

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

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD  
ENDING SEPTEMBER 30, 1996.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

Commission File Number 0-14908

TGC INDUSTRIES, INC.

(Exact name of small business issuer as specified in its charter)

Texas

(State or other jurisdiction of  
incorporation or organization)

74-2095844

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

1304 Summit, Suite 2

Plano, Texas

(Address of principal executive  
offices)

75074

(Zip Code)

Issuer's telephone number, including area code: 972/881-1099

Check whether the issuer (1) filed all reports required to be filed by  
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for  
such shorter period that the registrant was required to file such reports),  
and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Class	Outstanding at October 31, 1996
Common Stock (\$.10 Par Value)	6,188,018

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Incorporated herein is the following unaudited financial  
information:

Consolidated Balance Sheet as of September 30, 1996.

Consolidated Statements of Operations for the three and nine  
month periods ended September 30, 1996 and 1995.

Consolidated Statements of Cash Flows for the nine-month periods  
ended September 30, 1996 and 1995.

Notes to Consolidated Financial Statements.

TGC INDUSTRIES, INC.  
CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

SEPTEMBER 30,  
1996

## ASSETS

## CURRENT ASSETS

Cash and cash equivalents	\$ 818,655
Accounts receivable	793,321
Prepaid expenses	452,959
Total current assets	2,064,935

## PROPERTY AND EQUIPMENT - at cost

Machinery and equipment	6,271,197
Automobiles and trucks	523,642
Furniture and fixtures	294,822

Less accumulated depreciation	7,089,661
	3,087,883

4,001,778

Property held for sale	1,329,000
------------------------	-----------

5,330,778

## OTHER ASSETS

32,217

Total assets	\$7,427,930
--------------	-------------

See notes to Consolidated Financial Statements

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

SEPTEMBER 30,  
1996

## LIABILITIES AND STOCKHOLDERS' EQUITY

## CURRENT LIABILITIES

Trade accounts payable	\$ 738,610
Accrued liabilities	422,275
Advance billings	847,275
Current maturities of long-term obligations	299,991

Total current liabilities	2,308,151
---------------------------	-----------

LONG-TERM OBLIGATIONS, less current maturities  
PAYABLE TO CHASE PACKAGING

500,000  
1,329,000

## STOCKHOLDERS' EQUITY

Preferred stock, \$1 par value - authorized share 4,000,000; issued and outstanding shares 1,150,350	1,150,350
--	-----------

Common stock, \$.10 par value - authorized 25,000,000; issued 6,254,152 shares	625,415
---	---------

Additional paid-in capital	6,114,946
----------------------------	-----------

Accumulated deficit	(4,432,410)
---------------------	-------------

Treasury stock, at cost (66,134 shares)	(167,522)
---	-----------

3,290,779

Total liabilities and stockholders' equity	\$ 7,427,930
--	--------------

See notes to Consolidated Financial Statements

TGC INDUSTRIES, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Revenue	\$2,640,350	\$1,758,053	\$ 7,100,277	\$ 5,490,505
Cost of services	2,205,956	1,827,525	5,980,366	4,992,381
Selling, general, adm.	204,164	190,080	603,741	573,182
	2,410,120	2,017,605	6,584,107	5,565,563
INCOME (LOSS) FROM OPERATIONS	230,230	(259,552)	516,170	(75,058)
Interest Expense	2,391	11,615	35,534	40,031
INCOME (LOSS) FROM CONTINUING OPERATIONS	227,839	(271,167)	480,636	(115,089)
Discontinued operations Earnings (loss) from operations	2,409	(486,823)	(1,402,706)	(996,277)
NET EARNINGS (LOSS)	230,248	(757,990)	(922,070)	(1,111,366)
Less dividend requirement on preferred stock	100,975	-	100,975	-
EARNINGS (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS	\$ 129,273	\$ (757,990)	\$(1,023,045)	\$(1,111,366)
Earnings (loss) per common and common equivalent share				
Continuing operations	\$ .02	\$ (.05)	\$ .06	\$ (.02)
Discontinued operations	-	(.08)	(.21)	(.18)
	\$ .02	\$ (.13)	\$ (.15)	\$ (.20)
Weighted average number of common and common equivalent shares	6,870,252	5,880,949	6,859,146	5,602,657

See notes to Consolidated Financial Statements

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

	Nine Months Ended September 30	
	1996	1995
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING		

ACTIVITIES		
Net Loss	\$ (922,070)	\$(1,111,366)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Loss from discontinued operations	1,402,706	996,277
Depreciation and amortization	574,003	596,261
Non-cash interest expense	-	4,874
Gain on disposal of property and equipment	(11,585)	(34,032)
Change in assets and liabilities:		
Accounts receivable	242,014	(165,778)
Prepaid expenses	(2,213)	(66,633)
Accounts payable	(117,496)	401,489
Accrued liabilities	(49,493)	64,361
Advanced billings	611,055	210,000
NET CASH PROVIDED BY CONTINUING OPERATIONS	1,726,921	895,453
NET (USED IN) DISCONTINUED OPERATIONS	(456,687)	(1,447,524)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,270,234	(552,071)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to machinery and equipment	(2,405,690)	(309,694)
Proceeds from sale of property and equipment	14,500	54,067
Increase in other assets	(31,019)	-
INVESTING ACTIVITIES OF DISCONTINUED OPERATIONS	(92,442)	(577,930)
NET CASH USED IN INVESTING ACTIVITIES	(2,514,651)	(833,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt	125,813	-
Proceeds from issuance of stock	5,020,705	756,852
Principal payments of debt obligations	(115,563)	-
Capital contribution to Chase Packaging	(2,716,403)	-
FINANCING ACTIVITIES OF DISCONTINUED OPERATIONS	(366,348)	499,238
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,948,204	1,256,090
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	703,787	(129,538)
Cash and cash equivalents at beginning of period	114,868	230,538
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 818,655	\$ 101,000

Supplemental cash flow information

Cash paid during the year		
Interest	\$ 27,513	\$ -
Income taxes	\$ -	\$ -

Noncash investing and financing activities

- (1) On January 9, 1995, options for 4,000 shares and 2,332 shares of Common Stock at an exercise price of \$.875 and \$1.00 respectively per share were exercised. The Company received 1,458 shares of its Common Stock at a market value of \$4.00 per share as payment for the exercise of its options.
- (2) In July 1996, \$365,813 of subordinated convertible debt was converted into 73,162 shares of the Company's Series C 8% Convertible Exchangeable Preferred Stock.
- (3) In September 1996, the Company entered into a three year note agreement with a major lender for \$750,000 at an interest rate of 10%. The \$750,000 was paid directly by the lender to the Company's vendor as partial payment for the purchase of an Opseis Eagle 24-BIT 1500 channel recording system.

See notes to Consolidated Financial Statements.

NOTE A -- BASIS OF PRESENTATION

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

NOTE B -- MANAGEMENT PRESENTATION

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations, and changes in financial position have been included. The results of the interim periods are not necessarily indicative of results to be expected for the entire year. For further information, refer to the financial statements and the footnotes thereto included in the Company's Annual Report for the year ended December 31, 1995 filed on Form 10-KSB.

NOTE C -- EARNINGS (LOSS) PER SHARE

The computation of earnings (loss) per share is based on the weighted average number of shares of common stock and common stock equivalents, if dilutive, outstanding during the period. Net earnings (loss) used in the computation of earnings (loss) per share for the three months and nine months ended September 30, 1996, are reduced by preferred stock dividend requirements. At September 30, 1996, the number of shares of common stock obtainable upon the exercise of outstanding options and warrants exceeded 20% of the number of common shares outstanding. As a result, all options and warrants have been assumed to have been exercised for the computation of earnings (loss) per share for the three months and nine months ended September 30, 1996. The proceeds from the options and warrants have been applied to repurchase outstanding common shares, at the end of the period market price, but not to exceed 20% of the outstanding shares. Since potential dilutive securities diluted earnings per share by less than 3 percent, the fully diluted computation is not required to be presented.

NOTE D -- DEBT OBLIGATIONS

On March 20, 1996, the Company received \$30,000 in debt financing from an executive officer of the Company. The financing consisted of a subordinated note with a maturity date of March 20, 1998, bearing interest at a rate of 10% per annum.

On April 9, 1996, the Company received \$62,813 in debt financing from an executive officer of the Company. The financing consisted of a subordinated note with a maturity date of April 9, 1998, bearing interest at a rate of 10% per annum. On May 13, 1996, the Company received an additional \$33,000 in debt financing from an executive officer of the Company. This financing consisted of a subordinated note with a maturity date of May 13, 1998, bearing interest at a rate of 10% per annum.

On May 29 and May 30, 1996, the Company received \$150,000 from certain executive officers and directors of the Company as an advance on proceeds from the private placement of Series C 8% Convertible Exchangeable Preferred Stock ("Preferred Stock"). The proceeds are part of the closing in July 1996 of 1,150,350 shares of Preferred Stock (See Note E).

In July of 1996 subordinated notes totaling \$365,813 were exchanged for Preferred Stock offered in the private placement described in Note E.

On August 29, 1996, the Company arranged for \$750,000 in debt financing with a major lender as part of the purchase monies required on the new Eagle system. The assets purchased have been pledged as security against this note and payments are in equal installments over a thirty-six month period. This note bears an interest rate of 10%.

NOTE E -- REORGANIZATION PLAN

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

- a. In July of 1996, the Company closed the private placement of 1,150,350 shares of Series C 8% Convertible Exchangeable Preferred Stock. The gross proceeds received from the closings were \$5,751,750, which amount includes the exchange by holders of subordinated notes of the Company totalling \$365,813 for Preferred Stock.

The Preferred Stock sold in the private placement entitles the holder to receive cumulative cash dividends as and when declared by the Board of Directors at a rate of 8% per year 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 declared by the Board of Directors on January 1 and July 1 of each year, commencing January 1, 1997. The dividends on the preferred stock are cumulative but do not bear interest.

The holder of any shares of Preferred Stock has the right at any time to convert the Preferred Stock into fully paid and non-assessable shares of Common Stock of TGC at the conversion price per share of (1) prior to the close of business on July 1, 1998, the conversion price per share of common stock of \$.75; (2) after July 1, 1998 and prior to the close of business on July 1, 1999, the conversion price per share of common stock of \$1.25, and (3) thereafter, the conversion price per share of common stock of \$2.00. A cash adjustment will be paid in lieu of fractional shares.

Shares of the preferred stock are exchangeable in whole at the sole option of the Company at any time after January 1, 1998 for the Company's 8% Subordinated Convertible Debentures, Series A ("Debentures") due the later of July 1, 2000 or two years from the date of exchange. This is conditioned upon the Company paying, on or prior to the date of exchange, to the holders of the outstanding shares of preferred stock all accumulated and unpaid dividends to the date of exchange. The Debentures are convertible into Common Stock at the same conversion rate as the Preferred Stock.

- b. Upon closing of the private placement, the Company contributed \$2,716,403 as a capital contribution to Chase Packaging.
- c. Effective July 31, 1996, the Company spun-off its wholly owned subsidiary, Chase Packaging Corporation, formerly New Chase Corporation. Prior to the spin-off, TGC liquidated Chase Packaging Corporation ("Old Chase") with TGC receiving all of Chase's properties and liabilities in cancellation of the Chase stock held by TGC. TGC then formed a new wholly-owned subsidiary, New Chase Corporation, a Texas corporation, the name of which TGC subsequently changed to Chase Packaging Corporation ("Chase"). TGC transferred to Chase all of the properties and liabilities previously received by TGC as a result of the liquidation of Old Chase, except TGC retained the Portland, Oregon facility of Old Chase, which TGC intends to sell. TGC anticipates that the sale proceeds from the Portland, Oregon facility will be contributed to Chase to be applied against the mortgage indebtedness currently encumbering such facility.

Effective July 31, 1996, TGC spun-off Chase to the holders of TGC's Common Stock and, on an as-if-converted basis, to the holders of TGC's Series C 8% Convertible Exchangeable Preferred Stock (the "Preferred Stock"), which was sold in a private placement that closed in July, 1996. The record date was July 15, 1996 ("Record Date"); however, the TGC Common Stock has traded with "due bills" since the Record Date and will continue to do so until the distribution of Chase Common Stock, which date (the "Distribution Date") will be the first business day following the effectiveness of the Form 10-SB Registration Statement which Chase filed with the Securities and Exchange Commission on October 24, 1996. The holders of 6,188,018 shares of TGC Common Stock and 1,150,350 shares of TGC Preferred Stock will receive the spin-off distribution of Chase Common Stock. An additional 539,837 shares of Chase Common Stock will be held in escrow and distributed upon the exercise, if any, of outstanding warrants and options of TGC. On the Distribution Date, the holders of TGC Common Stock will receive one-half share of Chase Common Stock for each share of TGC Common Stock held, and the holders of TGC Preferred Stock will receive one-half share of Chase Common Stock for each share of Common Stock of TGC as if the preferred stockholders had converted. The \$5.00 per share Preferred Stock is initially convertible at \$.75 per share of Common Stock through July, 1998. As a result of this spin-off, the operations of Chase have been reflected as discontinued operations in the consolidated financial statements.

## RESULTS OF OPERATIONS

### GEOPHYSICAL OPERATIONS (CONTINUING OPERATIONS)

Geophysical service revenue increased to \$2,640,350 for the three months ended September 30, 1996, a 50% increase from revenue of \$1,758,053 for the same period of 1995. Revenue for the first nine months of 1996 was \$7,100,277, a 29% increase from revenue of \$5,490,505 for the first nine months of 1995. Operating profit before interest, taxes, and dividend requirement on preferred stock was \$230,230 for the 1996 third quarter as compared to an operating loss before interest and taxes of \$259,552 for the third quarter of 1995. Operating profit before interest, taxes, and dividend requirement on preferred stock for the nine months ended September 30, 1996 was \$516,170 as compared to an operating loss before interest and taxes of \$75,058 for the same period of 1995. The increase in revenue was the result of a diversified backlog which included seismic surveys with higher contract prices in 1996 when compared to the Company's 1995 program. One of TGC's seismic crews worked in the Gulf Coast region during the 1996 third quarter. TGC's second seismic crew continued work in California (a new market for the Company) during this same period. With minimal interruption of the Company's planned data - acquisition schedules, both crews were profitable in the third quarter of 1996.

The outlook for domestic 3-D data acquisition services remains positive at this time due to the capability of this technology to provide higher quality data at a lower cost, the increased acceptance of 3-D seismic techniques as a viable risk management tool and the increased success rates using 3-D surveys for exploration and development activities. The improved cost effectiveness gained from the data acquisition and processing of 3-D surveys has resulted in increased profits for the U.S. operations of major and independent oil and gas companies. With these cost advantages and the uncertainty of foreign operations, many of the major U.S. energy companies are increasing participation in the domestic oil and gas industry. The Company currently has a backlog that extends into the 1996 fourth quarter and includes programs in the Gulf Coast and Mid-Continent regions and on the West Coast. The backlog includes small and large surveys for major and independent oil and gas companies.

In July of 1996, TGC purchased a 24-Bit Opseis Eagle recording system with 1,500 channels and also acquired support equipment (cables and geophones) for this system. The equipment was delivered in late July and began producing revenues in early August. This equipment replaced TGC's Sercel 368/348 system. The purchase of these assets will improve recording capacity and marketability of TGC's seismic services, enabling the Company to take advantage of the current favorable environment for domestic exploration. TGC used \$2,000,000 in proceeds from the July 1996 private placement of Series C 8% Convertible Exchangeable Preferred Stock ("Preferred Stock"), together with outside financing, to purchase this system and support equipment. As a result of the expanded recording capabilities and current backlog for the Company, management anticipates a continuation of improved revenues and profit margins for the remainder of 1996. However, a degree of risk is inherent in the Company's operations, due to possible downtime from adverse weather conditions and the nature of the Company's turnkey contracts which are subject to the risk of delay or cancellation. With the unpredictable nature of forecasting weather and the potential for contract delay or cancellation, no assurance can be given that management's expectations can be achieved.

### DISCONTINUED OPERATIONS

Effective July 31, 1996, the Company spun-off its wholly-owned subsidiary, Chase Packaging Corporation, formerly New Chase Corporation, to the holders of TGC Common Stock and Preferred Stock. Prior to the spin-off, through various corporate transactions, TGC liquidated Chase Packaging Corporation ("Old Chase") with TGC receiving all of Old Chase's properties and liabilities in cancellation of Old Chase stock held by TGC. TGC then formed a new subsidiary, New Chase Corporation, a Texas corporation, the name of which TGC subsequently changed to Chase Packaging Corporation ("Chase"), and transferred to Chase all of the properties and liabilities of Old Chase, except TGC retained the Portland, Oregon facility of Old Chase, which TGC intends to sell. TGC anticipates that the sale proceeds from the Portland, Oregon facility will be contributed to Chase to be applied against the mortgage indebtedness currently encumbering such facility. Effective July 31, 1996, TGC spun-off Chase to the holders of TGC's Common Stock, and, on an as-if-converted basis, to the holders of TGC's Preferred Stock sold in the private placement previously discussed. TGC obtained the approval of the primary lenders to Chase of the spin-off transaction. The record date was July 15, 1996 ("Record Date"); however, the TGC Common Stock has traded with "due bills" since the Record Date and will continue to do so until the distribution of Chase Common Stock, which date (the "Distribution Date") will

be the first business day following the effectiveness of the Form 10-SB Registration Statement which Chase filed with the Securities and Exchange Commission on October 24, 1996. Such effective date is currently expected to take place in November, 1996. The holders of 6,188,018 shares of TGC Common Stock outstanding and 1,150,350 shares of Preferred Stock outstanding will receive the spin-off distribution of Chase Common Stock. An additional 539,837 shares of Chase Common Stock will be held in escrow and distributed upon the exercise, if any, of outstanding warrants and options of TGC. On the Distribution Date, the holders of TGC's Common Stock will receive one-half share of Chase Common Stock for each share of TGC Common Stock held, and the holders of TGC's Preferred Stock will receive common stock of Chase on the basis of one-half share of Chase for each share of TGC Common Stock as if the Preferred Stockholder converted. The \$5.00 per share Preferred Stock is initially convertible at \$.75 per share of TGC Common Stock through July 1, 1998. With the spin-off, the Company anticipates that Chase's Common Stock will trade over-the-counter and will be quoted on the OTC Bulletin Board. However, no assurance can be given that a market in Chase common stock will develop. As a result of the spin-off, the operations of Chase Packaging have been accounted for as a discontinued operation in the accompanying consolidated financial statements. Loss from discontinued operations for the seven month period ended July 31, 1996 was \$1,402,706.

The business plan includes the sale by TGC of the facility located in Portland, Oregon. TGC anticipates that the proceeds from this sale will be contributed to Chase to be applied against Chase's outstanding debt with Union Camp. In addition, Chase management plans to sell Chase's woven polypropylene extrusion and weaving equipment with proceeds to be utilized for debt reduction and for working capital purposes at Chase. Chase will continue to operate as a producer of paper mesh fabric and as a converter and distributor of agricultural bags and other specialty packaging.

#### FINANCIAL CONDITION

##### GEOPHYSICAL OPERATION (CONTINUING OPERATIONS)

Cash of \$1,726,921 was provided by continuing operations for the first nine months of 1996 compared to cash provided by continuing operations of \$895,453 for the first nine months of 1995. The funds generated in the first nine months of 1996 were primarily attributable to net earnings before non-cash depreciation charges for the Company's geophysical operation and to funds received from advance billings on geophysical contracts. Cash used in investing activities for the first nine months of 1996 was primarily for additions to machinery and equipment for geophysical field operations. Cash provided by financing activities were from the net proceeds of the private placement of \$5,020,705, proceeds from issuance of debt of \$125,813, and offset by principal payments of debt obligation of \$115,563 and a capital contribution to Chase Packaging of \$2,716,403.

Working capital decreased \$114,533 to \$(243,216) from the December 31, 1995 balance of \$(128,683) primarily as a result of the debt incurred in the recent purchase of the Eagle system. The Company's current ratio was .9 to 1 at September 30, 1996 and December 31, 1995, respectively. Stockholders' equity increased to \$3,290,779 at September 30, 1996 from the December 31, 1995 of \$1,643,127 due primarily to proceeds from the private placement and net income from continuing operations for the period.

In July of 1996, TGC closed the private placement of 8% Convertible Exchangeable Preferred Stock. TGC's geophysical operation received approximately \$2,000,000 from the private placement and utilized the proceeds, together with outside financing and internally generated funds, to purchase a state-of-the-art geophysical recording system. The Company placed this system into service in early August 1996. The expanded recording capabilities provided by this system should increase revenue and profit margins thereby improving the Company's operating cash flow for the remainder of 1996. However, due to the potential for downtime from contract delays or cancellations and the uncertainty of weather conditions, no assurance can be given that the Company's liquidity will improve to levels anticipated by management.

##### DISCONTINUED OPERATIONS

As previously discussed, the operations of Chase Packaging have been accounted for as a discontinued operation in the accompanying consolidated statements due to the July 31, 1996 spin-off of Chase to TGC shareholders. As part of the Company's reorganization plan, TGC made a capital contribution of \$2,716,403 to Chase.

#### PART II - OTHER INFORMATION

##### ITEM 5. OTHER INFORMATION



- a. In July of 1996, TGC Industries, Inc. ("TGC") closed the private placement of 1,150,350 shares of Series C 8% Convertible Exchangeable Preferred Stock (the "Preferred Stock"). The gross proceeds received from the private placement were \$5,751,750, which included the exchange by certain holders of subordinated notes of TGC totalling \$365,813 for Preferred Stock. From the proceeds, the Company made a capital contribution to Chase Packaging Corporation ("Chase") of \$2,716,403. (See "Note E - Reorganization Plan to the Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained herein.)
- b. Effective July 31, 1996, TGC spun off Chase to the holders of TGC's Common Stock and, on an as-if converted basis, to the holders of TGC's Preferred Stock. The record date was July 15, 1996 ("Record Date"); however, the TGC Common Stock has traded with "due bills" since the record date and will continue to do so until the distribution of Chase Common Stock, which date will be the first business day following the effectiveness of the Form 10-SB Registration Statement which Chase filed with the Securities and Exchange Commission on October 24, 1996. The holders of 6,188,018 shares of TGC Common Stock and 1,150,350 shares of TGC Preferred Stock will receive the spin-off distribution of Chase common stock, and an additional 539,837 shares of Chase common stock will be held in escrow and distributed upon the exercise, if any, of outstanding warrants and options of TGC. (See "Note E - Reorganization Plan to the Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained herein.)

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

- a. Exhibits - none.
- b. Reports -
  1. A report under Item 5 of Form 8-K was filed on July 15, 1996 to report the completion of the initial closing of the Company's private placement of preferred stock. Such report contains pro forma financial statements of the Company reflecting the private placement and a spin-off of the Company's Chase Packaging Corporation's subsidiary at May 31, 1996; and
  2. A report under Item 2 of Form 8-K was filed on August 15, 1996 to report the effective date of the spin-off by the Company of its Chase Packaging Corporation subsidiary. Such report contains pro forma financial statements of the Company reflecting the private placement and a spin-off transaction at June 30, 1996.

SIGNATURES

In accordance with the requirements 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: November 13, 1996

/s/ Robert J. Campbell  
Robert J. Campbell  
Vice Chairman of the Board  
(Principal Executive Officer)

Date: November 13, 1996

/s/ Kenneth W. Uselton  
Kenneth W. Uselton  
Treasurer (Principal Financial  
and Accounting Officer)

9-MOS  
DEC-31-1996  
SEP-30-1996  
818,655  
0  
793,321  
0  
0  
2,064,935  
8,418,661  
3,087,883  
7,427,930  
2,308,151  
1,829,000  
625,415  
0  
1,150,350  
0  
7,427,930  
0  
7,100,277  
0  
5,980,366  
603,741  
0  
35,534  
379,661  
0  
379,661  
(1,402,706)  
0  
0  
(1,023,045)  
(.15)  
0