

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

FORM 10-KSB/A

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

For the Fiscal Year Ended December 31, 1998
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 (\$.30 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 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: \$17,073,506

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 18, 1999: \$3,211,693

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 18, 1999
Common Stock (\$.30 Par Value)	2,219,822

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 3, 1999

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.

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.

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. 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 has the capability of utilizing 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 clients. For the year ended December 31, 1998, three customers accounted for twenty-four percent (24%), twenty two percent (22%) and seventeen percent (17%) of the Company's revenue, respectively. The Company enters into a general or master agreement with each of its clients 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 client. 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 clients 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.

Prior to the second half of 1998, activity in the U.S. Geophysical Industry had 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 had 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 increased participation in the domestic oil industry. Beginning approximately in mid 1998, activity declined significantly due to a decline in the price of oil.

Due to a significant decline in spending for seismic services by a number of oil and gas clients as a result of significantly lower oil prices, TGC has reduced its operations to one seismic acquisition crew. This decrease in spending was primarily a result of the significant decline in oil and gas prices (principally oil prices) during 1998. TGC is continuing to obtain contracts for work but at lower prices than in 1998. As a result of this reduced activity the first half of 1999 will not compare favorably with 1998. Company management has activated expense reduction and cost containment programs to remain highly competitive through this period of reduced industry activity.

As of December 31, 1998, TGC employed 72 employees, supporting one seismic crew with a total of 65 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 \$4,460. 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.

On March 18, 1997, TGC sold the Portland, Oregon facility formerly utilized by Chase Packaging Corporation 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.

On November 5, 1998, shareholders approved an amendment to Article Four of the Company's Articles of Incorporation, as amended, to effect a one-for-three reverse stock split of the Company's Common Stock, whereby each three shares of issued and outstanding Common Stock was converted and combined into one share of Common Stock (the "Reverse Split"). The Common Stock commenced trading on a post-Reverse Split basis on November 9, 1998.

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 12, 1999, was 392. 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 748,746 shares in street name. On March 18, 1999, TGC's Common Stock was quoted at a closing price of \$1.094. High and low sales prices (adjusted for

the Reverse Split) of TGC's Common Stock for the period of January 1, 1997, to December 31, 1998, were as follows:

Sales Price of TGC Common Stock

Date	High	Low
October 1 -- December 31, 1998	2 1/4	3/4
July 1 -- September 30, 1998	2 5/8	1 1/2
April 1 -- June 30, 1998	3 3/8	1 11/16
January 1 -- March 31, 1998	3 9/16	2 5/8
October 1 -- December 31, 1997	4 7/8	2 13/16
July 1 -- September 30, 1997	5 1/4	3
April 1 -- June 30, 1997	3 3/4	2 5/8
January 1 -- March 31, 1997	5 1/4	3 3/4

The above sale quotations were furnished to TGC by the NASD.

On November 6, 1998, the Company effected a one-for-three reverse stock split of its Common Stock, whereby each three shares of issued and outstanding Common Stock was converted and combined into one share of Common Stock. The Common Stock commenced trading on a post-Reverse Split basis on November 9, 1998.

As a consequence of the Reverse Split: (1) pursuant to the provisions for adjustment of the conversion ratio of the Company's Preferred Stock, the conversion price per share of Common Stock on a post-Reverse Split basis increased from \$0.75 to \$2.25 per share; and (2) pursuant to the terms for adjustment to the exercise price of the Company's Common Share Purchase Warrants, each Warrant purchases on a post-Reverse Split basis, 1/3 of a share of Common Stock at a price of \$1.125 per share of Common Stock.

On November 2, 1998, the TGC Board of Directors voted to extend the expiration date of its outstanding Common Stock Purchase Warrants and to delay the increase in the conversion price of its Preferred Stock until December 31, 1999. On December 10, 1998, the Board of Directors voted to further extend the expiration date of its warrants and to delay the increase in the conversion price of its Preferred Stock until December 31, 2000. The Common Stock Purchase Warrants were otherwise scheduled to expire on December 31, 1998, and the conversion price of the Preferred Stock was otherwise scheduled to increase, following the conversion price adjustment described above, from \$2.25 per share of Common Stock to \$3.75 per share of Common Stock on December 31, 1998. As modified, after December 31, 2000 and prior to the close of business on December 31, 2001, the conversion price of the Preferred Stock will be \$3.75 per share of Common Stock. Thereafter, the conversion price will be \$6.00 per share of Common Stock.

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 for the year ended December 31, 1998, increased to \$17,073,506 from revenue of \$16,307,577 for the year ended December 31, 1997. Net earnings before dividend requirements on preferred stock was \$1,831,602 for the year ended December 31, 1998. Net earnings 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. EBITDA was \$3,872,761 or \$.81 per share on a fully diluted basis for the year ended December 31, 1998, compared with \$2,764,014 or \$.57 per share on a fully diluted basis for the year ended December 31, 1997.

The Company's shareholders, at a special meeting of shareholders on November 5, 1998, approved an Amendment to the Company's Articles of Incorporation to effect a one-for-three reverse stock split of its Common Stock (the "Reverse Split"). The Reverse Split was effected on November 6, 1998, and the Common Stock commenced trading on a post-Reverse Split basis on November 9, 1998. All references to number of shares, except shares authorized, and to per share information have been adjusted to reflect the reverse stock split on a retroactive basis.

TGC's cost of services, as a percentage of revenue, decreased from 86.1% in 1997 to 80.9% in 1998. Selling, general and administrative expense, as a percentage of revenues, increased from 5.6% in 1997 to 6.8% in 1998. Interest expense increased by \$59,322 in 1998 when compared to 1997 primarily as a result of the financing of additional geophysical equipment in the second half of 1997. Non-cash charges for depreciation and amortization were \$1,778,454 in 1998 compared with \$1,425,817 in 1997.

During 1998, TGC purchased approximately \$1,150,000 additional equipment to better serve our clients in their pursuit of Three-D ("3-D") seismic data acquisition. This additional equipment was financed with a combination of equipment-related financing and internal cash flow.

Due to a significant decline in spending for seismic services by a number of oil and gas clients as a result of significantly lower oil prices, TGC has reduced its operations to one seismic acquisition crew. This decrease in spending was primarily a result of the significant decline in oil and gas prices (principally oil prices) during 1998. For over thirty years, TGC has successfully served the geophysical industry. The Company is continuing to obtain contracts for work but at lower prices than in 1998. As a result of this reduced activity the first half of 1999 will not compare favorably with 1998. Company management has activated expense reduction and cost containment programs to remain highly competitive through this period of reduced industry activity. Management is aggressively pursuing contract opportunities and believes that a recovery in the price of oil and gas in the second half of 1999 would not have a significant upward effect on 1999 results, but it could stop further deterioration and constitute a clear indication of better prospects for 2000 and 2001.

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, 1998, the Company had net operating loss carry forwards of approximately \$3,600,000 available to offset future taxable income, which expires at various dates through 2013.

Discontinued Operations

During June 1996, the Board of Directors approved the spin-off of Chase Packaging Corporation ("Chase"), whereby all of the shares of 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 date of the distribution of Chase's stock was March 7, 1997. The spin-off distribution of Chase to TGC stockholders reduced stockholders' equity by \$103,976, which represents the book value of the net assets of Chase as of March 7, 1997. In addition, on March 18, 1997, TGC sold the Portland, Oregon manufacturing facility of Chase for approximately \$2,400,000, 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

Cash of \$2,259,490 was provided by operations for the twelve months ended December 31, 1998, compared with cash provided by continuing operations of \$2,426,320 for the same period of the prior year. The funds generated in 1998 were primarily attributable to net earnings before non-cash depreciation and amortization charges. Cash used in investing activities for 1998 was primarily for additions to equipment for geophysical field operations. In

addition, during 1998, the Company financed the acquisition of geophysical equipment through notes payable in the amount of \$778,131. Cash used in financing activities were primarily for the payment of principal payments on debt obligations in the amount of \$1,386,194.

Working capital deficit decreased \$1,377,166 to \$870,721 from the December 31, 1997, balance of \$2,247,887, primarily as a result of a decrease in billings in excess of costs and estimated earnings on uncompleted contracts and trade accounts payable. The Company's current ratio increased to .72 to 1.0 at December 31, 1998, compared to .57 to 1.0 at December 31, 1997. Stockholders' equity increased to \$5,127,856 at December 31, 1998, from the December 31, 1997, of \$3,729,993 due primarily to the net earnings of the Company.

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.

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.

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 1999, so long as one of the Company's two crews is employed, of which there is no assurance.

ITEM 7. FINANCIAL STATEMENTS.

Financial Statements

December 31, 1998 and 1997

CONTENTS

Report of Independent Certified Public Accountants	p. 13
Financial Statements	
Balance Sheets	p. 14
Statements of Earnings	p. 16
Statement of Stockholders' Equity	p. 17
Statements of Cash Flows	p. 18
Notes to Financial Statements	p. 20

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, 1998 and 1997, and the related statements of earnings,

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, 1998 and 1997, 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 5, 1999

TGC Industries, Inc.

BALANCE SHEETS

December 31,

ASSETS	1998	1997
	<u> </u>	<u> </u>
CURRENT ASSETS		
Cash and cash equivalents	\$702,999	\$120,535
Trade accounts receivable	1,113,185	2,501,882
Costs and estimated earnings in excess of billings on uncompleted contracts	144,972	-
Prepaid expenses and other	126,419	134,629
Deferred income taxes	202,000	170,000
Total current assets	<u>2,289,575</u>	<u>2,927,046</u>
PROPERTY AND EQUIPMENT - at cost		
Machinery and equipment	10,836,839	9,876,691
Automobiles and trucks	706,810	672,515
Furniture and fixtures	317,167	317,167
Other	18,144	-
	<u>11,878,960</u>	<u>10,866,373</u>
Less accumulated depreciation and amortization	(4,903,212)	(3,258,778)

	6,975,748	7,607,595
OTHER ASSETS	963	35,232
	<u>\$9,266,286</u>	<u>\$10,569,873</u>
	=====	=====

TGC Industries, Inc.
BALANCE SHEETS - CONTINUED
December 31,

LIABILITIES AND STOCKHOLDERS' EQUITY	1998	1997
CURRENT LIABILITIES		
Line of credit	\$290,000	\$ -
Trade accounts payable	576,305	1,410,668
Accrued liabilities	332,717	213,667
Federal income taxes payable	25,191	-
Billings in excess of costs and estimated earnings on uncompleted contracts	532,446	2,225,711
Current maturities of long-term obligations	1,403,637	1,324,887
Total current liabilities	<u>3,160,296</u>	<u>5,174,933</u>
LONG-TERM OBLIGATIONS, less current maturities	978,134	1,664,947
COMMITMENTS	-	-
STOCKHOLDERS' EQUITY		
Preferred stock, \$1.00 par value; 4,000,000 shares authorized; 1,129,350 shares issued and outstanding in 1998 and 1997	1,129,350	1,129,350
Common stock, \$.30 par value; 25,000,000 shares authorized; 2,203,940 and 2,190,439 shares issued in 1998 and 1997, respectively	661,182	657,132
Additional paid-in capital	4,939,344	5,377,133
Accumulated deficit	(1,386,706)	(3,218,308)
Treasury stock, at cost (31,944 shares in 1998 and 1997)	(215,314)	(215,314)
	<u>5,127,856</u>	<u>3,729,993</u>
	<u>\$9,266,286</u>	<u>\$10,569,873</u>
	=====	=====

The accompanying notes are an integral part of these statements.

TGC Industries, Inc.
STATEMENTS OF EARNINGS
Years ended December 31,

	1998	1997
Revenue	\$17,073,506	\$16,307,577
Cost and expenses		
Cost of services	13,818,972	14,048,852
Selling, general and administrative	1,160,228	920,528
Interest expense	261,480	202,158
	15,240,680	15,171,538
Income from operations before income taxes	1,832,826	1,136,039
Income tax expense (benefit)		
Current	33,224	-
Deferred	(32,000)	(170,000)
	1,224	(170,000)
Net earnings	1,831,602	1,306,039
Less dividend requirements on preferred stock	(451,740)	(455,640)
Earnings allocable to common stockholders	\$1,379,862 =====	\$850,399 =====
Earnings per common share		
Basic	\$.64	\$.40
Diluted	\$.38	\$.27
Weighted average number of common shares		
Basic	2,166,503	2,118,935
Diluted	4,789,015	4,888,973

The accompanying notes are an integral part of these statements.

TGC Industries, Inc.
STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Stock		Common Stock		Additional paid-in capital	Accumulated deficit	Treasury stock	Total
	Shares	Amount	Shares	Amount				
Balances January 1, 1997, as previously reported	1,150,350	\$1,150,350	6,338,652	\$633,865	\$5,932,960	\$(4,524,347)	\$(175,522)	\$3,017,306
One-for-three reverse split of common stock	-	-	(4,225,768)	-	-	-	-	-

Balances at January 1, 1997, as adjusted	1,150,350	1,150,350	2,112,884	633,865	5,932,960	(4,524,347)	(175,522)	3,017,306
Conversion of preferred stock	(21,000)	(21,000)	46,666	14,000	7,000	-	-	-
Exercise of stock options	-	-	30,889	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
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balances at December 31, 1997	1,129,350	1,129,350	2,190,439	657,132	5,377,133	(3,218,308)	(215,314)	3,729,993
Issuance of stock warrants	-	-	-	-	2,813	-	-	2,813
Exercise of stock options and warrants	-	-	13,501	4,050	11,138	-	-	15,188
Cash dividends on preferred stock (\$.40 per share)	-	-	-	-	(451,740)	-	-	(451,740)
Net earnings	-	-	-	-	-	1,831,602	-	1,831,602
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balances at December 31, 1998	1,129,350	\$1,129,350	2,203,940	\$661,182	\$4,939,344	\$(1,386,706)	\$(215,314)	\$5,127,856
	=====	=====	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

TGC Industries, Inc.
STATEMENTS OF CASH FLOWS
Years ended December 31,

1998

1997

Cash flows from operating activities

Net earnings	\$1,831,602	\$1,306,039
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	1,778,454	1,425,817
Loss (gain) on disposal of property and equipment	4,487	(126,088)
Deferred income taxes	(32,000)	(170,000)
Changes in operating assets and liabilities		
Trade accounts receivable	1,388,697	(1,743,689)
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,838,237)	1,721,306
Prepaid expenses	8,210	71,127
Other assets	34,269	(3,840)
Accounts payable	(834,363)	(73,160)
Accrued liabilities	(106,820)	18,808
Federal income taxes payable	25,191	-
	<hr/>	<hr/>
Net cash provided by operating activities	2,259,490	2,426,320
Cash flows from investing activities		
Capital expenditures	(376,363)	(1,685,162)
Proceeds from sale of property and equipment	3,400	213,927
	<hr/>	<hr/>
Net cash used in investing activities	(372,963)	(1,471,235)
Cash flows from financing activities		
Dividends paid	(225,870)	(685,710)
Net borrowings under line of credit	290,000	-
Proceeds from issuance of debt	-	181,000
Principal payments of debt obligations	(1,386,194)	(951,384)
Other	18,001	(33,736)
	<hr/>	<hr/>
Net cash used in financing activities	(1,304,063)	(1,489,830)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	582,464	(534,745)
Cash and cash equivalents at beginning of year	120,535	655,280
	<hr/>	<hr/>
Cash and cash equivalents at end of year	\$702,999	\$120,535
	=====	=====

TGC Industries, Inc.

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31,

	1998	1997
	<hr/>	<hr/>
Supplemental cash flow information		
Interest paid	\$247,931	\$201,934
Income taxes paid	\$ 8,033	\$ -

Noncash investing and financing activities

During 1997, the Company received 4,675 and 3,583 shares of common stock, respectively, as payments for the exercise of options. The Company included these shares as treasury stock at 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 46,666 shares of the Company's common stock.

During 1998, the Company financed the acquisition of equipment through notes payable of \$778,131.

The accompanying notes are an integral part of these statements.

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 1998 and 1997

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.

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 and amortization are 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.

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.

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 its former wholly-owned subsidiary. Pursuant to the plan, TGC liquidated the 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.

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.

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE D - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

The components of uncompleted contracts are as follows:

	December 31, 1998	December 31, 1997
	_____	_____
Costs incurred on uncompleted contracts and estimated earnings	\$1,511,088	\$3,488,065
Less billings to date	1,898,562	5,713,776
	<u>\$ (387,474)</u>	<u>\$(2,225,711)</u>
	=====	=====

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

	December 31, 1998	December 31, 1997
	_____	_____
Costs and estimated earnings in excess of billings on uncompleted contracts	\$144,972	\$ -
Billings in excess of costs and estimated earnings on uncompleted contracts	(532,446)	(2,225,771)
	<u>\$(387,474)</u>	<u>\$2,225,711)</u>
	=====	=====

NOTE E - ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31, 1998	December 31, 1997
	_____	_____
Compensation and payroll taxes	\$39,800	\$137,751
Dividends payable	225,870	-
Insurance	26,686	8,424
Other	40,361	67,492
	<u>\$332,717</u>	<u>\$213,667</u>
	=====	=====

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE F - DEBT

Long-term obligations consist of the following:

	December 31, 1998	December 31, 1997
	_____	_____
Note payable, interest at 4%, due in monthly installments of \$552 including interest; collateralized by equipment and accounts receivable	\$110,452	\$112,480

Note payable, interest at 4%, due in monthly installments of \$1,130 including interest; collateralized by equipment and accounts receivable	52,357	63,288
Notes payable to a finance company, interest at 11%, due in monthly installments of \$41,367 including interest; collateralized by equipment	786,957	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	264,360	498,384
Note payable to a finance company, interest at 9.5%, due in monthly installments of \$4,638 including interest; collateralized by equipment	127,107	-
Note payable to a finance company, interest at 8.7%, due in monthly installments of \$4,579 including interest; collateralized by equipment	133,887	-
Note payable to a finance company, interest at 8.8%, due in monthly installments of \$4,575 including interest; collateralized by equipment	144,788	-

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE F - DEBT - Continued

	December 31, 1998	1997
	-----	-----
Note payable to a finance company, interest at 9.4%, due in monthly installments of \$10,968 including interest, collateralized by equipment	309,436	-
Capital lease obligations	452,427	1,142,289
	-----	-----
	2,381,771	2,989,834
Less current maturities	1,403,637	1,324,887
	-----	-----
	\$978,134	\$1,664,947
	=====	=====

At December 31, 1998, the Company had \$290,000 outstanding under a revolving \$1,000,000 bank line of credit which matures during November 1999. The line of credit bears interest at prime (7.75% at December 31, 1998), plus 1.5%, 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. Outstanding leases at December 31, 1998 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.

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE F - DEBT - Continued

Aggregate maturities of long-term obligations at December 31, 1998 are as follows:

Year ending December 31,	Notes payable	Capital lease obligations	Total
1999	\$951,210	\$469,116	\$1,420,326
2000	634,717	-	634,717
2001	223,116	-	223,116
2002	15,475	-	15,475
2003	5,854	-	5,854
Thereafter	98,972	-	98,972
	<u>1,929,344</u>	<u>469,116</u>	<u>2,398,460</u>
Less amounts representing interest	-	(16,689)	(16,689)
	<u>\$1,929,344</u> =====	<u>\$452,427</u> =====	<u>\$2,381,771</u> =====

The following is a schedule of property under capital leases:

	December 31, 1998	December 31, 1997
Machinery and equipment	\$1,732,066	\$1,732,066
Less accumulated depreciation	463,552	216,114
	<u>\$1,268,514</u> =====	<u>\$1,515,952</u> =====

The fair value of debt obligations 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, 1998	December 31, 1997
Carrying value	\$2,671,771	\$2,989,834
Fair value	\$2,602,828	\$2,897,020

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE G - STOCKHOLDERS' EQUITY

Common Stock Split

On November 5, 1998, the Board of Directors declared a one-for-three reverse stock split on the Company's common stock. Common stock as of January 1, 1997 has been restated to reflect this reverse split. 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.

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, 1998 is as follows:

	Income	Shares	Per share amount
	<u> </u>	<u> </u>	<u> </u>
Net earnings	\$1,831,602		
Less dividend requirements on preferred stock	(451,740)		
	<u> </u>		
Basic earnings per common share			
Income allocable to common stockholders	1,379,862	2,166,503	\$.64 ===
Effect of dilutive securities			
Stock options		3,592	
Warrants		109,253	
Convertible preferred stock	451,740	2,509,667	
	<u> </u>	<u> </u>	
Diluted earnings per common share			
Income available to common stockholders plus assumed conversions	\$1,831,602 =====	4,789,015 =====	\$.38 ===

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

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, 1997 is as follows:

	Income	Shares	Per share amount
	<u> </u>	<u> </u>	<u> </u>

Net earnings	\$1,306,039		
Less dividend requirements on preferred stock	(455,640)		
Basic earnings per common share			
Income allocable to common stockholders	850,399	2,118,935	\$.40 ===
Effect of dilutive securities			
Stock options		41,405	
Warrants		187,230	
Convertible preferred stock	455,640	2,541,403	
Diluted earnings per common share			
Income available to common stockholders plus assumed conversions	\$1,306,039 =====	4,888,973 =====	\$.27 ===

Stock-Based Compensation Plans

The Company's 1986 Incentive Stock Option Plan (the "1986 Plan") expired during July 1997. At December 31, 1998, options covering 6,335 shares of the Company's common stock were outstanding under the 1986 Plan. All options were exercisable at December 31, 1998, and will remain outstanding until they are exercised or canceled.

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE G - STOCKHOLDERS' EQUITY - Continued

The Company currently has in effect a 1993 Stock Option Plan (the "1993 Plan") covering a total of 283,334 shares of the Company's common stock, and options must be granted at prices 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 60,005 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. Options covering 35,000 shares are exercisable as follows: (i) one-third of the shares on January 1, 1999, and (ii) all of the shares after January 1, 2000. At December 31, 1998, outstanding options for 43,895 shares were exercisable. Options covering 37,114 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 53,058 shares are exercisable as follows: (i) 45,279 shares at date of grant, (ii) 3,890 shares after 18 months following the date of grant, and (iii) 3,889 after 30 months following the date of grant. At December 31, 1998, outstanding options for 49,168 shares were exercisable.

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 stock grants been determined consistent with SFAS 123, the Company's net earnings and net earnings per common share for 1998 and 1997 would approximate the pro forma amounts indicated below:

	1998		1997	
	As reported	Pro forma	As reported	Pro forma
Net earnings	\$1,831,602	\$1,780,453	\$1,306,039	\$1,221,249
	=====	=====	=====	=====
Net earnings allocable to common stockholders	\$1,379,862	\$1,362,475	\$850,399	\$765,609
	=====	=====	=====	=====
Earnings per common share				
Basic	\$.64	\$.63	\$.40	\$.36
Diluted	\$.38	\$.37	\$.27	\$.25

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE G - STOCKHOLDERS' EQUITY - Continued

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 in 1998: expected volatility of 135%; risk-free interest rate of 5.41%; and expected life of 7 years. The weighted average fair value of options granted during 1998 was \$.70. No options were granted during 1997.

The following table summarizes activity under the Plans:

	Shares under option	Weighted average exercise price
Balance at January 1, 1997	193,389	\$2.49
Granted	-	-
Exercised	(30,889)	1.29
Canceled	(37,100)	2.40
Balance at December 31, 1997	125,400	2.79
Granted	35,000	1.00
Exercised	(1,000)	1.13
Canceled	(5,002)	3.00
Balance at December 31, 1998	154,398	\$2.39
	=====	=====
Exercisable at December 31:		
1997	85,397	\$2.76
1998	99,398	\$2.78

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE G - STOCKHOLDERS' EQUITY - Continued

The following information applies to options outstanding at December 31, 1998:

Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price
\$1.00 - 1.13	41,335	4.6	\$1.02
\$2.40 - 2.63	53,058	2.5	2.52
\$3.00 - 4.13	60,005	2.0	3.22
	<u>154,398</u>		<u>\$2.39</u>
	=====		=====

The following information applies to options exercisable at December 31, 1998:

Range of exercise prices	Number exercisable	Weighted average exercise price
\$1.00 - 1.13	6,335	\$1.13
\$2.40 - 2.63	49,168	2.53
\$3.00 - 4.13	43,895	3.30
	<u>99,398</u>	<u>\$2.78</u>
	=====	=====

Stock Warrants

At December 31, 1998, warrants covering 286,575 were outstanding. Warrants covering 233,240 shares have a strike price of \$1.13 per share. Warrants covering 50,001 shares have a strike price of \$2.40. Warrants to purchase 3,334 common shares have a strike price of \$3.19. All warrants expire on December 31, 2000.

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE G - STOCKHOLDERS' EQUITY - Continued

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 at the conversion price of (i) \$2.25 per share if exercised by December 31, 2000, (ii) \$3.75 per share if exercised from January 1, 2001 through December 31, 2001 (iii) \$6.00 per share thereafter.

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.

NOTE H - INCOME TAXES

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

Years ended
December 31

	1998	1997
Federal tax expense at statutory rate	\$623,161	\$386,253
Meals and entertainment	4,100	7,135
Other	9,548	(77,240)
Change in valuation allowance	(635,585)	(486,148)
	<u>\$1,224</u>	<u>\$(170,000)</u>
	=====	=====

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

NOTE H - INCOME TAXES - Continued

Deferred tax assets and liabilities consist of the following:

	Years ended December 31	
	1998	1997
Deferred tax assets		
Net operating loss carryforwards	\$1,208,233	\$1,575,887
Other	47,864	10,341
Deferred tax liability		
Property and equipment	(789,503)	(516,049)
	<u>466,594</u>	<u>1,070,179</u>
Less valuation allowance	(264,594)	(900,179)
	<u>\$202,000</u>	<u>\$170,000</u>
	=====	=====

At December 31, 1998, the Company had net operating loss carryforwards of approximately \$3,600,000 available to offset future taxable income, which expire at various dates through 2013. 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 makes 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 \$44,000 and \$41,000 for the years ended December 31, 1998 and 1997, respectively.

TGC Industries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1998 and 1997

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. At December 31, 1998, two customers accounted for approximately 99% of accounts receivable. Three customers accounted for approximately 85% of accounts receivable at December 31, 1997.

During 1998, three customers accounted for 24%, 22%, and 17% of the revenues of the Company, respectively. During 1997, two customers accounted for 31% and 28% of the revenues of the Company, respectively.

NOTE K - CONTINGENCIES

In conducting its activities, the Company from time to time is the subject of various claims arising from the ordinary course of business. In the opinion of management, the ultimate resolution of such claims is not expected to have a material adverse effect upon the financial position of the Company.

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

Not Applicable.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTER 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 Restated Articles of Incorporation (with amendment) as of November 6, 1998.
- 3.4 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.
- 3.5 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 Statement of Resolution Regarding Series C 8% Convertible Exchangeable Preferred Stock of TGC Industries, Inc. as filed with the Secretary of State of Texas on December 30, 1998.
- 4.4 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.
- 4.5 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.
 - 10.9 Amendment No. 1 to the 1993 Stock Option Plan as adopted by the Board of Directors on July 24, 1996.
 - 10.10 Amendment No. 2 to the 1993 Stock Option Plan as adopted by the Board of Directors and as approved by Company's Shareholders on June 4, 1998.
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 26, 1999 /s/ Wayne A. Whitener
By: Wayne A. Whitener
 President(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 26, 1999 By: /s/ Allen T. McInnes
 Allen T. McInnes
 Chairman of the Board
 and Secretary

Date: March 26, 1999 By: /s/ Edward L. Flynn
 Edward L. Flynn
 Director

Date: March 26, 1999 By: /s/ Wayne A. Whitener
 Wayne A. Whitener
 President, Chief Executive Officer
 and Director

Date: March 26, 1999 By: /s/ Kenneth Uselton
 Kenneth Uselton
 (Principal Financial and
 Accounting Officer)

Date: March 26, 1999 By: /s/ William J. Barrett
 William J. Barrett
 Director

Date: March 26, 1999 By: /s/ Herbert M. Gardner
 Herbert M. Gardner
 Director

EXHIBIT 3.3

RESTATED ARTICLES OF INCORPORATION
(with amendment)
OF
TGC INDUSTRIES, INC.

ARTICLE ONE

TGC INDUSTRIES, INC., pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, hereby adopts Restated Articles of Incorporation which accurately copy the Articles of Incorporation and all amendments thereto that are in effect to date and as further amended by such Restated Articles of Incorporation as hereinafter set forth and which contain no other change in any provision thereof.

ARTICLE TWO

The Articles of Incorporation of the Corporation are amended by the Restated Articles of Incorporation as follows:

A. Article 4 is amended by adding new Article 4.c. to read as follows:

4.c. Reverse Stock Split. Upon the filing of this amendment with the Secretary of State of Texas, and effective as of 5:00 p.m. Central Standard Time, on the date of filing (referred to herein as "Effective Time"), every three shares of the Common Stock, par value \$.10, issued and outstanding as of the Effective Time shall automatically, and without action on the part of the stockholders, be converted and combined into one validly issued, fully paid and non-assessable share of Common Stock, par value \$.30, (the "Reverse Split"). In the case of a holder of shares not evenly divisible by three, such holders shall receive in lieu of any fraction of a share, an additional share of Common Stock. As of the Effective Time and thereafter, a certificate(s) representing shares of Common Stock prior to the Reverse Split shall be deemed to represent the number of new shares into which the old shares are convertible.

ARTICLE THREE

Each such amendment made by these Restated Articles of Incorporation has been effected in conformity with the provisions of the Texas Business Corporation Act, and each such amendment made by the Restated Articles of Incorporation was duly adopted by the shareholders of the Corporation on the 5th day of November, 1998.

ARTICLE FOUR

The number of shares of the Corporation outstanding at the time of such adoption was 7,630,335; and the number of shares entitled to vote thereon was 7,630,335.

The designation and number of outstanding shares of each class or series entitled to vote thereon as a class were as follows:

Class or Series	Number of Shares Outstanding and Entitled to Vote
Common Stock	6,500,985

ARTICLE FIVE

The number of shares voted for such amendment was 6,207,764 and the number of shares voted against such amendment was 168,348.

Class or Series	Number of Shares Voted	
	For	Against
Common Stock	5,597,721	168,148

ARTICLE SIX

These Restated Articles of Incorporation provide for an exchange of issued shares of the corporation's Common Stock in the manner of a reverse stock split which is effected as follows: On the effective date of the Restated Articles of Incorporation each three shares of issued and outstanding Common Stock, par value \$.10, will be changed into one share of Common Stock, par value \$.30. No certificates or scrip representing fractional shares of Common Stock will be issued as a result of the reverse stock split. Rather, each fractional share interest shall be rounded up to

the next whole share.

ARTICLE SEVEN

The Articles of Incorporation and all amendments and supplements thereto are hereby superseded by the following Restated Articles of Incorporation which accurately copy the entire text thereof and as amended as above set forth:

1. Name. The name of the Corporation is TGC INDUSTRIES, INC.

2. Duration. The period of its duration is perpetual.

3. Purposes. The Corporation is being organized under the Texas Business Corporation Act for the purpose of carrying out any lawful purpose or purposes.

4. Shares. The Corporation may issue two classes of shares as follows:

a. Common Stock. The aggregate number of shares of Common Stock which the Corporation may issue is 25,000,000 shares, each having a par value of \$.30. The shares shall be designated as Common Stock and shall have identical rights and privileges in every respect.

b. Preferred Stock. The aggregate number of shares of Preferred Stock which the Corporation may issue is 4,000,000, each having a par value of \$1.00. The Preferred Stock authorized by these Restated Articles of Incorporation may be issued from time to time in series. The shares of each series shall be subject not only to the provisions of this Article 4b which is applicable to all series of preferred shares, but also to the additional provisions with respect to such series as are fixed from time to time by the Board of Directors. All preferred shares of each series shall be identical and of equal rank, except as may be modified by the Board of Directors. Each share of each series shall be identical in all respects with the other shares of such series, except as to the date from which dividends thereon shall be cumulative in the event the Board designates any such series to be cumulative preferred. The Board of Directors is hereby authorized and required to fix, in the manner and to the full extent provided and permitted by law, all provisions of the shares of each series not otherwise set forth in these Articles, including, but not limited to:

(1) Designation of Series-Number of Shares. The distinctive designation of each series and the number of shares constituting such series, which number may be increased (except where otherwise provided by the Board of Directors in its resolution creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by resolution of the Board of Directors;

(2) Dividend Rates and Rights. The annual rate and frequency of payment of dividends payable on the shares of all series and the dividend rights applicable thereto, including, in the event of Cumulative Preferred Stock, the date from which dividends shall be cumulative on all shares of any series issued prior to the record date for the first dividend on shares of such series;

(3) Redemption. The rights, if any, of the Corporation to redeem; the terms and conditions of redemption; and the redemption price or prices, if any, for the shares of each, any, or all series;

(4) Sinking Fund. The obligation, if any, of the Corporation to maintain a sinking fund for the periodic redemption of shares of any series and to apply the sinking fund to the redemption of such shares;

(5) Voluntary Liquidation Preferences. The amount payable on shares of each series in the event of any voluntary liquidation, dissolution, or winding up of the affairs of the Corporation;

(6) Conversion Rights. The rights, if any, of the holders of shares of each series to convert such shares into the Corporation's Common Stock and the terms and conditions of such conversion; and

(7) Voting Rights. The voting rights, if any, of the holders of the shares of each series, and any other preferences, and relative, participating, optional, or other special rights, and any qualifications, limitations, or restrictions thereof.

c. Reverse Stock Split. Upon the filing of this amendment with the Secretary of State of Texas, and effective as of 5:00 p.m. Central Standard Time, on the date of filing (referred to herein as "Effective

Time"), every three shares of the Common Stock, par value \$.10, issued and outstanding as of the Effective Time shall automatically, and without action on the part of the stockholders, be converted and combined into one validly issued, fully paid and non-assessable share of Common Stock, par value \$.30, (the "Reverse Split"). In the case of a holder of shares not evenly divisible by three, such holders shall receive in lieu of any fraction of a share, an additional share of Common Stock. As of the Effective Time and thereafter, a certificate(s) representing shares of Common Stock prior to the Reverse Split shall be deemed to represent the number of new shares into which the old shares are convertible.

5. Commencement of Business. The corporation will not commence business until it has received for the issuance of its shares consideration having a minimum value of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) and consisting only of labor done or money or property actually received.

6. No preemptive Rights. No shareholder or other person may have any preemptive rights.

7. Special Provisions Permitted To Be Set Forth In Articles of Incorporation:

a. Interested Directors, Officers, and Shareholders.

(1) If paragraph (2) below is satisfied, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association or other organization in which one or more of the corporation's directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose.

(2) Paragraph (1) above will apply only if:

(a) The contract or transaction is fair as to the corporation as of the time it is authorized, approved, or ratified by the Board of Directors, a committee of the board, or the shareholders;

(b) The material facts as to the relationship or interest of the director or officer and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(c) The material facts as to the relationship or interest of the director or officer and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by a vote of the shareholders.

(3) For purposes of paragraphs (1) and (2) above, common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

b. Indemnification.

(1) The corporation shall indemnify, to the extent provided in the following paragraphs, any person who is or was a director, officer, agent, or employee of the corporation and any person who serves or served at the corporation's request as a director, officer, agent, employee, partner, or trustee of another corporation or of a partnership, joint venture, trust, or other enterprise. In the event the provisions of indemnification set forth below are more restrictive than the provisions of indemnification allowed by Article 2.02-1 of the Texas Business Corporation Act, then such persons named above shall be indemnified to the full extent permitted by Article 2.02-1 of the Texas Business Corporation Act as it may exist from time to time.

(2) In case of a suit by or in the right of the corporation against a person named in paragraph (1) above by reason of such person's holding a position named in such paragraph (1) hereafter referred to as a derivative suit, the corporation shall indemnify such person for reasonable expenses actually incurred by such person in connection with the defense or settlement of the suit, but only if such person satisfies the standard in paragraph (4) to follow.

(3) In case of a threatened or pending suit, action, or proceeding (whether civil, criminal, administrative, or investigative), other

than a derivative suit, hereafter referred to as a non-derivative suit, against a person named in paragraph (1) above by reason of such person's holding a position named in such paragraph (1), the corporation shall indemnify such person if such person satisfies the standard contained in paragraph (4), for amounts actually and reasonably incurred by such person in connection with the defense or settlement of the non-derivative suit as expenses (including court costs and attorneys' fees), amounts paid in settlement, judgments, and fines.

(4) Whether in the nature of a derivative suit or non-derivative suit, a person named in Paragraph (1) above will be indemnified only if it is determined in accordance with paragraph (5) above that such person:

- (a) acted in good faith in the transaction which is the subject of the suit;
- (b) reasonably believed:
 - (i) his conduct was in the best interests of the corporation; and
 - (ii) in all other cases, that his conduct was not opposed to the best interests of the corporation; and
- (c) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent will not, of itself, create a presumption that this person failed to satisfy the standard contained in this paragraph.

(5) A determination that the standard of paragraph (4) above has been satisfied must be made:

(a) by a majority vote of a quorum consisting of directors who at the time of the vote are not named defendants or respondents in the proceeding; or

(b) if such quorum cannot be obtained, by a majority vote of a committee of the board of directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding; or

(c) by special legal counsel selected by the board of directors or a committee of a board by vote as set forth in subparagraphs (a) and (b) above, or, if such quorum cannot be obtained and such committee cannot be established, by a majority vote of all directors; or

(d) by the shareholders in a vote that excludes the vote of directors who are named defendants or respondents in the proceeding.

(6) Authorization of indemnification and determination as to reasonableness of expenses must be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses must be made in the manner specified by subparagraph (5)(c) above for the selection of special legal counsel.

(7) The corporation may reimburse or pay in advance any reasonable expenses (including court costs and attorneys' fees) which may become subject to indemnification under paragraphs (1) through (6) above, but only in accordance with the provisions as stated in paragraph (5) above, and only after the person to receive the payment (i) signs a written affirmation of his good faith belief that he has met the standard of conduct necessary for indemnification under paragraph (4), and (ii) undertakes in writing to repay such advances unless it is ultimately determined that such person is entitled to indemnification by the corporation. The written undertaking required by this paragraph must be an unlimited general obligation of the director but need not be secured. It may be accepted without reference to financial ability to make repayment.

(8) The indemnification provided by paragraphs (1) through (6) above will not be exclusive of any other rights to which a person may be entitled by law, bylaw, agreement, vote of shareholders or disinterested directors, or otherwise.

(9) Indemnification and advance payment provided by paragraphs (1) through (7) above will continue as to a person who has ceased to hold a

position named in paragraph (1) above and will inure to such person's heirs, executors, and administrators.

(10) The corporation may purchase and maintain insurance on behalf of any person who holds or has held any position named in paragraph (1) above against any liability incurred by such person in any such position, or arising out of such person's status as such, whether or not the corporation would have power to indemnify such person against such liability under paragraphs (1) through (7) above.

(11) Indemnification payments and advance payments made under paragraphs (1) through (10) above are to be reported in writing to the shareholders of the corporation in the next notice or waiver of notice of annual meeting, or within twelve months, whichever is sooner.

c. Bylaws. The power to alter, amend, or repeal the Bylaws is hereby vested in the Board of Directors.

d. Non-Cumulative Voting. Directors are to be elected by plurality vote. Cumulative voting is not permitted.

e. Purchase Own Stock. The corporation may, directly or indirectly, purchase its own shares to the extent of the aggregate of unrestricted capital surplus available therefor and unrestricted reduction surplus available therefor.

f. Supermajority Vote for Business Combinations.

The affirmative vote of the holders of eighty percent (80%) or more of the issued and outstanding shares of the Corporation at a duly called meeting of the stockholders shall be required for the approval or authorization of (1) any merger or consolidation of the Corporation with or into another corporation or entity, or (2) any sale of all or substantially all of the Corporation's assets to another corporation or entity.

g. Consideration of Fairness of Business Combinations.

The Board of Directors of the Corporation, when evaluating any offer of another party to (1) purchase or otherwise acquire all or substantially all of the properties or assets of the Corporation, (2) merge or consolidate the Corporation with or into another corporation or entity, or (3) make a tender or exchange offer for any equity security of the Corporation, may, in connection with the exercise of its judgment in determining what is in the best interests of the Corporation and its shareholders, give due consideration to all relevant factors, including, without limitation: (a) the fairness of the price or financial terms of the proposal, (b) the relationship of the proposal to the value of the Corporation in a transaction of a similar type resulting from arm's length negotiations; and (c) the social and economic effects of the proposed transaction on the employees, shareholders and other constituents of the Corporation and on the communities in which the Corporation operates or is located.

h. Number and Classification of Directors.

The Board of Directors shall consist of not less than three (3) nor more than nine (9) directors. The number of Directors may be increased or decreased (within the limits stated above) by resolution of the Board of Directors, but no decrease may have the effect of shortening the term of any incumbent director. A director may be removed prior to the end of the term for which he is elected only for cause and by the affirmative vote of the holders of eighty percent (80%) or more of the issued and outstanding shares of the Corporation at a meeting of the stockholders duly called for the consideration of such removal. At any such time as the Board of Directors shall consist of nine (9) directors, the Board of Directors may by resolution classify the Board into three (3) classes, each class to consist of three (3) directors. The term of office of directors of the first class shall expire at the first annual meeting of shareholders after their election, that of the second class shall expire at the second annual meeting after their election, and that of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification the number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting.

i. Supermajority Vote for Amendment of this Article.

The provisions set forth in this Article 7 may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of eighty percent (80%) or more of the issued and outstanding shares of the corporation at a meeting of the stockholders duly called for the consideration of such amendment, alteration, change or repeal.

j. Limitation of Liability.

No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for an act or omission in the director's capacity as a director, except that this paragraph does not eliminate or limit the liability of a director for (1) breach of a director's duty of loyalty to the corporation, (2) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law, (3) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office, (4) an act or omission for which the liability of a director is expressly provided for by statute, or (5) an act related to an unlawful corporate distribution. Neither the amendment nor repeal of this paragraph shall eliminate or reduce the effect of this paragraph in respect of any matter occurring, or any cause of action, suit or claim that, but for this paragraph, would accrue or arise, prior to such amendment or repeal. If the Texas Business Corporation Act or the Texas Miscellaneous Corporation Laws Act is hereinafter amended to authorize corporate action further eliminating or limiting their personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Texas Business Corporation Act or the Texas Miscellaneous Corporation Laws Act, as so amended from time to time.

8. Registered Office and Agent. The street address of the Corporation's initial registered office and the name of its initial registered agent at such address are as follows:

Robert J. Campbell
1304 Summit Avenue, Suite 2
Plano, Texas 75074

9. Directors. The number of directors constituting the present board of directors is five, and the names and addresses of the persons who will serve as directors until the next annual meeting and until their successors are duly elected and qualified are:

Name	Address
William J. Barrett	26 Broadway, Suite 815 New York, New York 10004
Robert J. Campbell	1304 Summit Ave., Suite 2 Plano, Texas 75074
Herbert M. Gardner	26 Broadway, Suite 815 New York, New York 10004
Allen T. McInnes	25025 Interstate 45 North, Ste 600 Houston, Texas 77380
Wayne A. Whitener	1304 Summit Ave., Suite 2 Plano, Texas 75074

10. These Restated Articles of Organization (with amendment) will become effective at 5:00 p.m. on November 6, 1998.

DATED this 5th day of November, 1998.

TGC INDUSTRIES, INC.

By: /s/ ROBERT J. CAMPBELL
Robert J. Campbell, Vice President
of the Board and Chief Executive
Officer

Exhibit 4.3

Statement of Resolution Regarding
Series of Preferred Stock
of
TGC Industries, Inc.

Pursuant to the provisions of Article 2.13 of the Texas Business Corporation Act, and the Articles of Incorporation, as amended, of the undersigned Corporation, the Corporation submits the following with respect to its Statement of Resolution Establishing its Series C 8% Convertible Exchangeable Preferred Stock for the purpose of modifying certain terms of the Series C Preferred Stock, which Statement of Resolution was originally filed with the Secretary of State of Texas on July 9, 1996, and was modified by Statements of Resolution filed with the Secretary of State of Texas on July 22, 1998 and December 9, 1998.

1. The name of the Corporation is TGC Industries, Inc.; and

2. A resolution adopting the Statement of Resolution Regarding Series C 8% Convertible Exchangeable Preferred Stock is attached as Exhibit "A" hereto and incorporated herein by reference. Such resolution was duly adopted by all necessary action on the part of the Corporation at a special meeting of the Board of Directors of the Corporation held on December 10, 1998.

Dated December 16, 1998.

TGC INDUSTRIES, INC.

By: /s/ RICE M. TILLEY, JR.
Rice M. Tilley, Jr. Assistant
Secretary

EXHIBIT "A"

STATEMENT OF RESOLUTION REGARDING
SERIES C 8% CONVERTIBLE EXCHANGEABLE PREFERRED STOCK OF
TGC INDUSTRIES, INC.

Pursuant to the provisions of Article 2.13 of the Texas Business Corporation Act and the Articles of Incorporation, as amended, of TGC Industries, Inc., a Texas corporation (the "Corporation" or the "Company"), the Corporation has adopted the following resolution by all necessary action

on the part of the Corporation, at a special meeting of the Board of Directors on December 10, 1998, for the purpose of modifying certain terms of its Series C 8% Convertible Exchangeable Preferred Stock as provided therein:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by Article 4.b of the Corporation's Articles of Incorporation, as amended, the Corporation hereby approves a modification with respect to its Statement of Resolution Establishing Series C 8% Convertible Exchangeable Preferred Stock (the "Preferred Stock"), which Statement of Resolution was originally filed with the Secretary of State of Texas on July 9, 1996, and was modified by a Statements of Resolution filed with the Secretary of State of Texas on July 22, 1998 and December 9, 1998, by adopting the following modification to subparagraph 3(d) thereof to delay the date of the increase of the conversion price of the Preferred Stock from December 31, 1999 until December 31, 2000 and the subsequent date of the increase of the conversion price of the Preferred Stock from December 31, 2000 to December 31, 2001, so that subparagraph 3(d) of such Statement of Resolution shall read in its entirety as set forth below. Except as modified as set forth below, the Statement of Resolution Establishing Series C 8% Convertible Exchangeable Preferred Stock as filed with the Secretary of State on July 9, 1996, shall remain in full force and effect.

"(d) Conversion Ratio. Each share of Preferred Stock may, at the discretion of the holder thereof, be converted into shares of Common Stock of the Corporation at the conversion price per share of (i) prior to the close of business on December 31, 2000, the conversion price per share of Common Stock of Two Dollars and Twenty-Five Cents (\$2.25), (ii) after December 31, 2000 and prior to the close of business on December 31, 2001, the conversion price per share of Common Stock of Three Dollars and Seventy-Five Cents (\$3.75), and (iii) thereafter, the conversion price per share of Common Stock of Six Dollars (\$6.00), as such conversion price may be adjusted and readjusted from time to time in accordance with subparagraph 3(g) hereof (such conversion price, as adjusted and readjusted and in effect at any time, being herein called the "Conversion Price" or the "Conversion Ratio"), into the number of fully paid and non-assessable shares of Common Stock determined by dividing (x) the \$5.00 per share price of the Preferred Stock to be so converted by (y) the Conversion Price in effect at the time of such conversion. The Conversion Ratios referred to above will be subject to adjustment as set forth in subparagraph 3(g)."

[END]

EXHIBIT 10.9

Amendment No. 1
to the 1993 Stock Option Plan
of
TGC Industries, Inc.

This is AMENDMENT NO. 1 TO THE 1993 STOCK OPTION PLAN (the "Plan") of TGC Industries, Inc., a Texas corporation (hereinafter referred to as the "Company"), under which incentive and non-statutory stock options may be granted to the officers, employees, and/or directors of the Company and/or its subsidiaries (now existing or hereafter acquired).

Article VIII of the Plan provides that the Company's Board of Directors may at any time amend the Plan, insofar as permitted by law.

The purpose of this Amendment No. 1 is to enable holders of options under the Plan to have the maximum period permissible for exercising their options following the termination of their employment "without cause" from the Company or one of its affiliates.

Accordingly, the following change is hereby made to the Plan:

Sec. 6:4 of the Plan is hereby amended by inserting the words "three (3) months" in substitution for the words "thirty [30] days" in the fifth line from the bottom of Sec. 6:4.A.1.c.

This Amendment No.1 to the 1993 Stock Option Plan is dated to be effective July 24, 1996.

/S/ WILLIAM J. BARRETT

William J. Barrett, Secretary

ATTEST:

/S/ ROBERT J. CAMPBELL

Robert J. Campbell,
Vice Chairman of the Board

EXHIBIT 10.10

Amendment No. 2
to
1993 Stock Option Plan
of
TGC Industries, Inc.

On June 3, 1993, the Board of Directors of TGC Industries, Inc. (the "Company") approved and adopted the Company's 1993 Stock Option Plan (the "Plan"). At the 1994 annual meeting of shareholders, the Company's shareholders approved the 1993 Stock Option Plan.

Sec. 2:1. of the Plan provides that the aggregate number of shares of Stock to be issued pursuant to the exercise of all Options granted under the Plan may equal, but may not exceed, 750,000 shares of the Company's Stock.

Article VIII of the Plan permits the Board of Directors to amend the Plan; provided, however, that, without the approval of the holders of a majority of the outstanding shares of voting stock of all classes of the Company, no such amendment may change the number of shares of Stock subject to the Plan.

The purpose of the Plan is to provide an incentive for key employees of the Company to remain in the service of the Company and to apply their best efforts for the benefit of the Company so as to continually improve the Company's financial performance. However, as of the date of this Amendment, options have already been granted under the Plan which cover nearly all of the 750,000 shares of Company Stock initially authorized under the Plan.

In order to provide the possibility for the grant of additional options under the Plan so as to promote the incentives referred to above, the Board of Directors has determined that the Plan should be amended so as to permit the issuance of additional shares of the Company's Stock pursuant to options granted under the Plan. Accordingly, Sec. 2:1. of the Plan is hereby amended so as to replace the figure 750,000 with the figure 850,000.

This Amendment shall not be deemed to have become effective unless and until the necessary shareholder ratification of such Amendment is given by the shareholders of the Company at their annual meeting to be held on June 4, 1998.

IN WITNESS WHEREOF, TGC Industries, Inc., acting by and through its officers thereunto duly authorized, has executed this instrument to be effective June 5, 1998.

TGC INDUSTRIES, INC.

By:/S/ ALLEN T. MCINNES

Allen T. McInnes,

YEAR			
	DEC-31-1998		
	DEC-31-1998	702,999	
		0	
	1,113,185	0	
		0	
	2,289,575		
		11,878,960	
	4,903,212		
	9,266,286		
3,160,296			
		978,134	
	0		
	1,129,350		
		661,182	
9,266,286		3,337,324	
			0
	17,073,506		
			0
	13,818,972		
	1,160,228		
		0	
	261,480		
	1,381,086		
		1,224	
1,379,862			
		0	
		0	
			0
	1,379,862		
		.64	
		.38	