UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010.

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

For the transition period from to .

Commission File Number 001-32472

TGC INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Texas	**74-2095844**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
101 East Park Blvd., Suite 955, Plano, Texas	**75074**
(Address of principal executive offices)	(Zip Code)

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

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

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

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

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

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

Title of Each Class	Outstanding at October 29, 2010
Common Stock ($.01 Par Value)	19,204,448

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

TGC INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2010

	September 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 19,578,600	$ 25,504,149
Trade accounts receivable, net of allowance for doubtful accounts of $-0- in 2010 and $623,109 in 2009	10,089,143	9,455,224
Cost and estimated earnings in excess of billings on uncompleted contracts	1,188,185	474,059
Prepaid expenses and other	1,770,083	648,872
Prepaid federal and state income tax	741,559	943,600
Total current assets	33,367,570	37,025,904
PROPERTY AND EQUIPMENT - at cost		
Machinery and equipment	107,436,455	100,687,976
Automobiles and trucks	9,734,974	8,914,434
Furniture and fixtures	407,607	397,879
Leasehold improvements	14,994	14,994
	117,594,030	110,015,283
Less accumulated depreciation and amortization	(73,257,217)	(62,431,950)
	44,336,813	47,583,333
Goodwill	1,427,787	1,408,089
Other assets	56,284	32,399
	1,484,071	1,440,488
Total assets	$ 79,188,454	$ 86,049,725

See Notes to Consolidated Financial Statements

TGC INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS - CONTINUED
September 30, 2010

	September 30, 2010 (Unaudited)	December 31, 2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 4,253,840	$ 4,126,474
Accrued liabilities	1,804,050	1,337,437
Billings in excess of costs and estimated earnings on uncompleted contracts	4,022,854	7,077,941
Current maturities of notes payable	6,608,176	6,407,892
Current portion of capital lease obligations	877,365	780,526
Total current liabilities	17,566,285	19,730,270
NOTES PAYABLE, less current maturities	3,711,801	5,875,390
CAPITAL LEASE OBLIGATIONS, less current portion	886,356	631,757
LONG-TERM DEFERRED TAX LIABILITY	5,723,149	7,117,030
COMMITMENTS AND CONTINGENCIES	—	—
SHAREHOLDERS' EQUITY		
Preferred stock, $1.00 par value; 4,000,000 shares authorized; issued - none	—	—

Common stock, $.01 par value; 25,000,000 shares authorized; 19,242,251 and 18,323,091 issued in each period, respectively	192,423	183,231
Additional paid-in capital	27,398,685	27,014,078
Retained earnings	23,958,103	25,889,008
Treasury stock, at cost, 37,803 shares	(257,323)	(257,323)
Accumulated other comprehensive income (loss)	8,975	(133,716)
	51,300,863	52,695,278
Total liabilities and shareholders' equity	$ 79,188,454	$ 86,049,725

See Notes to Consolidated Financial Statements

TGC INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
September 30, 2010

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Revenue	$ 22,843,724	$ 16,083,161	$ 75,618,349	$ 74,685,172
Cost and expenses				
Cost of services	18,932,507	14,120,847	60,854,197	51,931,010
Selling, general and administrative	1,579,159	994,643	5,008,469	3,136,509
Depreciation and amortization expense	3,863,486	3,449,011	11,520,417	10,881,764
	24,375,152	18,564,501	77,383,083	65,949,283
Income (loss) from operations	**(1,531,428)**	**(2,481,340)**	**(1,764,734)**	**8,735,889**
Interest expense	187,328	245,751	617,142	782,711
Income (loss) before income taxes	**(1,718,756)**	**(2,727,091)**	**(2,381,876)**	**7,953,178**
Income tax expense (benefit)	(447,949)	(992,726)	(450,970)	3,410,612
NET INCOME (LOSS)	**$ (1,270,807)**	**$ (1,734,365)**	**$ (1,930,906)**	**$ 4,542,566**
Earnings (loss) per common share:				
Basic	$ (0.07)	$ (0.09)	$ (0.10)	$ 0.24
Diluted	$ (0.07)	$ (0.09)	$ (0.10)	$ 0.24
Weighted average number of common shares outstanding:				
Basic	19,204,448	19,199,552	19,202,250	19,192,575
Diluted	19,204,448	19,199,552	19,202,250	19,240,516

See Notes to Consolidated Financial Statements

TGC INDUSTRIES, INC.
Consolidated Statement of Cash Flows (Unaudited)
September 30, 2010

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (1,930,906)	$ 4,542,566
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,520,417	10,881,764
(Gain) loss on disposal of property and equipment	(25,183)	(167,665)
Non-cash compensation	394,230	398,445
Deferred income taxes	(1,419,648)	(455,977)

Changes in operating assets and liabilities		
Trade accounts receivable	(575,271)	327,166
Cost and estimated earnings in excess of billings on uncompleted contracts	(712,943)	2,039,489
Prepaid expenses and other	970,187	1,405,067
Prepaid federal and state income tax	211,412	—
Other assets	(23,772)	16,330
Trade accounts payable	104,219	(2,339,588)
Accrued liabilities	461,359	627,808
Billings in excess of cost and estimated earnings on uncompleted contracts	(3,056,224)	(4,395,478)
Income taxes payable	—	3,546,418
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,917,877	16,426,345
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(5,085,358)	(857,536)
Proceeds from sale of property and equipment	111,702	301,791
NET CASH USED IN INVESTING ACTIVITIES	(4,973,656)	(555,745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(6,053,353)	(5,034,522)
Principal payments on capital lease obligations	(814,472)	(814,690)
Proceeds from exercise of stock options	—	9,600
Payment of dividends	(431)	(385)
NET CASH USED IN FINANCING ACTIVITIES	(6,868,256)	(5,839,997)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,924,035)	10,030,603
EFFECT OF EXCHANGE RATES ON CASH	(1,154)	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	25,504,149	24,114,351
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 19,578,600	$ 34,144,954
Supplemental cash flow information		
Interest paid	$ 617,142	$ 782,711
Income taxes paid	$ 1,072,831	$ 1,660,864
Noncash investing and financing activities		
Capital lease obligations incurred	$ 1,155,286	$ 433,645
Financed equipment purchase	$ 1,988,910	$ —
Financed insurance premiums	$ 2,088,161	$ 2,000,955
Restricted stock awards to employees	$ 20,750	$ 24,350

See Notes to Consolidated Financial Statements

TGC INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2010

NOTE A

BASIS OF PRESENTATION

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

In October of 2009, the Company acquired the stock of Eagle Canada, Inc. The consolidated financial statements for the three and nine months ended September 30, 2010, include Eagle Canada since the date of acquisition.

In connection with the preparation of these consolidated financial statements, the Company evaluated subsequent events after the balance sheet date of September 30, 2010, through November 9, 2010, the date these consolidated financial statements were issued.

REVENUE RECOGNITION

Seismic Surveys

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

NOTE A - continued

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the Financial Accounting Standards Board (the "FASB") issued the FASB Accounting Standards Codification (the "ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretative releases of the Securities and Exchange Commission (the "SEC") are also sources of authoritative U.S. GAAP for SEC registrants. The ASC became effective for financial statements issued for interim and annual periods ending after September 15, 2009, and superseded all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the ASC became non-authoritative. The Company adopted the ASC effective September 30, 2009, and, other than the manner in which new accounting guidance is referenced, the adoption of the ASC had no impact on the Company's results of operations, financial position, or notes to the financial statements.

NOTE B — MANAGEMENT PRESENTATION

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations, and changes in financial position have been included. The results of the interim periods are not necessarily indicative of results to be expected for the entire year. For further information, refer to the financial statements and the footnotes thereto included in the Company's Annual Report for the year ended December 31, 2009, filed on Form 10-K.

NOTE C — EARNINGS PER SHARE

Basic earnings per common share are based upon the weighted average number of shares of common stock ("common shares") outstanding. Diluted earnings per share are based upon the weighted average number of common shares outstanding and, when dilutive, common shares issuable for stock options, warrants, and convertible securities. All earnings per common share for the three-month and nine-month periods ended September 30, 2010, and 2009, have been adjusted for the 5% stock dividend paid on May 14, 2010, to shareholders of record as of April 30, 2010.

NOTE C - continued

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

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)	
	2010	**2009**	**2010**	**2009**
Basic:				
Numerator:				
Net income	$ (1,270,807)	$ (1,734,365)	$ (1,930,906)	$ 4,542,566
Denominator:				
Basic - weighted average common shares outstanding	19,204,448	19,199,552	19,202,250	19,192,575
Basic EPS	$ (0.07)	$ (0.09)	$ (0.10)	$ 0.24
Diluted:				
Numerator:				

Net income	$ (1,270,807)	$ (1,734,365)	$ (1,930,906)	$ 4,542,566
Denominator:				
Weighted average common shares outstanding	19,204,448	19,199,552	19,202,250	19,192,575
Effect of Dilutive Securities:				
Stock options	—	—	—	47,941
	19,204,448	19,199,552	19,202,250	19,240,516
Diluted EPS	$ (0.07)	$ (0.09)	$ (0.10)	$ 0.24

Outstanding and exercisable options to purchase 64,867 and 88,249 shares of the Company's common stock were not included in the computation of diluted earnings per share as the effect would have been anti-dilutive for the three and nine months ended September 30, 2010 due to net losses in those periods.

NOTE D — DIVIDENDS

On April 20, 2010, the Company declared a five percent (5%) stock dividend on its outstanding common shares. The 5% stock dividend was paid on May 14, 2010, to shareholders of record as of April 30, 2010.

NOTE E — INCOME TAXES

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. In addition, the Company paid, during the first nine months of 2010, federal and various state estimated income taxes for tax year 2010, as well as various state income taxes for tax year 2009.

NOTE F — SHARE-BASED COMPENSATION

The Company accounts for share-based compensation awards and for unvested awards outstanding using the modified prospective application method. Accordingly, we recognized the fair value of the share-based compensation awards as wages in the Consolidated Statements of Earnings on a straight-line basis over the vesting period. We have recognized compensation expense, relative to share-based awards, in wages in the Consolidated Statements of Earnings of approximately $120,000 and $101,000, less than $0.01 per share, for the three months ended September 30, 2010, and 2009, and approximately $394,000 and $398,000, or approximately $0.02 per share, for the nine months ended September 30, 2010, and 2009, respectively.

As of September 30, 2010, there was approximately $407,000 of unrecognized compensation expense related to our two share-based compensation plans which the Company expects to recognize over a period of three years.

NOTE G — ACQUISITION OF EAGLE CANADA SUPPLEMENTARY DATA

On October 19, 2009, we disclosed our entry into a material definitive agreement regarding the acquisition of the stock of Eagle Canada, Inc., a Delaware corporation ("Eagle Canada"). Eagle Canada was a wholly-owned subsidiary of Eagle Geophysical, Inc. and Eagle Geophysical Onshore, Inc. (the "Debtors"), which were debtors in a Chapter 11 bankruptcy proceeding in Houston, Texas. Eagle Canada is in the business of providing seismic data and surveying services to the Canadian energy industry and has its principal place of business located in Calgary, Alberta, Canada. By Order dated October 14, 2009, the Bankruptcy Court approved the sale of the Eagle Canada stock by the Debtors to TGC and authorized the Debtors to enter into a stock purchase agreement with TGC. In accordance with the terms of the stock purchase agreement, the sale transaction closed on October 16, 2009, with TGC acquiring the Eagle Canada stock for a total purchase price of approximately $10.3 million paid from existing cash. The acquisition provides the Company with a new geographic region in which to operate. The seismic recording equipment used by Eagle Canada is interchangeable with that of TGC.

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

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

Forward Looking Statements

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact included in this report regarding the Company's strategies and plans for growth are forward-looking statements. These forward-looking statements are often characterized by the terms "may," "will," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," and other words and terms of similar meanings and do not reflect historical facts. Although management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from such expectations are disclosed in the Company's SEC filings, and include, but are not limited to, the dependence upon energy industry spending for seismic services, the unpredictable nature of forecasting weather, the potential for contract delay or cancellation, the potential for fluctuations in oil and gas prices, the availability of capital resources, and the current economic downturn which could adversely affect our revenues and cash flow if our customers, and/or potential customers, become unable to pay, or must delay payment of, amounts owing to the Company because such customers are not successful in generating revenues or are precluded from securing necessary financing. The forward-looking statements contained herein reflect the current views of the Company's management, and the Company assumes no obligation to update the forward-looking statements or to update the reasons actual results could differ from those contemplated by such forward-looking statements.

Executive Overview

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

The Company is a leading provider of seismic data acquisition services throughout the continental United States and Canada. We supply seismic data to companies engaged in the domestic exploration and development of oil and natural gas on land and in land-to-water transition areas. Our customers rely on seismic data to identify areas where subsurface conditions are favorable for the accumulation of existing hydrocarbons, to optimize the development and production of hydrocarbon reservoirs, to better delineate existing oil and natural gas fields, and to augment reservoir management techniques. We operated six seismic crews in the lower 48 states during the third quarter of 2010. We operated one crew in Canada during the third quarter. Due to the seasonality of the Canadian market, the third quarter is usually a weak quarter for activity in Canada, and we expect increasing levels of seismic activity in that region for the next two quarters starting with the fourth quarter of 2010.

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

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

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

The acquisition of seismic data for the oil and natural gas industry is a highly competitive business. There are approximately 57 seismic crews currently operating in the continental United States and Canada. Contracts for such services generally are awarded on the basis of price quotations, crew experience, and the availability of crews to perform in a timely manner, although factors other than price, such as crew safety performance history, and technological and operational expertise, are often determinative. Our competitors include companies with financial resources that are significantly greater than our own as well as companies of comparable and smaller size. Our primary competitors are Dawson Geophysical Company, Geo Kinetics, Inc., and CGG-Veritas. These competitors are publicly-traded companies with long operating histories which field numerous crews and work in a number of different regions and terrain. In addition to the previously named companies, we also compete for projects from time to time with smaller seismic companies which operate in local markets with only one or two crews and often specialize in specific regions or type of operations. We believe that our long-term industry expertise, the customer relationships developed over our history, and our financial stability give us an advantage over most of our competitors in the industry.

Results of Operations

The Company's business is subject to seasonal variations; thus the results of operations for the three and nine months ended September 30, 2010, are not necessarily indicative of a full year's results. The results of operations for the three and nine months ended September 30, 2010, include Eagle Canada which was acquired by the Company in October of 2009.

Nine Months Ended September 30, 2010, Compared to Nine Months Ended September 30, 2009 (Unaudited)

Revenues. Our revenues were $75,618,349 for the nine months ended September 30, 2010, compared to $74,685,172 for the same period of 2009, an increase of 1.2%. We operated six seismic crews in the U.S. during each of the three quarters in the nine months ended September 30, 2010, compared to nine crews during the first quarter, six crews during most of the second quarter, and four crews during the third quarter of 2009. Revenues from Eagle Canada also contributed to the increase.

Cost of services. Our cost of services was $60,854,197 for the nine months ended September 30, 2010, compared to $51,931,010 for the same period of 2009, an increase of 17.2%. This increase was primarily attributable to the inclusion of Canadian operations, continuing pricing pressures as a result of the current recession and industry wide slow-down, and additional costs incurred for equipment and helicopter rentals during the first quarter of 2010. As a percentage of revenue, cost of services was 80.5% for the nine months ended September 30, 2010, compared to 69.5% for the same period of 2009.

Selling, general, and administrative expenses. SG&A expenses were $5,008,469 for the nine months ended September 30, 2010, compared to $3,136,509 for the same period of 2009, an increase of 59.7%. This increase was primarily attributable to additional expenses associated with management and the integration costs of the Eagle Canada acquisition. SG&A expense as a percentage of revenues was 6.6% for the nine months ended September 30, 2010, compared with 4.2% for the same period of 2009.

Depreciation and amortization expense. Depreciation and amortization expense was $11,520,417 for the nine months ended September 30, 2010, compared to $10,881,764 for the same period of 2009, an increase of 5.9%. Depreciation and amortization expense as a percentage of revenues was 15.2% for the nine months ended September 30, 2010, compared to 14.6% for the same period of 2009.

Income and loss from operations. Loss from operations was $1,764,734 for the nine months ended September 30, 2010, compared to income from operations of $8,735,889 for the same period of 2009. The decrease was attributable to several factors, including the fact that income from operations for the nine months ended September 30, 2009 was among the highest in Company history. Other factors contributing to the decrease include lower overall demand, a competitive pricing environment for seismic services, continuing uncertainty regarding the future energy policy in the United States, and our operation of six seismic crews in the U.S. during each of the three quarters in the nine months ended September 30, 2010, compared to nine crews during the first quarter, six crews during most of the second quarter, and four crews during the third quarter of 2009. EBITDA decreased $9,861,970 to $9,755,683 for the nine months ended September 30, 2010, from $19,617,653 for the same period of 2009, a decrease of 50.3%. This decrease resulted from those factors discussed above. For a definition of EBITDA, a reconciliation of EBITDA to net income, and discussion of EBITDA, refer to the section entitled "EBITDA" found below.

Interest expense. Interest expense was $617,142 for the nine months ended September 30, 2010, compared to $782,711 for the same period of 2009, a decrease of 21.1%. This decrease was primarily attributable to our continuing principal payments on notes payable and capital lease obligations.

Income tax expense. The income tax benefit was $450,970 for the nine months ended September 30, 2010, compared to income tax expense of $3,410,612 for the same period of 2009. The effective tax benefit rate for the nine months ended September 30, 2010, was 18.9% primarily due to state margin taxes and permanent tax differences compared to an effective tax rate of 42.9% for the same period of 2009. See Note E of Notes to Financial Statements in Item 1.

Three Months Ended September 30, 2010, Compared to Three Months Ended September 30, 2009 (Unaudited)

Revenues. Our revenues were $22,843,724 for the three months ended September 30, 2010, compared to $16,083,161 for the same period of 2009, an increase of 42.0%. This increase was primarily due to our operation of six crews in the U.S. during the third quarter of 2010 compared with four crews in the U.S. during the third quarter of 2009.

Cost of services. Our cost of services was $18,932,507 for the three months ended September 30, 2010, compared to $14,120,847 for the same period of 2009, an increase of 34.1%. This increase was primarily attributable to increased revenue. As a percentage of revenues, cost of services was 82.9% for the three months ended September 30, 2010, compared to 87.8% for the same period of 2009.

Selling, general, and administrative expenses. SG&A expenses were $1,579,159 for the three months ended September 30, 2010, compared to $994,643 for the same period of 2009, an increase of 58.8%. This increase was primarily due to the inclusion of Eagle Canada in this year's third quarter. SG&A expense as a percentage of revenues was 6.9% for the three months ended September 30, 2010, compared with 6.2% for the same period of 2009.

Depreciation and amortization expense. Depreciation and amortization expense was $3,863,486 for the three months ended September 30, 2010, compared to $3,449,011 for the same period of 2009, an increase of 12.0%. This increase was primarily attributable to additions of seismic recording equipment, vibration vehicles, and other equipment and vehicles resulting from the acquisition of Eagle Canada, and the recent purchase of a new 5,000 channel GSR (Geospace Seismic Recorder) wireless recording system. Depreciation and amortization expense as a percentage of revenues was 16.9% for the three months ended September 30, 2010, compared to 21.4% for the same period of 2009.

Loss from operations. Loss from operations was $1,531,428 for the three months ended September 30, 2010, compared to $2,481,340 for the same period of 2009. This decrease was primarily attributable to an increase in revenues partially offset by increases in SG&A expenses, cost of services, and depreciation and amortization expenses discussed above. EBITDA increased $1,364,387 to $2,332,058 for the three months ended September 30, 2010, from $967,671 for the same period of 2009, an increase of 141.0%. This increase was a result of those factors mentioned above. For a definition of EBITDA, a reconciliation of EBITDA to net income, and discussion of EBITDA, please refer to the section entitled "EBITDA" found below.

Interest expense. Interest expense was $187,328 for the three months ended September 30, 2010, compared to $245,751 for the same period of 2009, a decrease of 23.8%. This decrease was primarily attributable to our continuing payments on notes payable and capital lease obligations.

Income tax benefit. Income tax benefit was $447,949 for the three months ended September 30, 2010, compared to $992,726 for the same period of 2009. The effective tax benefit rate was 26.1% for the three months ended September 30, 2010, compared to 36.4% for the same period of 2009. See Note E of Notes to Financial Statements in Item 1.

EBITDA

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

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

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

The following table reconciles our EBITDA to our net income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(unaudited)		(unaudited)	
Net income (loss)	$ (1,270,807)	$ (1,734,365)	$ (1,930,906)	$ 4,542,566
Depreciation and amortization	3,863,486	3,449,011	11,520,417	10,881,764
Interest expense	187,328	245,751	617,142	782,711
Income tax expense (benefit)	(447,949)	(992,726)	(450,970)	3,410,612
EBITDA	$ 2,332,058	$ 967,671	$ 9,755,683	$ 19,617,653

Liquidity and Capital Resources

Cash Flows

Cash flows from operating activities.

Net cash provided by operating activities was $5,917,877 for the nine months ended September 30, 2010, compared to $16,426,345 for the same period of 2009. The $10,508,468 decrease during the first nine months of 2010 from the same period of 2009 was primarily attributable to the decrease in net income, the timing of billings and revenue recognition, the collections of accounts receivable, the timing of receipt and payment of invoices, federal and state income taxes payable, and the mix of contracts.

Working capital decreased $1,494,349 to $15,801,285 as of September 30, 2010, from the December 31, 2009 working capital of $17,295,634. This decrease was primarily due to a $5,925,549 decrease in cash and cash equivalents, partially offset by an increase in costs and estimated earnings in excess of billings on uncompleted contracts of $714,126, an increase in prepaid expenses and other of $1,121,211, and a decrease in billings in excess of costs and estimated earnings on uncompleted contracts of $3,055,087.

Cash flows used in investing activities.

Net cash used in investing activities was $4,973,656 for the nine months ended September 30, 2010, and $555,745 for the nine months ended September 30, 2009. This increase was due to an increase in capital expenditures of $4,227,822 and a decrease in proceeds from the sale of property and equipment of $190,089.

Cash flows used in financing activities.

Net cash used in financing activities was $6,868,256 for the nine months ended September 30, 2010, and $5,893,997 for the nine months ended September 30, 2009. The increase was due primarily to principal payments on notes payable attributable to Eagle Canada.

Capital expenditures.

During the nine months ended September 30, 2010, the Company acquired $8,229,554 of vehicles and equipment, primarily to replace similar vehicles and equipment, and purchased a new 5,000 channel seismic recording system. Cash of $5,085,358, notes payable of $1,988,910 from a commercial bank, and capital lease obligations from a vehicle leasing company of $1,155,286 were used to finance these acquisitions. Although we do not budget for our capital expenditures, we may purchase additional equipment during 2010 should the demand for our services increase.

Liquidity

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

Capital Resources

We have relied on cash generated from operations, short-term borrowings from commercial banks and equipment lenders, and proceeds from a public offering of our common stock to fund our working capital requirements and capital expenditures.

In December of 2007, we completed a $4,120,254 loan transaction with a commercial lender for the purpose of providing funds for the purchase of our seventh new ARAM ARIES recording system. This loan is repayable over a period of 48 months at a fixed per annum interest rate of 6.38%. This loan is collateralized by the new recording system equipment and the recording vehicles and two semi-trailers that transport the newly purchased equipment between jobs. In January of 2008, the Company entered into a $2,463,101 loan agreement with a bank to provide financing for the purchase of new vibration vehicles. The loan is repayable over a period of 57 months at a fixed per annum interest rate of 6.35% and is collateralized by the vibration vehicles. In February of 2008, the Company exercised its purchase option for seismic recording equipment it had been renting. In March of 2008, the Company entered into a $2,975,844 loan agreement with a commercial lender to provide financing for the purchase of this rented equipment and to replace an existing loan the Company had with the lender. This loan is repayable over a period of 48 months at a fixed per annum interest rate of 5.75% and is collateralized by the equipment. In July of 2008, the Company entered into a $3,200,000 loan agreement with a bank to provide financing for the purchase of seismic recording equipment. This loan is repayable over 36 months at a fixed per annum interest rate of 6.00% and is collateralized by the equipment. In August of 2008, the Company entered into a $2,003,700 loan agreement with a bank to provide financing for the purchase of new vibration vehicles. This loan is repayable over 36 months at a fixed per annum interest rate of 6.00% and is collateralized by the vibration vehicles. In September of 2008, the Company entered into a $2,690,402 loan agreement with a commercial lender to provide financing for our eighth new ARAM ARIES recording system. This loan is repayable over a period of 48 months at a fixed per annum interest rate of 6.00% and is collateralized by the recording system. Also in September of 2008, the Company entered into a $1,092,053 loan agreement with the same commercial lender to provide financing for recording equipment that goes with the eighth ARAM ARIES recording system. This loan is co-terminus with the loan for the recording system, carries a fixed per annum interest rate of 6.00%, and is collateralized by the recording equipment. In January of 2008, Eagle Canada entered into a $4,660,070 loan agreement with a bank to provide financing for the purchase of a new ARAM ARIES recording system. This loan is repayable over a period of 36 months at a fixed per annum interest rate of 6.14% and is collateralized by the recording system. In June of 2010, we purchased a 3,000 channel Geosource seismic recording system for approximately $3,598,000. This system was paid for in July of 2010 with existing cash. In September of 2010, the Company entered into a $1,988,910 loan agreement with a commercial lender to purchase 2,000 additional recording channels that was added to the 3,000 channel Geosource seismic recording system purchased in July 2010. This loan carries a fixed per annum interest rate of 5.00%, and is collateralized by the 2,000 channels of recording equipment.

In April of 2005, we entered into a revolving credit agreement with a commercial bank. Effective September 16, 2006, we renewed our revolving credit agreement and increased the borrowing limit from $3,500,000 to $5,000,000. The borrowing limit under that revolving line of credit agreement remains at $5,000,000 and was renewed on September 16, 2007, September 16, 2008, September 16, 2009, and again on September 16, 2010. The revolving line of credit agreement does not expire until September 16, 2011. Our obligations under this agreement are secured by a security interest in our accounts receivable. Interest on the outstanding amount under the revolving credit agreement is payable monthly at the greater of the prime rate of interest or five percent. As of September 30, 2010, we had no borrowings outstanding under the revolving credit agreement.

Contractual Obligations

We believe that our capital resources, including our short-term investments, funds available under our revolving credit agreement, and cash flow from operations, will be adequate to meet our current operational needs. We believe that we will be able to finance our 2010 capital expenditures through cash flow from operations, borrowings from commercial lenders, and the funds available under our line of credit loan agreement. However, our ability to satisfy working capital requirements, meet debt repayment obligations, and fund future capital requirements will depend principally upon our future operating performance which is subject to the risks inherent in our business, and will also depend on the extent to which the current recession adversely affects the ability of our customers, and/or potential customers, to pay promptly amounts owing to the Company under their service contracts with us.

Off-Balance Sheet Arrangements

As of September 30, 2010, we had no off-balance sheet arrangements.

Critical Accounting Policies

A discussion of our critical accounting policies can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. There have been no material changes to these policies (including critical accounting estimates and assumptions or judgments affecting the application of those estimates and assumptions) during the first nine months of 2010.

Recently Issued Accounting Pronouncements

A discussion of recently issued accounting pronouncements can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We have not entered into any hedging agreements or swap agreements. Our principal market risks include fluctuations in commodity prices which affect demand for and pricing of our services and the risk related to the concentration of our customers in the oil and natural gas industry. Since all of our customers are involved in the oil and natural gas industry, there may be a positive or negative effect on our exposure to credit risk because our customers may be similarly affected by changes in economic and industry conditions. For the year ended December 31, 2009, our largest customer accounted for approximately 31% of our revenues.

ITEM 4. CONTROLS AND PROCEDURES.

The Company maintains controls and procedures to ensure that it is able to collect the information it is required to disclose in the reports it files with the Securities and Exchange Commission and to process, summarize, and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report conducted by the Company's management, with the participation of the Chief Executive and Chief Financial Officers, the Chief Executive and Chief Financial Officers believe that these controls and procedures are effective to ensure that the Company is able to record, process, summarize, and report information required to be included in reports filed or submitted under the Exchange Act within the required time period. There were no changes in the Company's internal controls over financial reporting or in other factors during the quarter ended September 30, 2010, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 1A. RISK FACTORS.

For a discussion of those "Risk Factors" affecting the Company, you should carefully consider the "Risk Factors" discussed in Part I, under "Item 1A. Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2009, which is herein incorporated by reference. There have been no material changes from those risk factors previously disclosed in such Annual Report.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES. — None.

ITEM 4. RESERVED.

ITEM 5. OTHER INFORMATION.

On September 16, 2010, the Company entered into an Amendment to the Amended and Restated Loan and Security Agreement and Amended and Restated Promissory Note (the "*Amended Loan Agreement and Note*") for the purpose of renewing and extending the Company's line of credit with its lender, Sovereign Bank, a Texas state bank. The Amended Loan Agreement and Note allow TGC to borrow, repay, and re-borrow from time to time until September 16, 2011, up to the lesser of $5,000,000 or 80% of the Company's eligible accounts receivable and provides for an interest rate of the greater of the prime rate as quoted in the *Wall Street Journal* or five percent (5%). As collateral for such indebtedness, the Company has granted Sovereign Bank a security interest covering all of the Company's accounts receivable and the newly purchased GSR (Geospace Seismic Recorder) wireless recording system equipment. As of this date, the Company has not drawn down any amounts under this line of credit.

The foregoing description is a summary of the Amended Loan Agreement and Note and is qualified in its entirety by reference to the Amended Loan Agreement and Note, a copy of which is included as Exhibit 10.1 to this Quarterly Report on Form 10-Q.

ITEM 6. EXHIBITS.

The following exhibits are included herein:

EXHIBITS INDEX

EXHIBIT NO.	DESCRIPTION
3.1	Restated Articles of Incorporation (with amendment) as filed with the Secretary of State of Texas on June 20, 2003, filed as Exhibit 3.4 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2003, and incorporated herein by reference.
3.2	Bylaws, as amended and restated March 25, 2009, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 31, 2009, and incorporated herein by reference.
*10.1	Amendment to Amended and Restated Loan and Security Agreement and Amended and Restated Promissory Note by and between TGC Industries, Inc. and Sovereign Bank, dated September 16, 2010.
*31.1	Certification of Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification of Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*32.2	Certification of Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*Filed herewith.

SIGNATURES

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

TGC INDUSTRIES, INC.

Date: November 8, 2010	/s/ Wayne A. Whitener Wayne A. Whitener President and Chief Executive Officer (Principal Executive Officer)
Date: November 8, 2010	/s/ James K. Brata James K. Brata Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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*Filed herewith.

AMENDMENT TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT AND
AMENDED AND RESTATED PROMISSORY NOTE

THIS AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT AND AMENDED AND RESTATED PROMISSORY NOTE (this "*Amendment*") dated as of **SEPTEMBER 16, 2010** (the "*Effective Date*"), is by and between **SOVEREIGN BANK**, a Texas state bank (together with its successors and assigns, "*Lender*") and **TGC INDUSTRIES, INC.**, a Texas corporation ("*Debtor*").

RECITALS

WHEREAS, Debtor and Lender entered into that certain **AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** dated as of **SEPTEMBER 16, 2009** (as amended, modified, and restated from time to time, the "*Agreement*"), pursuant to which Lender agreed to make certain credit facilities available to Debtor on the terms and conditions set forth therein; and

WHEREAS, Debtor has executed and delivered to Lender that certain **AMENDED AND RESTATED PROMISSORY NOTE** dated as of **SEPTEMBER 16, 2009** (as amended, modified, and restated from time to time, the "*Revolving Credit Note*") in the principal amount of **FIVE MILLION AND NO/100 DOLLARS ($5,000,000.00)**; and

WHEREAS, the parties desire to amend the Agreement and the Revolving Credit Note pursuant to the terms and conditions set forth herein;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Defined Terms**. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meanings as in the Agreement, as amended hereby. Notwithstanding the foregoing, Section 1(d) and Section 1(n) of the Agreement are hereby amended in their entirety to read as follows:

(d) "*Collateral*" means:

(i) All present and future accounts now owned or hereafter acquired;

(ii) The equipment indentified on Exhibit 1(d) attached hereto, together with all replacements, accessories, additions, substitutions and accessions to all of the foregoing (collectively, the "*Geospace Equipment*");

(iii) All books, records, data, plans, manuals, computer software, computer tapes, computer systems, computer disks, computer programs, source codes and object codes containing any information, pertaining directly or indirectly to the Collateral described in clause (i) or (ii) above, as applicable, and all rights to retrieve data and other information pertaining directly or indirectly to the Collateral described in clause (i) or (ii) above, as applicable from third parties; and

(iv) All **SUPPORTING OBLIGATIONS**, **PRODUCTS** and **PROCEEDS** of all of the foregoing, as applicable (including without limitation, insurance payable by reason of loss or damage to the foregoing property).

***

(n) "*Note*" means, individually and collectively, any promissory note (including, but not limited to, (i) the **AMENDED AND RESTATED PROMISSORY NOTE** dated as of **SEPTEMBER 16, 2009** in the principal amount of **FIVE MILLION AND NO/100 DOLLARS ($5,000,000.00)** executed by Debtor and payable to the order of Lender (as such promissory note may be amended, modified or restated from time to time, the "*Revolving Credit Note*"), and (ii) the **PROMISSORY NOTE** dated as of **SEPTEMBER 16, 2010** in the principal amount of **ONE MILLION NINE HUNDRED EIGHTY-EIGHT THOUSAND NINE HUNDRED TEN AND NO/100 DOLLARS ($1,988,910.00)** executed by Debtor and payable to the order of Lender (as such promissory note may be amended, modified or restated from time to time, the "*Term Note*").

2. **Amendment to Section 2 of Agreement**. Section 2 of the Agreement is hereby amended in its entirety to read as follows:

2. **Credit Facility**.

(a) **Establishment of Credit Facility**. Subject to the terms and conditions set forth in this Agreement and the other Loan Documents, Lender hereby agrees to lend to Debtor an aggregate sum not to exceed the *lesser* of (i) an amount equal to the Borrowing Base, or (ii) **FIVE MILLION AND NO/100 DOLLARS ($5,000,000.00)** (the "*Revolving Credit Facility*"), on a revolving basis from time to time during the period commencing on the date hereof and continuing until: (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; (ii) **SEPTEMBER 16, 2011**; or (iii) such other date as may be established by a written instrument between Debtor and Lender from time to time (the "*Revolving Credit Maturity Date*"). If at any time the sum of the aggregate principal amount of Loans outstanding hereunder exceeds *lesser* of the Revolving Credit Facility or the Borrowing Base, such amounts shall be deemed an "*Overadvance*." Debtor shall immediately repay the amount of such Overadvance *plus* all accrued and unpaid interest thereon upon written demand from Lender. Notwithstanding anything contained herein to the contrary, an Overadvance shall be considered a Loan and shall bear interest at the Rate as set forth in the Revolving Credit Note and be secured by this Agreement. Subject to the terms and conditions hereof, Debtor may borrow, repay and reborrow funds under the Revolving Credit Facility.

(b) **Certain Defined Terms Relating to the Revolving Credit Facility**. With respect to Loans under Revolving Credit Facility, the following terms shall have the following meanings:

(i) "*Borrowing Base*" means a sum equal to up to: **EIGHTY PERCENT (80.00%)** of the amount of Debtor's Eligible Accounts, provided, however, Lender shall have the right to create and adjust eligibility standards and related reserves from time to time in its reasonable credit judgment with respect to Debtor's Eligible Accounts.

(ii) "*Eligible Accounts*" means, at any time, all accounts receivable of Debtor, created in the ordinary course of business that are acceptable to the Lender in its sole discretion and satisfy the following conditions:

(1) The account complies with all applicable laws, rules, and regulations;

(2) The account has not been outstanding for more than **NINETY (90)** days past the original date of invoice;

(3) The account does not represent a commission and the account was created under an enforceable contract in connection with (A) the sale of goods by Debtor in the ordinary course of business and such sale has been consummated and such goods have been shipped and delivered and received by the account debtor, or (B) the performance of services by Debtor in the ordinary course of business and such account was created in accordance with the terms of the contract between Debtor and the account debtor and accepted by the account debtor;

(4) The account does not arise from the sale of any good that is on a bill-and-hold, guaranteed sale, sale-or-return, sale on approval, consignment, or any other repurchase or return basis;

(5) Debtor has good and indefeasible title to the account and the account is not subject to any lien except liens in favor of the Lender;

(6) The account does not arise out of a contract with or order from, an account debtor that, by its terms, prohibits or makes void or unenforceable the grant of a security interest by Debtor to the Lender in and to such account;

(7) The account is not subject to any setoff, counterclaim, defense, dispute, recoupment, or adjustment other than normal discounts for prompt payment;

(8) The account debtor is not insolvent or the subject of any bankruptcy or insolvency proceeding and has not made an assignment for the benefit of creditors, suspended normal business operations, dissolved, liquidated, terminated its existence, ceased to pay its debts as they become due, or suffered a receiver or trustee to be appointed for any of its assets or affairs;

(9) The account is not evidenced by chattel paper or an instrument;

(10) No default exists under the account by any party thereto;

(11) The account debtor has not returned or refused to retain, or otherwise notified Debtor of any dispute concerning, or claimed nonconformity of, any of the goods from the sale of which the account arose;

(12) The account is not owed by an Affiliate, employee, officer, director or equity holder of Debtor;

(13) The account is payable in U.S. Dollars by the account debtor;

(14) The account shall be ineligible if the account debtor is domiciled in any country other than the United States of America;

(15) The account shall be ineligible if the account debtor is the United States of America or any department, agency, or instrumentality thereof, and the Federal Assignment of Claims Act of 1940, as amended, shall not have been complied with;

(16) The account is otherwise acceptable in the sole discretion of the Lender.

The amount of the Eligible Accounts owed by an account debtor to Debtor shall be reduced by the amount of all "contra accounts" and other obligations owed by Debtor to such account debtor. In the event that Lender, at any time in its reasonable discretion, determines that the dollar amount of Eligible Accounts collectable by Debtor is reduced or diluted as a result of discounts or rebates granted by Debtor, returned, rejected or disputed goods or services, or such other reasons or factors as Lender deems applicable, Lender may reduce or otherwise modify the percentage of Eligible Accounts included within Borrowing Base, and/or reduce the dollar amount of Debtor's Eligible Accounts by an amount determined by Lender in its reasonable discretion.

(c) **Term Loan Facility**. Subject to the terms and conditions set forth in this Agreement and the other Loan Documents, Lender hereby agrees to lend to Debtor in a single advance an aggregate sum not to exceed **ONE MILLION NINE HUNDRED EIGHTY-EIGHT THOUSAND NINE HUNDRED TEN AND NO/100 DOLLARS ($1,988,910.00)** (the "*Term Loan Facility*") on **SEPTEMBER 16, 2010** and continuing until: (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents;

(ii) **SEPTEMBER 16, 2013**; or (iii) such other date as may be established by a written instrument between Debtor and Lender from time to time (the "*Term Maturity Date*").

(d) **Funding**. Lender reserves the right to require not less than **ONE (1)** Business Day prior notice of each Loan under the Revolving Credit Facility, specifying the aggregate amount of such Loan together with any documentation relating thereto as Lender may reasonably request; including, but not limited to, a Borrowing Base report. Debtor shall give Lender notice of each Loan under the Revolving Credit Facility by no later than 1:00 p.m. (Dallas, Texas time) on the date provided herein. Lender at its option may accept telephonic requests for such Loan, provided that such acceptance shall not constitute a waiver of Lender's right to require delivery of a written request in connection with subsequent Loans. Lender shall have no liability to Debtor for any loss or damage suffered by Debtor as a result of Lender's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to it telephonically, by facsimile or electronically and purporting to have been sent to Lender by Debtor and Lender shall have no duty to verify the origin of any such communication or the identity or authority of the Person sending it. Subject to the terms and conditions of this Agreement, each Loan under this section shall be made available to Debtor by depositing the same, in immediately available funds, in an account of Debtor designated by Debtor or by paying the proceeds of such Loan to a third party designated by Debtor.

(e) **Use of Proceeds**. The Loans under the Revolving Credit Facility shall be used by Debtor solely for business operations. The Loan under the Term Facility shall be used by Debtor for the purchase of the Geospace Equipment.

3. **Amendment to Section 3 of Agreement**. Section 3 of the Agreement is hereby amended in its entirety to read as follows:

3. **Promissory Notes, Rate and Computation of Interest**. (i) The Revolving Credit Facility shall be evidenced by the Revolving Credit Note, and (ii) the Term Loan Facility shall be evidenced by the Term Note. Interest on each Note shall accrue at the rates set forth therein. The principal of and interest on each Note shall be due and payable in accordance with the terms and conditions set forth in such Note and in this Agreement.

4. **Amendment to Section 4(a) of Agreement**. Lender and Debtor agree that (a) a separate and distinct portion of the Collateral shall secure the Revolving Credit Facility, and (b) a separate and distinct portion of the Collateral shall secure the Term Loan Facility. Accordingly, Section 4(a) of the Agreement is hereby amended in its entirety to read as follows:

(a) **Grant of Security Interest**. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Indebtedness arising under the Revolving Credit Facility, Debtor hereby re-pledges to and re-grants Lender, a security interest in, all of Debtor's right, title and interest in the Collateral described in Sections 1(d)(i), (ii) and (iv), whether now owned by Debtor or hereafter acquired and whether now existing or hereafter coming into existence. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Indebtedness arising under the Term Loan Facility, Debtor hereby pledges to and grants Lender, a security interest in, all of Debtor's right, title and interest in the Collateral described in Section 1(d)(ii), (iii) and (iv), whether now owned by Debtor or hereafter acquired and whether now existing or hereafter coming into existence.

5. **Addition of Exhibit 1(d) to Agreement**. Exhibit 1(d) is hereby added to the Agreement in the form attached hereto.

6. **Extension of Maturity Date of Revolving Credit Note**. The term "*Maturity Date*" as used in the Revolving Credit Note shall mean: "the earlier of (i) the acceleration of the Indebtedness pursuant to the terms of the Loan Documents; (ii) **SEPTEMBER 16, 2011**; or (iii) such other date as may be established by a written instrument between Debtor and Lender from time to time."

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7. **Conditions Precedent**. The obligations of Lender under this Amendment shall be subject to the condition precedent that Debtor shall have executed and delivered to Lender this Amendment and such other documents and instruments incidental and appropriate to the transaction provided for herein as Lender or its counsel may reasonably request, including, without limitation, the Term Note.

8. **Payment Expenses**. Debtor agrees to pay all reasonable attorneys' fees of Lender in connection with the drafting and execution of this Amendment.

9. **Ratifications**. Except as expressly modified and superseded by this Amendment, the Agreement, the Revolving Credit Note and the other Loan Documents are ratified and confirmed and continue in full force and effect. The Loan Documents, as modified by this Amendment, continue to be legal, valid, binding and enforceable in accordance with their respective terms. Without limiting the generality of the foregoing, Debtor hereby ratifies and confirms that all liens heretofore granted to Lender were intended to, do and continue to secure the full payment and performance of the indebtedness arising under the Loan Documents. Debtor agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file and record such additional assignments, security agreements, modifications or agreements to any of the foregoing, and such other agreements, documents and instruments as Lender may reasonably request in order to perfect and protect those liens and preserve and protect the rights of Lender in respect of all present and future collateral. The terms, conditions and provisions of the Loan Documents (as the same may have been amended, modified or restated from time to time) are incorporated herein by reference, the same as if stated verbatim herein.

10. **Representations, Warranties and Confirmations**. Debtor hereby represents and warrants to Lender that (a) this Amendment and any other Loan Documents to be delivered under this Amendment (if any) have been duly executed and delivered by Debtor, are valid and binding upon Debtor and are enforceable against Debtor in accordance with their terms, except as limited by any applicable bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights and except to the extent specific remedies may generally be limited by equitable principles, (b) no action of, or filing with, any governmental authority is required to authorize, or is otherwise required in connection with, the execution, delivery and performance by Debtor of this Amendment or any other Loan Document to be delivered under this Amendment, and (c) the execution, delivery and performance by Debtor of this Amendment and any other Loan Documents to be delivered under this Amendment do not require the consent of any other person and do not and will not constitute a violation of any laws, agreements or understandings to which Debtor is a party or by which Debtor is bound.

11. **Release**. Debtor hereby acknowledges and agrees that there are no defenses, counterclaims, offsets, cross-complaints, claims or demands of any kind or nature whatsoever to or against Lender or the terms and provisions of or the obligations of Debtor under the Loan Documents and the other agreements, instruments and documents evidencing, securing, governing, guaranteeing or pertaining thereto, and that Debtor has no right to seek affirmative relief or damages of any kind or nature from Lender. To the extent any such defenses, counterclaims, offsets, cross-complaints, claims, demands or rights exist, Debtor hereby waives, and hereby knowingly and voluntarily releases and forever discharges Lender and its predecessors, officers, directors, agents, attorneys, employees, successors and assigns, from all possible claims, demands, actions, causes of action, defenses, counterclaims, offsets, cross-complaints,

damages, costs, expenses and liabilities whatsoever, whether known or unknown, such waiver and release being with full knowledge and understanding of the circumstances and effects of such waiver and release and after having consulted legal counsel with respect thereto.

12. **Multiple Counterparts**. This Amendment may be executed in a number of identical separate counterparts, each of which for all purposes is to be deemed an original, but all of which shall constitute, collectively, one agreement. Signature pages to this Amendment may be detached from multiple separate counterparts and attached to the same document and a telecopy or other facsimile of any such executed signature page shall be valid as an original.

13. **Reference to Loan Documents**. Each of the Loan Documents, including the Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof containing a reference to any Loan Document shall mean and refer to such Loan Document as amended hereby.

14. **Severability**. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

15. **Headings**. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

NOTICE OF FINAL AGREEMENT

THE AGREEMENT, THE REVOLVING CREDIT NOTE, THE TERM NOTE, AND THE OTHER LOAN DOCUMENTS, AS THE SAME MAY BE AMENDED BY THIS AMENDMENT REPRESENT THE FINAL AGREEMENT BETWEEN AND AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN AND AMONG THE PARTIES.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the date first written above.

LENDER:

SOVEREIGN BANK

By: /s/Stephanie Baird Velasquez
Name: Stephanie Baird Velasquez
Title: Area President

ADDRESS:

6060 Sherry Lane
Dallas, TX 75225

With copies of notices to:

GARDERE WYNNE SEWELL LLP
1601 Elm Street, Suite 3000
Dallas, TX 75201-4761
Attention: Steven S. Camp

DEBTOR:

TGC INDUSTRIES, INC.

By: /s/ Wayne Whitener
Name: Wayne Whitener
Title: President & CEO

ADDRESS:

101 E. Park Blvd., Suite 955
Plano, TX 75074

Exhibit 1(d)
Geospace Equipment

The items described in Section 1.1, Section 2.1 and Section 3.1 of Page 2 of the attached Quotation No. 0810-7795 Rev 1 from Geospace Technologies submitted to Wayne A. Whitener.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Wayne A. Whitener, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TGC Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2010

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

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, James K. Brata, certify that:

1. I have reviewed this report on Form 10-Q of TGC Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2010

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

EXHIBIT 32.1

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

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended September 30, 2010 of TGC Industries, Inc. (the "Company"). I, Wayne A. Whitener, President and Chief Executive Officer of the Company, certify that, to the best of my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Dated: November 8, 2010

/s/ Wayne A. Whitener
Wayne A. Whitener
President and Chief Executive Officer

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

EXHIBIT 32.2

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

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and accompanies the quarterly report on Form 10-Q (the "Form 10-Q") for the quarter ended September 30, 2010 of TGC Industries, Inc. (the "Company"). I, James K. Brata, Vice President and Chief Financial Officer of the Company, certify that, to the best of my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Dated: November 8, 2010

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

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