guidance in FASB Accounting Standards Codification Topic (“ASC”) 350-20, *Intangibles-Goodwill and Other-Goodwill*. The intent of this ASU is to simplify how entities test goodwill for impairment by allowing an entity to use a qualitative approach to test goodwill for impairment. The amendments in the ASU permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its

carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in ASC 350-20. The amendments do not change the current guidance for testing other indefinite-lived assets for impairment. ASU 2011-08 is effective for goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early application is permitted. The Company elected to adopt this standard early and effective as of December 31, 2011, in its year-end goodwill impairment analysis.

In December 2011, the FASB issued ASU No. 2011-11, *Balance Sheet (Topic 210) — Disclosures about Offsetting Assets and Liabilities* (“ASU 2011-11”). This update requires the following new disclosures related to recognized financial instruments (and derivatives) subject to master netting arrangements or similar agreements: (i) the gross amounts of recognized financial assets and liabilities; (ii) the amounts offset under current GAAP; (iii) the net amounts presented in the balance sheet; (iv) the amounts subject to an enforceable master netting arrangement or similar agreement that were not included in (ii); and (v) the net amount representing the difference between (iii) and (iv). The update also requires qualitative disclosures related to counterparties, setoff rights, and terms of enforceable master netting arrangements and related agreements depending on their effect or potential effect on the entity’s financial position. The new disclosures will enable financial statement users to compare balance sheets prepared under US GAAP and International Financial Reporting Standards (“IFRS”), which are subject to different offsetting models. ASU 2011-11 is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. The Company does not currently expect that the adoption of this update in the first quarter of 2013 will have a significant effect on its consolidated financial statements and related disclosures.

NOTE B — MANAGEMENT PRESENTATION

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations, and changes in financial position have been included. The results of the interim periods are not necessarily indicative of results to be expected for the entire year. For further information, refer to the financial statements and the footnotes thereto included in the Company’s Annual Report for the year ended December 31, 2011, filed on Form 10-K.

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TGC INDUSTRIES, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 March 31, 2012

NOTE C — EARNINGS PER SHARE

Basic earnings per common share are based upon the weighted average number of shares of common stock (“common shares”) outstanding. Diluted earnings per share are based upon the weighted average number of common shares outstanding and, when dilutive, common shares issuable for stock options, warrants, and convertible securities. All earnings per common share for the three-month periods ended March 31, 2012, and 2011, have been adjusted for the 5% stock dividend to be paid on May 14, 2012, to shareholders of record as of April 30, 2012.

The following is a reconciliation of net income and weighted average common shares outstanding for purposes of calculating basic and diluted earnings per share common share:

	Three Months Ended March 31, (Unaudited)	
	2012	2011
<b>Basic:</b>		
Numerator:		
Net income	\$ 12,384,260	\$ 5,763,734
Denominator:		
Basic - weighted average common shares outstanding	20,311,392	20,169,538
Basic EPS	\$ 0.61	\$ 0.29
<b>Diluted:</b>		
Numerator:		
Net income	\$ 12,384,260	\$ 5,763,734
Denominator:		
Weighted average common shares outstanding	20,311,392	20,169,538
Effect of Dilutive Securities:		
Stock options	440,248	304,172
	<u>20,751,640</u>	<u>20,473,710</u>
Diluted EPS	\$ 0.60	\$ 0.28

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TGC INDUSTRIES, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 March 31, 2012

## NOTE D — DIVIDENDS

On April 20, 2012, the Company declared a five percent (5%) stock dividend on its outstanding common shares. The 5% stock dividend will be paid on May 14, 2012, to shareholders of record as of April 30, 2012.

## NOTE E — 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. In addition, the Company paid various state estimated income taxes for tax year 2012, as well as various state income taxes for tax year 2011.

## NOTE F — SHARE-BASED COMPENSATION

The Company accounts for share-based compensation awards and for unvested awards outstanding using the modified prospective application method. Accordingly, we recognized the fair value of the share-based compensation awards as wages in the Consolidated Statements of Earnings on a straight-line basis over the vesting period. We have recognized compensation expense, relative to share-based awards, in wages in the Consolidated Statements of Earnings of approximately \$48,000 and \$73,000 (less than \$0.01 per share) for the three months ended March 31, 2012, and 2011, respectively.

As of March 31, 2012, there was approximately \$212,000 of unrecognized compensation expense, related to our two share-based compensation plans, which the Company expects to recognize over a period of three years.

## NOTE G — COMMITMENTS AND CONTINGENCIES

On April 9, 2012, the Company announced that it had entered into a purchase agreement to acquire an additional 13,000 GSR single-channel data acquisition units and related equipment for a total cost of \$14 million. Delivery of this equipment is expected by the end of May 2012. The purchase of the equipment will be financed with a combination of cash and debt.

## NOTE H — ENTRY INTO AND SUBSEQUENT TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

On March 21, 2011, we disclosed that on March 20, 2011, the Company and Dawson Geophysical Company, a Texas corporation, and 6446 Acquisition Corp., a Texas corporation and a wholly-owned subsidiary of Dawson, entered into an Agreement and Plan of Merger pursuant to which 6446 Acquisition would merge with and into the Company, with the Company continuing after the merger as the surviving entity and a wholly-owned subsidiary of Dawson.

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TGC INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2012

Under the terms of the merger agreement, so long as, two business days prior to the earlier of (1) a meeting of the Company's shareholders or (2) a special meeting of Dawson's shareholders, the Average Price (as described below) of Dawson's common stock was equal to or greater than \$32.54 but less than or equal to \$52.54, at the effective time of the merger each issued and outstanding common share of the Company (other than common shares owned by the Company, any wholly-owned subsidiary of the Company, Dawson, or 6446 Acquisition) would be automatically converted into the right to receive 0.188 shares of Dawson common stock. If the Average Price was not within the parameters outlined above, the Company and Dawson would seek, in good faith to negotiate a new exchange ratio acceptable to both parties, but subject to each party's right to terminate the merger agreement if the Company and Dawson were not able to agree on a new exchange ratio within two business days after the second business day prior to the earlier of (1) a meeting of the Company's shareholders or (2) a special meeting of Dawson's shareholders. The "Average Price" means the average of the volume weighted average of the trading price of Dawson common stock for the 10 consecutive trading days ending on the trading day that is two business days prior to the earlier of (1) a meeting of the Company's shareholders or (2) a special meeting of Dawson's shareholders.

The Company's Articles of Incorporation provide that a merger transaction must be approved by the holders of at least 80% of the Company's outstanding common shares.

The Company held a meeting of its shareholders on October 27, 2011. However, two business days prior to October 27, 2011, the Average Price of Dawson's common stock was below \$32.54. As required by the merger agreement, the Company and Dawson negotiated in good faith on October 26 and October 27, 2011, to try to agree to a new exchange ratio acceptable to both parties. However, those negotiations were not successful and, on October 27, 2011, the Company provided Dawson with a written notification of termination of the merger agreement based on both of the following: (1) the inability of the parties to negotiate a new exchange ratio acceptable to both parties; and (2) holders of 80% of the Company's outstanding common shares on August 29, 2011, the record date, did not approve the merger agreement.

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

The following discussion and analysis should be read in conjunction with our financial statements and related notes thereto included elsewhere in this Form 10-Q. Portions of this document that are not statements of historical or current fact are forward-looking statements that involve risk and uncertainties, such as statements of our plans, objectives, expectations, and intentions. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements wherever they appear in this Form 10-Q. Our actual results could differ materially from those anticipated in the forward-looking statements. Factors that could cause our actual results to differ materially from anticipated results include those discussed in Part II, Item 1A. "RISK FACTORS."



## Forward Looking Statements

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact included in this report regarding the Company’s strategies and plans for growth are forward-looking statements. These forward-looking statements are often characterized by the terms “may,” “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” and other words and terms of similar meanings and do not reflect historical facts. 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 (“SEC”) filings, and include, but are not limited to, the dependence upon energy industry spending for seismic services, the unpredictable nature of forecasting weather, the potential for contract delay or cancellation, the potential for fluctuations in oil and gas prices, the availability of capital resources, and the current depressed economy which could adversely affect our revenues and cash flow if our customers, and/or potential customers, become unable to pay, or must delay payment of, amounts owing to the Company because such customers are not successful in generating revenues or are precluded from securing necessary financing. 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 except as required by law.

## Executive Overview

TGC Industries, Inc. is a Texas corporation, and with its wholly-owned subsidiary, Eagle Canada, Inc., a Delaware corporation, (collectively “TGC” or the “Company”), is primarily engaged in the geophysical service business of conducting three-dimensional (“3-D”) surveys for clients in the oil and gas business. TGC’s principal business office is located at 101 E. Park Blvd., Suite 955, Plano, Texas 75074 (Telephone: 972-881-1099). TGC’s internet address is [www.tgcseismic.com](http://www.tgcseismic.com). TGC makes available free of charge on its website its annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K as soon as reasonably practicable after filing with, or furnishing such information to, the SEC.

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The Company is a leading provider of seismic data acquisition services throughout the continental United States and Canada. We supply seismic data to companies engaged in the exploration and development of oil and natural gas on land and in land-to-water transition areas. Our customers rely on seismic data to identify areas where subsurface conditions are favorable for the accumulation of existing hydrocarbons, to optimize the development and production of hydrocarbon reservoirs, to better delineate existing oil and natural gas fields, and to augment reservoir management techniques. We operated eight seismic crews in the lower 48 states during the first quarter of 2012. We operated seven crews in Canada during the first quarter. However, the Canadian market is seasonal, and as a result of the thawing season, we will have limited Canadian activity for the next two quarters starting with the second quarter of 2012.

We acquire geophysical data using the latest in 3-D survey techniques. We introduce acoustic energy into the ground by using vibration equipment or dynamite detonation, depending on the surface terrain and subsurface requirements. The reflected energy, or echoes, is received through geophones, converted into a digital signal at a multi-channel recording unit, and then transmitted to a central recording vehicle. Subsurface requirements dictate the number of channels necessary to perform our services. With our state-of-the-art seismic equipment, including computer technology and multiple channels, we acquire, on a cost effective basis, immense volumes of seismic data that when processed and interpreted produce more precise images of the earth’s subsurface. Our customers then use our seismic data to generate 3-D geologic models that help reduce finding costs and improve recovery rates from existing wells.

We provide our seismic data acquisition services primarily to major and independent onshore oil and natural gas exploration and development companies for use in the onshore drilling and production of oil and natural gas in the continental United States and Canada. The main factors influencing demand for seismic data acquisition services in our industry are the level of drilling activity by oil and natural gas companies and the sizes of such companies’ exploration and development budgets, which, in turn, depend largely on current and anticipated future crude oil and natural gas prices and depletion rates.

The services we provide to our customers vary according to the size and needs of each customer. Our services are marketed by supervisory and executive personnel who contact customers to determine their needs and respond to customer inquiries regarding the availability of crews. Contacts are based principally upon professional relationships developed over a number of years. There are a number of consultants in the oil and natural gas industry who process and interpret seismic data for oil and natural gas companies. These consultants can have an influence in determining which company their customers use to acquire seismic data.

The acquisition of seismic data for the oil and natural gas industry is a highly competitive business. Contracts for such services generally are awarded on the basis of price quotations, crew experience, and the availability of crews to perform in a timely manner, although factors other than price, such as crew safety performance history, and technological and operational expertise, are often determinative. Our competitors include companies with financial resources that are significantly greater than our own as well as companies of comparable and smaller size. Our primary competitors are Dawson Geophysical Company, Geo Kinetics, Inc., and CGG-Veritas. These competitors are publicly-traded companies with long operating histories which field numerous crews and work in a number of different regions and terrain. In addition to the previously named companies, we also compete for projects from time to time with smaller seismic companies which operate in local markets with only one or two crews and often specialize in specific regions or type of operations. We believe that our long-term industry expertise, the customer relationships developed over our history, and our financial stability gives us an advantage over most of our competitors in the industry.

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## Results of Operations

The Company’s business is subject to seasonal variations; thus the results of operations for the three months ended March 31, 2012, are not necessarily indicative of a full year’s results.

*Three Months Ended March 31, 2012, Compared to Three Months Ended March 31, 2011 (Unaudited)*



*Revenues.* Our revenues were \$67,045,408 for the three months ended March 31, 2012, compared to \$50,247,313 for the same period of 2011, an increase of 33.4%. This increase was primarily due to continued improvement in the North American land seismic acquisition market, increased efficiencies of new wireless recording technology, seasonal strength in Canada, and our operation of eight crews in the U.S. and seven crews in Canada during the first quarter of 2012 compared with seven crews in the U.S. and six crews in Canada during the first quarter of 2011.

*Cost of services.* Our cost of services was \$38,548,049 for the three months ended March 31, 2012, compared to \$34,269,694 for the same period of 2011, an increase of 12.5%. This increase was primarily attributable to strong revenue growth during the quarter, partially offset by our fielding of two additional crews. As a percentage of revenues, cost of services was 57.5% for the three months ended March 31, 2012, compared to 68.2% for the same period of 2011. The decrease in cost of services as a percentage of revenues was attributable to increased efficiencies of new wireless recording technology, strong revenue growth in the North American land seismic acquisition market, and seasonal strength in Canada.

*Selling, general, and administrative expenses.* SG&A expenses were \$2,300,002 for the three months ended March 31, 2012, compared to \$2,500,558 for the same period of 2011, a decrease of 8.0%. This decrease was primarily due to costs in 2011 related to the entry into and subsequent termination of a merger agreement, as described in Note H, partially offset by recent staff additions. SG&A expense as a percentage of revenues was 3.4% for the three months ended March 31, 2012, compared with 5.0% for the same period of 2011.

*Depreciation and amortization expense.* Depreciation and amortization expense was \$5,722,599 for the three months ended March 31, 2012, compared to \$4,462,879 for the same period of 2011, an increase of 28.2%. This increase was primarily attributable to additions of seismic recording equipment, vibration vehicles, and other equipment and vehicles. Depreciation and amortization expense as a percentage of revenues was 8.5% for the three months ended March 31, 2012 compared to 8.9% for the same period of 2011.

*Income from operations.* Income from operations was \$20,474,758 for the three months ended March 31, 2012 compared to \$9,014,182 for the same period of 2012. This increase was primarily attributable to an increase in revenues, partially offset by increases in cost of services, and depreciation and amortization expenses discussed above. EBITDA increased \$12,720,296 to \$26,197,357 for the three months ended March 31, 2012, from \$13,477,061 for the same period of 2011, an increase of 94.4%. This increase was a result of those factors mentioned above. For a definition of EBITDA, a reconciliation of EBITDA to net income, and discussion of EBITDA, please refer to the section entitled "EBITDA" found below.

*Interest expense.* Interest expense was \$242,345 for the three months ended March 31, 2012 compared to \$190,840 for the same period of 2011, an increase of 27.0%. This increase was primarily attributable to our recent purchases of seismic acquisition equipment.

*Income tax expense.* Income tax expense was \$7,848,153 for the three months ended March 31, 2012, compared to \$3,059,608 for the same period of 2011. The effective tax rate was 39% for the three months ended March 31, 2012, compared to approximately 35% for the same period of 2011. See Note E of Notes to Consolidated Financial Statements in Item 1.

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**EBITDA**

We define EBITDA as net income plus interest expense, income taxes, and depreciation and amortization expense. We use EBITDA as a supplemental financial measure to assess:

- the financial performance of our assets without regard to financing methods, capital structures, taxes, or historical cost basis;
- our liquidity and operating performance over time and in relation to other companies that own similar assets and that we believe calculate EBITDA in a manner similar to us; and
- the ability of our assets to generate cash sufficient for us to pay potential interest costs.

We also understand that such data is used by investors to assess our performance. However, EBITDA is not a measure of operating income, operating performance, or liquidity presented in accordance with generally accepted accounting principles. When assessing our operating performance or our liquidity, you should not consider this data in isolation or as a substitute for our net income, cash flow from operating activities, or other cash flow data calculated in accordance with generally accepted accounting principles. EBITDA excludes some, but not all, items that affect net income and operating income, and these measures may vary among other companies. Therefore, EBITDA as presented below may not be comparable to similarly titled measures of other companies. Further, the results presented by EBITDA cannot be achieved without incurring the costs that the measure excludes: interest expense, income taxes, and depreciation and amortization.

The following table reconciles our EBITDA to our net income:

	Three Months Ended March 31,	
	2012	2011
	(unaudited)	
Net income	\$ 12,384,260	\$ 5,763,734
Depreciation and amortization	5,722,599	4,462,879
Interest expense	242,345	190,840
Income tax expense	7,848,153	3,059,608
<b>EBITDA</b>	<b>\$ 26,197,357</b>	<b>\$ 13,477,061</b>

## Liquidity and Capital Resources

### Cash Flows

#### *Cash flows used in operating activities.*

Net cash used in operating activities was \$374,187 for the three months ended March 31, 2012, compared to net cash provided by operating activities of \$9,084,205 for the same period of 2011. The \$9,458,392 decrease during the first three months of 2012 from the same period of 2011 was primarily attributable to the increase in accounts receivable, partially offset by the increase in net income, the timing of billings and revenue recognition, the timing of receipt and payment of invoices, federal and state income taxes payable, and the mix of contracts.

Working capital increased \$5,004,428 to \$24,860,957 as of March 31, 2012, from the December 31, 2011 working capital of \$19,856,529. This increase was primarily due to a \$35,060,885 increase in trade accounts receivable, partially offset by a \$5,083,820 decrease in cash and cash equivalents, a \$1,807,399 decrease in costs and estimated earnings in excess of billings on uncompleted contracts, a \$10,744,751 increase in trade accounts payable, a \$2,183,464 increase in accrued liabilities, a \$3,386,306 increase in billings in excess of costs and estimated earnings on uncompleted contracts and a \$4,905,159 increase in federal and state income taxes payable.

#### *Cash flows used in investing activities.*

Net cash used in investing activities was \$2,509,933 for the three months ended March 31, 2012, and \$4,568,187 for the three months ended March 31, 2011. This decrease was primarily due to a decrease of \$1,785,549 in cash used for capital expenditures to purchase seismic equipment in 2011.

#### *Cash flows used in financing activities.*

Net cash used in financing activities was \$2,362,273 for the three months ended March 31, 2012, and \$2,116,526 for the three months ended March 31, 2011. The increase was due primarily to principal payments on notes payable.

#### *Capital expenditures.*

During the three months ended March 31, 2012, the Company purchased \$11,414,433 of vehicles and equipment, primarily to replace similar vehicles and equipment, and purchased new wireless GSR seismic recording channels and equipment. Cash of \$2,837,982, a note from a commercial bank of \$7,701,800, and \$874,651 of capital lease obligations from a vehicle leasing company were used to finance these purchases. Although we do not budget for our capital expenditures, we may purchase additional equipment during 2012 should the demand for our services increase.

#### *Liquidity*

Our primary source of liquidity is cash generated from operations and short-term borrowings from commercial banks and equipment lenders. Based on current forecasts, we believe that we have sufficient available cash and borrowing capacity to fund our working capital needs over the next 12 months.

## Capital Resources

We have relied on cash generated from operations and short-term borrowings from commercial banks and equipment lenders to fund our working capital requirements and capital expenditures.

The Company has a revolving line of credit agreement with a commercial bank. The borrowing limit under the revolving line of credit agreement is \$5,000,000 and was renewed on September 16, 2010, and again on September 16, 2011. The revolving line of credit agreement does not expire until September 16, 2012. Our obligations under this agreement are secured by a security interest in our accounts receivable. Interest on the outstanding amount under the line of credit loan agreement is payable monthly at the greater of the prime rate of interest or five percent. As of March 31, 2012, we had no borrowings outstanding under the line of credit loan agreement.

At March 31, 2012, the Company had five outstanding notes payable to commercial banks for equipment purchases. The notes have interest rates between 4.50% and 6.35%, are due in monthly installments between \$46,781 and \$187,934 plus interest, have a total outstanding balance of \$16,154,769 and are collateralized by equipment. Two notes payable with interest of 6.00% and monthly payments between \$55,658 and \$88,889 plus interest were paid off in 2011. These notes were collateralized by equipment.

The Company had, at March 31, 2012, two outstanding notes payable to equipment finance companies for equipment purchases. The notes have interest rates between 5.33% and 6.00%, are due in monthly installments between \$23,740 and \$56,050 plus interest, have a total outstanding balance of \$478,742 and are collateralized by equipment. One note payable with interest of 6.38% and a monthly payment of \$85,839 plus interest was paid off in 2011. One note payable with interest of 5.75% and a monthly payment of \$61,997 plus interest was paid off during March 2012. The notes were collateralized by equipment.

The Company had, at March 31, 2012, two outstanding notes payable to finance companies for corporate insurance. The notes have interest rates between 4.95% and 5.56%, and are due in monthly installments of \$17,507 and \$17,414 including interest, and have a total outstanding balance of \$263,003.

On April 24, 2012, the Company entered into a note payable to a finance company for corporate insurance for \$2,726,028. The note has an interest rate of 4.95%, and is due in monthly installments of \$309,174 including interest.

## Contractual Obligations

We believe that our capital resources, including our short-term investments, funds available under our revolving credit agreement, and cash flow from operations, will be adequate to meet our current operational needs. We believe that we will be able to finance our 2012 capital expenditures through cash flow from operations, borrowings from commercial lenders, and the funds available under our line of credit loan agreement. However, our ability to satisfy working capital requirements, meet debt repayment obligations, and fund future capital requirements will depend principally upon our future operating performance which is subject to the risks inherent in our business, and will also depend on the extent to which the current depressed economy adversely affects the ability of our customers, and/or potential customers, to pay promptly amounts owing to the Company under their service contracts with us.

### **Off-Balance Sheet Arrangements**

As of March 31, 2012, we had no off-balance sheet arrangements.

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### **Critical Accounting Policies**

A discussion of our critical accounting policies can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. There have been no material changes to these policies (including critical accounting estimates and assumptions or judgments affecting the application of those estimates and assumptions) during the first three months of 2012.

### **Recently Issued Accounting Pronouncements**

A discussion of recently issued accounting pronouncements can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. There have been no new accounting pronouncements during the first three months of 2012.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

There has been no material change from the information provided in “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” contained in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated herein by reference.

### **ITEM 4. CONTROLS AND PROCEDURES.**

The Company maintains controls and procedures to ensure that it is able to collect the information it is required to disclose in the reports it files with the SEC and to process, summarize, and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report conducted by the Company’s management, with the participation of the Chief Executive and Chief Financial Officers, the Chief Executive and Chief Financial Officers believe that these controls and procedures are effective to ensure that the Company is able to record, process, summarize, and report information required to be included in reports filed or submitted under the Securities Exchange Act of 1934, as amended, within the required time period. There were no changes in the Company’s internal controls over financial reporting or in other factors during the quarter ended March 31, 2012, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

The Company is a defendant in various legal actions that arose or may arise out of the normal course of business. In our opinion, none of these actions has resulted, or will result, in any significant loss to us.

### **ITEM 1A. RISK FACTORS.**

For a discussion of those “Risk Factors” affecting the Company, you should carefully consider the “Risk Factors” discussed in Part I, under “Item 1A. Risk Factors” contained in our Annual Report on Form 10-K for the year ended December 31, 2011, which is herein incorporated by reference. There have been no material changes from those risk factors previously disclosed in such Annual Report.

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**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.** — None

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.** — None.

**ITEM 4. MINE SAFETY DISCLOSURES.** — Not Applicable.

**ITEM 5. OTHER INFORMATION.** — None.

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## ITEM 6. EXHIBITS.

The following exhibits are included herein:

### EXHIBITS INDEX

EXHIBIT NO.	DESCRIPTION
3.1	Restated Articles of Incorporation (with amendment) as filed with the Secretary of State of Texas on June 20, 2003, filed as Exhibit 3.4 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003, and incorporated herein by reference.
3.2	Bylaws, as amended and restated March 25, 2009, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 31, 2009, and incorporated herein by reference.
10.1	Employment Contract by and between TGC Industries, Inc. and Wayne A. Whitener, effective March 1, 2012, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 18, 2012, and incorporated herein by reference.
*31.1	Certification of Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification of Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification of Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

\*Filed herewith.

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### SIGNATURES

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

TGC INDUSTRIES, INC.

Date: May 10, 2012

/s/ Wayne A. Whitener  
Wayne A. Whitener  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: May 10, 2012

/s/ James K. Brata  
James K. Brata  
Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

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*101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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\*Filed herewith.

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Wayne A. Whitener, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TGC Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2012

/s/ Wayne A. Whitener

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Wayne A. Whitener  
President and Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, James K. Brata, certify that:

1. I have reviewed this report on Form 10-Q of TGC Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2012

/s/ James K. Brata

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James K. Brata  
Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)



**Certification of  
Chief Executive Officer  
of TGC Industries, Inc. Pursuant to  
18 U.S.C. Section 1350, as adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended March 31, 2012 of TGC Industries, Inc. (the "Company"). I, Wayne A. Whitener, President and Chief Executive Officer of the Company, certify that, to the best of my knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Dated: May 10, 2012

/s/ Wayne A. Whitener

\_\_\_\_\_  
Wayne A. Whitener

President and Chief Executive Officer

(Principal Executive Officer)

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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**Certification of  
Chief Financial Officer  
of TGC Industries, Inc. Pursuant to  
18 U.S.C. Section 1350, as adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended March 31, 2012 of TGC Industries, Inc. (the "Company"). I, James K. Brata, Vice President and Chief Financial Officer of the Company, certify that, to the best of my knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Dated: May 10, 2012

/s/ James K. Brata

James K. Brata

Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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