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

FORM 10-QSB

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDING June 30, 1999.

[ ] 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 0-14908

TGC INDUSTRIES, INC.
(Exact name of small business issuer as specified in 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, including area code: 972-881-1099

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

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 July 30, 1999
Common Stock ($.30 Par Value)	2,224,933

PART I -- FINANCIAL INFORMATION

ITEM 1 -- FINANCIAL STATEMENTS

Incorporated herein is the following unaudited financial information:

Balance Sheet as of June 30, 1999.

Statements of Operations for the three and six month periods ended June 30, 1999 and 1998.

Statements of Cash Flows for the three and six month periods ended June 30, 1999 and 1998.

Notes to Financial Statements.

TGC INDUSTRIES, INC.
BALANCE SHEET
(UNAUDITED)

	JUNE 30, 1999
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 302,090
Accounts receivable	5,000
Prepaid expenses and other	312,543
Deferred income taxes	202,000
Total current assets	821,633
PROPERTY AND EQUIPMENT - at cost	
Machinery and equipment	10,839,241
Automobiles and trucks	669,248
Furniture and fixtures	317,167
Other	18,144
	11,843,800
Less accumulated depreciation and amortization	(5,837,911)
	6,005,889
OTHER ASSETS	395
Total assets	$6,827,917

See notes to Financial Statements

TGC INDUSTRIES, INC.
BALANCE SHEET -- CONTINUED
(UNAUDITED)

	JUNE 30, 1999
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Trade accounts payable	$ 55,389
Accrued liabilities	352,795
Billings in excess of costs and estimated earnings on uncompleted contracts	-
Current maturities of long-term obligations	956,028
Total current liabilities	1,364,212
LONG-TERM OBLIGATIONS, less current maturities	698,981
STOCKHOLDERS' EQUITY	
Preferred stock, $1.00 par value; 4,000,000 shares authorized; 1,127,050 issued and outstanding	1,127,050
Common stock, $.30 par value; 25,000,000 shares authorized; 2,256,877 shares issued	677,063
Additional paid-in capital	4,973,588
Accumulated deficit	(1,797,663)
Treasury stock, at cost (31,944 shares)	(215,314)
	4,764,724
Total liabilities and stockholders' equity	$6,827,917

See notes to Financial Statements

TGC INDUSTRIES, INC.
STATEMENTS OF OPERATIONS

	Three Months Ended June 30, (Unaudited) 1999	1998	Six Months Ended June 30, (Unaudited) 1999	1998
Revenue	$ 924,212	$5,520,738	$3,534,359	$9,840,067
Cost of services	1,331,147	4,292,770	3,399,828	8,068,977
Selling, general, adm.	231,305	284,546	441,716	542,838
	1,562,452	4,577,316	3,841,544	8,611,815
INCOME(LOSS)FROM OPERATIONS	(638,240)	943,422	(307,185)	1,228,252
Interest expense	47,695	68,386	103,773	137,693
NET INCOME(LOSS)	(685,935)	875,036	(410,958)	1,090,559
Less dividend requirement on preferred stock	112,705	112,935	225,640	225,870
INCOME(LOSS)ALLOCABLE TO COMMON STOCKHOLDERS	$ (798,640)	$ 762,101	$ (636,598)	$ 864,689
Earnings(loss) per common share				
Basic	$ (.36)	$ .35	$ (.29)	$ .40
Diluted	$ (.36)	$ .18	$ (.29)	$ .23
Weighted average number of common shares:				
Basic	2,224,035	2,168,110	2,220,620	2,161,183
Diluted	2,224,035	4,804,823	2,220,620	4,820,355

See notes to Financial Statements

TGC INDUSTRIES, INC.
Statements of Cash Flows (Unaudited)

	Six Months Ended June 30, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (loss)	$ (410,958)	$ 1,090,559
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	975,739	841,636
(Gain) on disposal of property and equipment	(1,159)	-
Changes in operating assets and liabilities		
Trade accounts receivable	1,108,184	1,309,121
Billings in excess of cost and estimated earnings on uncompleted contracts	(387,474)	(1,084,664)
Prepaid expenses	(121,871)	(210,613)
Other assets	569	
Accounts payable	(520,916)	(133,058)
Accrued liabilities	156,504	308,188
NET CASH PROVIDED BY OPERATING ACTIVITIES	798,618	2,121,169

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	(9,221)	(291,711)
Proceeds from sale of property and equipment	4,500	-
Decrease (increase) in other assets	-	175
NET CASH USED IN INVESTING ACTIVITIES	(4,721)	(291,536)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(178,044)	(225,870)
Proceeds from issuance of debt	-	-
Proceeds from exercise of stock options and warrants	-	14,062
Principal payments of debt obligations	(1,016,762)	(646,756)
Other	-	2,813
NET CASH USED IN FINANCING ACTIVITIES	(1,194,806)	(855,751)
NET INCREASE(DECREASE)IN CASH AND CASH EQUIVALENTS	(400,909)	973,882
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	702,999	120,535
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 302,090	$1,094,417

Supplemental cash flow information

Interest paid	$ 103,773	$ 137,693
Income taxes paid	$ 48,391	$ 15,230

See notes to Financial Statements

TGC INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
June 30, 1999

NOTE A -- BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-QSB and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and changes in financial position in conformity with generally accepted accounting principles.

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, 1998 filed on Form 10-KSB.

NOTE C -- EARNINGS PER SHARE

Basic earnings per common share is based upon the weighted average number of shares of common stock outstanding. Diluted earnings 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. On November 5, 1998, the Board of Directors declared a one-for-three reverse stock split on the Company's common stock. All references to number of shares, except shares authorized, and to per share information in the financial statements have been adjusted to reflect the reverse stock split on a retroactive basis.

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

RESULTS OF OPERATIONS
TGC Industries, Inc. ("TGC") reported revenues of $3,534,359 and a net loss, before dividend requirements on preferred stock, of $410,958 for the six month period ended June 30, 1999, compared with revenue of $9,840,067 and net income, before dividend requirements on preferred stock of $1,090,559 for 1998. Net loss per common share, on a diluted

basis, was $.29 for the first six months of 1999, compared with income per common share, on a diluted basis, of $.23 for 1998.

For the three month period ended June 30, 1999, TGC had revenue of $924,212 and a net loss, before dividend requirements on preferred stock, of $685,935. This compares with revenue of $5,520,738 and net income, before dividend requirements on preferred stock, of $875,036 for 1998. Net loss per common share, on a diluted basis, was $.36 for the three month period ended June 30, 1999, compared with income per common share, on a diluted basis, of $.18 for 1998.

Because of insufficient contracts, revenues in the first and second quarters declined significantly which resulted in the losses for the three and six month periods ended June 30, 1999.

TGC's cost of services, as a percentage of revenue, were 96.2% for the first six months of 1999, compared to 82.0% for the same period of 1998. This percentage increase was attributable to the low level of revenues for the first six months of 1999. Selling, general and administrative expense decreased by $101,122 during the first six months of 1999 when compared with the same period of 1998. This decrease was attributable to expense reductions implemented to remain competitive during this period of reduced industry activity. Interest expense decreased by $33,920 in the first six months of 1999 when compared with the same period of 1998. This decrease was primarily a result of the reducing loan balances for the purchase of geophysical equipment.

TGC's cost of services, as a percentage of revenue, were 144.0% for the second quarter of 1999, compared to 77.8% for the same period of 1998. This percentage increase was attributable to the significantly lower level of revenues for the second quarter of 1999. Selling, general and administrative expense decreased by $53,241 during the second quarter of 1999 when compared with the same period of 1998. This decrease was attributable to expense reductions implemented to remain competitive during this period of reduced industry activity. Interest expense decreased by $20,691 in the second quarter of 1999 when compared with the same period of 1998. This decrease was primarily a result of the reducing loan balances for the purchase of geophysical equipment.

Non-cash charges for depreciation and amortization were $975,739 in the first six months of 1999 compared with $841,636 for 1998.

At December 31, 1998, TGC had net operating loss carryforwards of approximately $3,600,000 available to offset future taxable income, which expire at various dates through 2013.

The second quarter was a difficult period for the Company and compared unfavorably with the second quarter of 1998. The Company has substantially reduced its break-even levels to increase competitiveness. There has been a recent increase in seismic bidding activity and management is aggressively pursing contract opportunities. However, there can be no assurance that the second half of 1999 will show any improvement. It is clear that the Company's revenue for 1999 will be significantly less than reported for 1998.

Management believes that the geophysical market conditions should materially improve beginning in calendar year 2000 and seismic services should be in greater demand due to the recent increase in levels of seismic bidding activity and the prospect of oil and gas prices remaining at their current levels. Though there can be no assurance, such conditions should enable the Company to secure contracts and improve its performance.

FINANCIAL CONDITION

Cash of $798,618 was provided from operations for the first six months of 1999 compared with cash provided from operations of $2,121,169 for the same period of 1998. The funds generated in the first six months of 1999 were primarily attributable to non-cash depreciation and amortization charges. Cash used in investing activities for the first six months of 1999 was $4,721. $9,221 for the replacement of equipment less proceeds from the sale of equipment in the amount of $4,500. Cash used in financing activities for the first six months of 1999 was for principal payments of debt obligations in the amount of $1,016,762, and dividend payments on preferred stock of $178,044.

Working capital deficit decreased $328,142 to $542,579 from the December

31, 1998 balance of $870,721. The Company's current ratio was .6 to 1.0 at June 30, 1999, compared with .72 to 1.0 at December 31, 1998. Stockholders' equity decreased $363,132 from the December 31, 1998 balance of $5,127,856 to $4,764,724 at June 30, 1999. This decrease was primarily attributable to net losses, before dividend requirements on preferred stock, for the three and six month periods ended June 30, 1999, of $685,935 and 410,958 respectively.

During the fourth quarter of 1998, the Company renewed its revolving bank line of credit with a major bank in an amount of up to $1,000,000. 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. As a result of the losses reported for the three and six month periods ended June 30, 1999, TGC is not in compliance with certain covenants required by its revolving line of credit agreement. The Bank has decided not to waive the covenant violation. As a result, TGC cannot borrow against its revolver for working capital requirements until it is in compliance with the covenants. Management anticipates that the covenant violations will not be corrected during the balance of 1999. In order to provide additional working capital, TGC is attempting to re-finance some of its equipment. However, there can be no assurance that a re-financing transaction will be completed.

The Board of Directors at its regular meeting on June 3, 1999, determined, with respect to the Company's Series C 8% Convertible Exchangeable Preferred Stock, that the initial conversion price per share of Common Stock would be reduced from $2.25 per share to $2.00 per share and that the conversion price increase would be delayed in lieu of declaring a semi-annual dividend payable in July 1999 on the Preferred Stock. The Preferred Stock dividends, if declared, are payable at a rate of 8% per annum, payable semi-annually in January and July of each year. The date of the increase of the conversion price of the Preferred Stock was delayed from December 31, 2000 until December 31, 2001 and the subsequent date of the increase of the conversion price of the Preferred Stock was delayed from December 31, 2001 to December 31, 2002. As a result, the conversion price is $2.00 per share of Common Stock if exercised prior to the close of business on December 31, 2001; after December 31, 2001, and prior to the close of business on December 31, 2002, the conversion price per share of Common Stock shall be $3.75; thereafter, the conversion price per share of Common Stock shall be $6.00.

The Company began preparation for the year 2000 issues during 1996. In late 1996, TGC upgraded and replaced its accounting software. In addition, TGC installed a small personal computer network. The cost of these additions, which are year 2000 compliant, was approximately $15,000. TGC uses an outside source for its payroll services and has been assured by this vendor that its software is year 2000 compliant. TGC will need to make a few additional hardware upgrades in order for the total system to be year 2000 compliant. These upgrades will be completed by September 30, 1999, at which time the Company will be fully year 2000 compliant. The cost of these upgrades will be approximately $2,000.

At July 1, 1999, only one of the Company's two crews was active on a job. The Company anticipates that available funds, together with anticipated cash flows generated from future operations and the re-financing of some of its equipment (of which there can be no assurance) will be sufficient to meet the Company's cash needs during 1999.

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.

PART II - OTHER INFORMATION

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

The annual meeting of shareholders was held on June 3, 1999. The following matters were voted upon and approved by the Company's shareholders:

a. Nominated and elected to the Board of Directors were Messrs. William J. Barrett, Edward L. Flynn, Herbert M. Gardner, Allen T. McInnes and Wayne A. Whitener.

b. Ratification of the selection of the Company's auditors, Grant Thornton LLP, was approved by the shareholders by a majority vote.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits -- None.

b. Reports -- No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

TGC INDUSTRIES, INC.

Date: August 12, 1999 /s/ WAYNE A. WHITENER
Wayne A. Whitener
President & Chief
Executive Officer
(Principal Executive Officer)

Date: August 12, 1999 /s/ KENNETH W. USELTON
Kenneth W. Uselton
Treasurer (Principal Financial
and Accounting Officer)

6-MOS
DEC-31-1999
JUN-30-1999
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