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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2006.

o **TRANSITION REPORT UNDER 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 small business issuer as specified in its charter)

Texas	**74-2095844**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1304 Summit, Suite 2
Plano, Texas 75074
(Address of principal executive offices)

972-881-1099
(Issuer's telephone number)

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

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

Class	Outstanding at July 28, 2006
Common Stock ($.01 Par Value)	15,714,518

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

TGC INDUSTRIES, INC.
BALANCE SHEET
(UNAUDITED)

	JUNE 30, 2006
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 10,570,058
Trade accounts receivable	4,680,740
Cost and estimated earnings in excess of billings on uncompleted contracts	594,072
Prepaid expenses and other	1,429,799
Deferred tax asset	66,460
Total current assets	17,341,129
PROPERTY AND EQUIPMENT - at cost	
Machinery and equipment	44,266,754
Automobiles and trucks	5,387,472
Furniture and fixtures	317,413
Leasehold improvements	14,994
	49,986,633
Less accumulated depreciation and amortization	(19,293,551)
	30,693,082
Goodwill	201,530
Long-term deferred tax asset	102,793
Other assets	8,946
Total assets	$ 48,347,480

See notes to Financial Statements

	JUNE 30, 2006
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	
Trade accounts payable	$ 2,766,971
Accrued liabilities	828,528
Billings in excess of costs and estimated earnings on uncompleted contracts	2,543,235
Federal and state income taxes payable	338,940
Current maturities of notes payable	4,723,872
Current portion of capital lease obligations	848,728
Total current liabilities	12,050,274
NOTES PAYABLE, less current maturities	3,714,561
CAPITAL LEASE OBLIGATIONS, less current portion	1,029,897
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; 15,752,321 shares issued	157,523
Additional paid-in capital	26,530,841
Retained earnings	6,221,175
Deferred stock based compensation	(1,099,468)
Treasury stock, at cost (37,803 shares)	(257,323)
	31,552,748
Total liabilities and shareholders' equity	$ 48,347,480

See notes to Financial Statements

TGC INDUSTRIES, INC.
STATEMENTS OF INCOME

	Three Months Ended June 30, (Unaudited) 2006	2005	Six Months Ended June 30, (Unaudited) 2006	2005
Revenue	$ 14,894,774	$ 7,193,981	$ 29,688,481	$ 12,947,724
Cost and expenses:				
Cost of services	8,380,445	3,851,867	16,140,591	7,298,355
Selling, general and administrative	708,901	585,231	1,355,203	924,625
Depreciation and amortization expense	2,183,091	521,801	3,902,970	1,026,733
	11,272,437	4,958,899	21,398,764	9,249,713
Income from operations	**3,622,337**	**2,235,082**	**8,289,717**	**3,698,011**
Interest expense	212,529	46,406	408,687	79,362
Income before income taxes	**3,409,808**	**2,188,676**	**7,881,030**	**3,618,649**
Income tax expense	(1,352,879)	(396,448)	(3,051,944)	(753,252)
NET INCOME	**2,056,929**	**1,792,228**	**4,829,086**	**2,865,397**
Less dividend requirements on preferred stock	—	(64,798)	—	(134,177)
Income allocable to common Shareholders	**$ 2,056,929**	**$ 1,727,430**	**$ 4,829,086**	**$ 2,731,220**
Earnings per common share:				
Basic	$ .13	$ .26	$ .31	$ .42
Diluted	$ .13	$ .14	$ .31	$ .22
Weighted average number of Shares outstanding:				
Basic	15,630,729	6,587,760	15,613,727	6,494,464
Diluted	15,749,472	13,074,983	15,735,948	12,960,583

See notes to Financial Statements

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

	Six Months Ended June 30, 2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,829,086	$ 2,865,397
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,902,970	1,026,733
Gain on disposal of property and equipment	(18,397)	(102,950)
Non-cash compensation	99,164	—
Deferred income taxes	(22,537)	—
Changes in operating assets and liabilities		
Trade accounts receivable	(220,896)	325,338
Cost and estimated earnings in excess of billings on uncompleted contracts	3,091,812	(89,842)
Prepaid expenses	526,340	(631,670)
Other assets	(734)	—
Trade accounts payable	802,305	889,854
Accrued liabilities	231,987	661,659
Billings in excess of cost and estimated earnings on uncompleted contracts	1,122,551	590,155
Federal and state income taxes	427,451	127,913

NET CASH PROVIDED BY OPERATING ACTIVITIES	14,771,102	5,662,587
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(9,351,643)	(2,453,729)
Purchase of assets of Highland Industries	(1,800,000)	—
Proceeds from sale of property and equipment	46,759	102,950
NET CASH USED IN INVESTING ACTIVITIES	(11,104,884)	(2,350,779)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of 8% Series C preferred stock	—	(36,750)
Principal payments on notes payable	(2,195,246)	(455,647)
Principal payments on capital lease obligations	(419,393)	(204,434)
Proceeds from exercise of stock options	19,999	50,000
Payment of dividends	(929)	(142,962)
NET CASH USED IN FINANCING ACTIVITIES	(2,595,569)	(789,793)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,070,649	2,522,015
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,499,409	1,829,904
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 10,570,058	$ 4,351,919
Supplemental cash flow information:		
Interest paid	$ 409,480	$ 79,362
Income taxes paid	$ 2,649,706	$ 635,579
Noncash investing and financing activities:		
Capital lease obligations incurred	$ 877,661	$ 255,458
Financed equipment purchase	$ —	$ 3,366,253
Financed insurance premiums	$ 1,625,148	$ —

See notes to Financial Statements

TGC INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
June 30, 2006

NOTE A — BASIS OF PRESENTATION

The accompanying unaudited 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-QSB. Accordingly, they do not include all of the financial information and footnotes required by generally accepted accounting principles for complete financial statements.

Certain amounts in the 2005 financial statements have been reclassified to conform with the 2006 presentation. These reclassifications had no effect on shareholders' equity or net income as previously reported.

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, 2005, filed on Form 10-KSB.

Effective January 1, 2006, the Company implemented Statement of Financial Accounting Standards (SFAS) No. 123R, "Share Based Payment" that requires compensation costs relating to share-based payments be recognized in our financial statements. The adoption of SFAS 123R was not material to our results of operations for the three and six months periods ended June 30, 2006.

NOTE C — EARNINGS PER SHARE

Basic earnings per common share are based upon the weighted average number of shares of common stock 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. The effect of preferred stock dividends on the amount of income available to common shareholders was $.01 for the three months ended June 30, 2005 and $.02 for the six months ended June 30 2005. All earnings per common share for the three and six-month periods ended June 30, 2006 and 2005 have been adjusted for the 5% stock dividend paid April 25, 2006 to shareholders of record as of April 11, 2006.

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

	Three Months Ended June 30, (Unaudited) 2006	Three Months Ended June 30, (Unaudited) 2005	Six Months Ended June 30, (Unaudited) 2006	Six Months Ended June 30, (Unaudited) 2005
Basic:				
Numerator:				
Net income	$ 2,056,929	$ 1,792,228	$ 4,829,086	$ 2,865,397
Less dividend requirements on preferred stock	—	(64,798)	—	(134,177)
Income allocable to common Stockholders	$ 2,056,929	$ 1,727,430	$ 4,829,086	$ 2,731,220
Denominator:				
Basic - weighted average common shares outstanding	15,630,729	6,587,760	15,613,727	6,494,464
Basic EPS	$ .13	$ .26	$ .31	$ .42
Diluted:				
Numerator:				
Income allocable to common Stockholders	$ 2,056,929	$ 1,727,430	$ 4,829,086	$ 2,731,220
Plus dividend requirements on preferred stock	—	64,798	—	134,177
Net income	$ 2,056,929	$ 1,792,228	$ 4,829,086	$ 2,865,397
Denominator:				
Weighted average common shares outstanding	15,630,729	6,587,760	15,613,727	6,494,464
Effect of Dilutive Securities:				
Warrants	25,061	3,539,753	24,777	3,515,763
Stock options	93,682	169,418	97,444	172,304
Convertible Preferred Stock	—	2,778,052	—	2,778,052
	15,749,472	13,074,983	15,735,948	12,960,583
Diluted EPS	$ .13	$ .14	$ .31	$ .22

NOTE D – DIVIDENDS

Holders of the Company's Series C 8% Convertible Exchangeable Preferred Stock ("Series C Preferred Stock") received, when declared by the Board of Directors of the Company, dividends at a rate of 8% per annum. The dividends were payable semi-annually during January and July of each year. At its regular meeting held on June 7, 2005, the Company's Board of Directors approved the redemption by the Company of all of its currently outstanding Series C Preferred Stock. The redemption price was $5.00 per share plus a premium of 40% per share (i.e., $2.00 per share). In addition, each share was entitled to receive the regular $.20 dividend that had accrued for the first half of the year. Thus, the redemption price was $7.20 per share. On June 30, 2005, the Company redeemed all 5,250 shares of its Series C Preferred Stock for $36,750 plus accrued dividends of $1,050.

Holders of the Company's 8-1/2% Senior Convertible Preferred Stock (the "Senior Preferred Stock") received, when, as and if declared by the Board of Directors of the Company, dividends at a rate of 8-1/2% per annum. The dividends were payable semi-annually during June and December of each year. The Company's Board of Directors approved a resolution providing for redemption of all of the outstanding Senior Preferred Stock upon the consummation of the public offering in October 2005. Under the terms of the resolution creating the Senior Preferred Stock, each share was redeemable at $1.75 per share, and each holder had an option to convert each share of Senior Preferred Stock into one share of common stock. All of the holders of Senior Preferred Stock elected to convert their shares of Senior Preferred Stock into shares of common stock in October of 2005.

On March 31, 2006, the Company announced a five percent (5%) stock dividend on its outstanding common stock. The 5% stock dividend was paid on April 25, 2006, to shareholders of record as of April 11, 2006. Cash in lieu of fractional shares in the amount of $929 was paid to shareholders based on the last sales price of the Company's common stock on the record date.

NOTE E – INCOME TAXES

At December 31, 2004, the Company had net operating loss carryforwards of approximately $4,980,000 available to offset future taxable income, which loss carryforwards expire at various dates through 2024. However, the net operating loss carryforwards became fully utilized by the end of 2005. As a result, the Company accrued for federal and various state income taxes during the first six months of 2006 at a rate of 38.7%. These taxes are reflected as a current tax expense on the statements of income. Deferred income taxes are determined using the liability method. In addition, the Company paid federal and various state estimated income taxes for tax year 2006, as well as various state income taxes for tax year 2005, during the first six months of 2006.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The following discussion and analysis should be read in conjunction with our financial statements and related notes thereto included elsewhere in this Form 10-QSB. 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-QSB should be read as applying to all related forward-looking statements wherever they appear in this Form 10-QSB. 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 those anticipated include those discussed under the heading "RISK FACTORS."

Overview

We are one of the leading providers of seismic data acquisition services in the continental U.S. We currently operate seven seismic data acquisition crews. Substantially all of our revenues are derived from the seismic data acquisition services that we provide to our customers, primarily major and independent oil and natural gas exploration and development companies in the continental U.S. Demand for our services depends upon the level of spending by these oil and natural gas companies for exploration, production, and development, which activities depend, in part, on oil and natural gas prices. Fluctuations in domestic oil and natural gas exploration activities and commodity prices have affected the demand for our services and our results of operations in years past and continue to have a significant impact on our business and results of operations.

Our return to profitability in 2003 after several years of losses was directly related to an increase in the level of exploration and development for domestic oil and natural gas. The increased level of exploration and development is a function of higher prices for oil and natural gas. As a result of the increase in domestic exploration spending, we have experienced an increased demand for our seismic data acquisition services.

We continue to focus on increasing revenues and profitability. Due to the fixed costs we incur, primarily consisting of depreciation, a non-cash item, maintenance expenses associated with seismic data acquisition equipment, and crew costs, we strive to maintain high utilization rates for our crews. While our revenues are mainly affected by the level of customer demand for our services, our revenues are also affected by the pricing for our services that we negotiate with our customers. As a result of the fixed cost structure of our business, our

profitability is affected by the level of productivity of our seismic data acquisition crews, including crew downtime related to inclement weather and unplanned equipment repairs or delays in acquiring land access permits. Consequently, our continued growth in revenues and improved profitability is, in part, due to our successful efforts to negotiate more favorable weather protection provisions in our service agreements with our customers, our ability to mitigate access permit delays, and our continued efforts to improve overall crew productivity by purchasing equipment that operates more efficiently in our markets. Although our customers may cancel their supplemental service agreements with us on short notice, we believe that we currently have sufficient contracts for all crews through 2006.

How We Generate Our Revenues

Our contracts are obtained either through competitive bidding or as a result of negotiations with customers. Contract terms offered by us are generally dependent on the complexity and risk of operations, energy source technique being used (vibroseis or dynamite), type of equipment, and the anticipated duration of the work to be performed. The majority of our contracts are typically subject to termination by the customer (with little or no penalty payable by the customer) upon 60 days advance written notice to us.

Contracts

Our seismic data acquisition general service agreements define certain obligations for us and for our customers. A supplemental agreement setting forth the terms of a specific project, which may be cancelled by either party on short notice, is entered into for every project. We currently operate under supplemental agreements that are either "turnkey" agreements providing for a fixed fee to be paid to us for each unit of data acquired, or "term" agreements providing for a fixed hourly, daily, or monthly fee during the term of the project or projects. Turnkey agreements generally provide us with greater profit potential, but involve more risks because of the potential of crew downtime or operational delays. Under the term agreements, we forego an increased profit potential in exchange for a more consistent revenue stream with improved protection from crew downtime or operational delays. We attempt to negotiate on a project-by-project basis some level of weather downtime protection within our agreements; however, we may still experience some risk due to inclement weather. Whenever possible, we strive to manage our crews and equipment as a portfolio, balancing the mix of turnkey and term contracts and the type of equipment we use.

Our contracts require either dynamite or vibroseis energy source techniques. We incur higher costs on our dynamite contracts than on our vibroseis contracts due to the costs of third parties that provide dynamite services. Since we recognize additional revenues equivalent to our third party costs, our EBITDA margins are lower on our dynamite contracts.

How We Manage Our Operations

Our management team uses a variety of tools to manage our operations. These tools include monitoring our: (1) seismic crew performance; (2) project scheduling calendar; (3) schedule of pending proposals; and (4) safety performance.

Seismic crew performance. We monitor crew performance on a daily basis by monitoring the production obtained by each crew on the previous day in relation to the type of geography, weather, and type of acquisition technique being employed, vibroseis or dynamite. This review allows us to monitor the profitability of turnkey contracts and reallocate resources, if necessary, to increase productivity. We expect our cost of services and selling, general, and administrative ("SG&A") expenses to increase as a percentage of revenues during periods in which we deploy additional crews, but decrease as a percentage of revenues as new crews become more efficient and higher revenues are generated.

Project scheduling calendar. Our management team reviews our project scheduling calendar on a daily basis. Monitoring this schedule allows management to schedule or reschedule projects to most efficiently utilize our resources. This continuous monitoring allows us to limit our crews' downtime between jobs and helps us effectively communicate with customers concerning the estimated start dates and completion dates of pending projects.

Schedule of pending proposals. We monitor, on a daily basis, our list of outstanding proposals. By monitoring this list, we are able to more effectively schedule our future projects and determine whether we need to follow up with the customer on any of the pending proposals.

Safety performance. Maintaining a strong safety record is a critical component of our operational success. Our field level management team holds a safety meeting every day to discuss any safety issues that arose the previous day. In an effort to maintain our historic levels of safety performance, we have engaged a safety specialist through our insurance agency to conduct our safety training courses and review our safety reports on a regular basis.

Our Growth Strategies

We believe that there are significant opportunities for us to increase our revenues and market position in the continental U.S. onshore seismic market by:

- Optimizing equipment and crew utilization;
- Maintaining our state-of-the-art technology position;
- Maintaining our efficient management structure;
- Managing the mix and terms of our contracts; and
- Maintaining a conservative balance sheet and disciplined capital spending program.

Results of Operations

Six Months Ended June 30, 2006 Compared to Six Months Ended June 30, 2005

Revenues. Our revenues were $29,688,481 for the six months ended June 30, 2006 compared to $12,947,724 for the same period of 2005, an increase of 129.3%. This increase in revenues was attributable to several factors, including operating six seismic data acquisition crews for six months and a seventh crew for two months in 2006 compared with three crews for the same period of 2005, increased demand for our services due to increased exploration and development activity by domestic oil and natural gas companies, price improvements and more favorable contract terms in our agreements with customers, and the increased productivity derived from our new ARAM ARIES recording systems. However, revenue was negatively impacted by the persistent rainfall that occurred in Kansas and south Texas during the months of May and June of 2006, affecting some of our crews operating in those regions.

Cost of services. Our cost of services was $16,140,591 for the six months ended June 30, 2006 compared to $7,298,355 for the same period of 2005, an increase of 121.2%. This increase was principally attributable to the increase in revenue in the first six months of 2006 compared to the same period of 2005. As a percentage of revenues, cost of services was 54.4% for the six months ended June 30, 2006 compared to 56.4% for the same period of 2005, a decrease of 2%. This decrease was attributable to several factors, including increased productivity attributable to our new ARAM ARIES recording systems, improved contract pricing, and favorable weather conditions experienced by the crews in the first quarter of 2006. However, cost of services were negatively impacted by the persistent rainfall that occurred in Kansas and south Texas during the months of May and June of 2006, affecting some of our crews operating in those regions.

Selling, general, and administrative. SG&A expenses were $1,355,203 for the six months ended June 30, 2006 compared to $924,625 for the same period of 2005, an increase of 46.6%. This increase was primarily attributable to additional expenses associated with additional selling and administrative personnel, additional compensation expense accrued for incentive bonuses, deferred stock based compensation, increased insurance costs, and additional expenses associated with the operation of seven crews by the end of the second quarter of 2006 compared to three crews during the same period of 2005. SG&A expense as a percentage of revenues decreased to 4.6% for the six months ended June 30, 2006 from 7.1% for the same period of 2005.

Depreciation and amortization expense. Depreciation and amortization expense was $3,902,970 for the six months ended June 30, 2006 compared to $1,026,733 for the same period of 2005, an increase of 280.1%. This increase was primarily attributable to depreciation and amortization expense associated with capital expenditures of $20,525,672 during 2005 compared with capital expenditures of $5,794,553 in 2004. Depreciation and amortization expense as a percentage of revenues was 13.1% for the six months ended June 30, 2006 compared to 7.9% for the same period of 2005.

Income from operations. Income from operations was $8,289,717 for the six months ended June 30, 2006 compared to $3,698,011 for the same period of 2005, an increase of 124.2%. This increase was primarily attributable to the increase in revenues and improvement in our cost of services expense, partially offset by increases in SG&A and depreciation and amortization expense. EBITDA increased $7,467,943 to $12,192,687 in the six months ended June 30, 2006 from $4,724,744 for the same period of 2005, an increase of 158.1%. This increase was a result of 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 $408,687 for the six months ended June 30, 2006 compared to $79,362 for the same period of 2005. This increase was primarily attributable to the debt incurred for the purchase of three new ARAM ARIES seismic recording systems, three new vibration vehicles, trucks for the additional crews and interest costs associated with the financing of insurance premiums.

Income tax expense. Income tax expense was $3,051,944 for the six months ended June 30, 2006 compared to $753,252 for the same period of 2005. At December 31, 2004, we had net operating loss carryforwards of approximately $4,980,000 available to offset future taxable income. Such carryforwards expire at various dates through 2024. The net operating loss carryforwards were depleted during 2005. See Note E of Notes to Financial Statements in Item 1.

Three Months Ended June 30, 2006 Compared to Three Months Ended June 30, 2005

Revenues. Our revenues were $14,894,774 for the three months ended June 30, 2006 compared to $7,193,981 for the same period of 2005, an increase of 107.0%. This increase in revenues was attributable to several factors including operating six seismic data acquisition crews for three months and a seventh crew for two months in 2006 compared with three crews for the same period of 2005, increased demand for our services due to increased exploration and development activity by domestic oil and natural gas companies, price improvements, and more favorable contract terms in our agreements with customers, and the increased productivity derived from our new ARAM ARIES recording systems. However, revenue was negatively impacted by the persistent rainfall that occurred in Kansas and south Texas during the months of May and June of 2006, affecting some of our crews operating in those regions.

Cost of services. Our cost of services was $8,380,445 for the three months ended June 30, 2006 compared to $3,851,867 for the same period of 2005, an increase of 117.6%. This increase was principally attributable to the increase in revenues in the second quarter of 2006 compared to the second quarter of 2005. As a percentage of revenues, cost of services was 56.3% for the three months ended June 30, 2006 compared to 53.5% for the same period of 2005, an increase of 2.8%. This increase was attributable to several factors including unfavorable weather conditions experienced by some of our crews in Kansas and south Texas during the months of May and June of 2006 and start-up costs of the seventh crew.

Selling, general, and administrative. SG&A expenses were $708,901 for the three months ended June 30, 2006 compared to $585,231 for the same period of 2005, an increase of 21.1%. This increase was primarily attributable to increased expenses associated with additional selling and administrative personnel, additional compensation expense accrued for incentive bonuses, deferred compensation costs, increased insurance costs, and additional expenses associated with the operation of seven crews during the second quarter of 2006 compared to three crews during the same period of 2005. SG&A expense as a percentage of revenues decreased to 4.8% for the three months ended June 30, 2006 from 8.1% for the same period of 2005.

Depreciation and amortization expense. Depreciation and amortization expense was $2,183,091 for the three months ended June 30, 2006 compared to $521,801 for the same period of 2005, an increase of 318.4%. This increase was primarily attributable to depreciation and amortization expense associated with capital expenditures of $20,525,672 during 2005 and $10,229,304 in the first six months of 2006 compared with capital expenditures of $5,794,553 in 2004 and $6,075,440 in the first six months of 2005. Depreciation and amortization expense as a percentage of revenues was 14.7% for the three months ended June 30, 2006 compared to 7.3% for the same period of 2005.

Income from operations. Income from operations was $3,622,337 for the three months ended June 30, 2006 compared to $2,235,082 for the same period of 2005, an increase of 62.1%. This increase was primarily attributable to the increase in revenues, partially offset by a decline in our gross margin percentage, increases in SG&A, and depreciation and amortization expense. EBITDA increased $3,048,545 to $5,805,428 for the three months ended June 30, 2006 from $2,756,883 for the same period of 2005, an increase of 110.6%. This increase was a result of 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 $212,529 for the three months ended June 30, 2006 compared to $46,406 for the same period of 2005. This increase was primarily attributable to the debt incurred for the purchase of three new ARAM ARIES seismic recording systems, three new vibration vehicles, trucks for the additional crews, and interest costs associated with the financing of insurance premiums.

Income tax expense. Income tax expense was $1,352,879 for the three months ended June 30, 2006 compared to $396,448 for the same period of 2005. At December 31, 2004, we had net operating loss carryforwards of approximately $4,980,000 available to offset future taxable income. Such carryforwards expire at various dates through 2024. The net operating loss carryforwards were depleted during 2005. 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, taxes, depreciation, and amortization.

The following table reconciles our EBITDA to our net income:

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
	(unaudited)		(unaudited)	
Net income	$ 2,056,929	$ 1,729,228	$ 4,829,086	$ 2,865,397
Depreciation and amortization	2,183,091	521,801	3,902,970	1,026,733

Interest expense	212,529	46,406	408,687	79,362
Income tax expense	1,352,879	396,448	3,051,944	753,252
EBITDA	$ 5,805,428	$ 2,756,883	$ 12,192,687	$ 4,724,744

General Trends and Outlook

We expect that the primary factor influencing demand for seismic data acquisition services in our industry will continue to be the level of exploration and development activity by oil and natural gas companies which, in turn, depends largely on current and anticipated oil and natural gas prices and depletion and consumption rates.

We believe that historical data and industry forecasts suggest an increasing demand for oil and natural gas coupled with a flat or declining production curve. This should result in the continuation, over the long term, of historically high oil and natural gas prices. We anticipate that oil and natural gas exploration and development companies will continue to respond to sustained increases in demand and declines in production by expanding their exploration activities and increasing their capital spending and need for seismic data acquisition services.

Liquidity and Capital Resources

Cash Flows

Cash flows from operating activities.

Net cash provided by operating activities was $14,771,102 for the six months ended June 30, 2006 compared to $5,662,587 for the same period of 2005. The $9,108,515 increase in the first six months of 2006 over the same period of 2005 was principally due to a $1,963,689 increase in net income, a $2,876,237 increase in depreciation and amortization expense, a $3,181,654 decrease in cost and estimated earnings in excess of billings on uncompleted contracts, and a $532,396 increase in billings in excess of cost and estimated earnings on uncompleted contracts partially offset by an increase in accounts receivable of $546,234. Significant components of net cash provided by operations are the changes, period over period, in accounts receivable, costs, and estimated earnings in excess of billings on uncompleted contracts, accounts payable, and billings in excess of costs and estimated earnings on uncompleted contracts. Accounts receivable decreased $325,338 in the first six months of 2005 to $1,329,746 and increased $220,896 in the first six months of 2006 to $4,680,740. These receivable fluctuations were primarily due to the timing of billings and collections. Costs and estimated earnings in excess of billings on uncompleted contracts increased $89,842 in the first six months of 2005 to $321,366 and decreased $3,091,812 in the first six months of 2006 to $594,072. These costs and estimated earnings in excess of billings on uncompleted contracts fluctuations were primarily due to the timing of the receipt of charges for costs applied to jobs and the recognition of job cost in cost of services. Accounts payable increased $889,854 in the first six months of 2005 to $1,631,636 and increased $802,305 in the first six months of 2006 to $2,766,971. These payable fluctuations were primarily due to the timing of receipt and payment of invoices. Billings in excess of costs and estimated earnings on uncompleted contracts increased $590,155 in the first six months of 2005 to $1,248,111 and increased $1,122,551 in the first six months of 2006 to $2,543,235. These billings in excess of costs and estimated earnings on uncompleted contracts fluctuations were primarily due to the increased level of activity and timing of billings and revenue recognition.

Working capital decreased $4,661,294 to $5,290,855 as of June 30, 2006 from the December 31, 2005 working capital of $9,952,149. This was principally due to a decrease in cost and estimated earnings in excess of billings on uncompleted contracts of $3,091,812, an increase in current maturities of notes payable of $1,165,351, and an increase in billings in excess of costs and estimated earnings on uncompleted contracts of $1,122,551.

Cash flows used in investing activities.

Net cash used in investing activities was $2,350,779 for the six months ended June 30, 2005 and $11,104,884 for the six months ended June 30, 2006. This increase was due primarily to an increase in capital expenditures of $6,897,914, the purchase of the assets of Highland Industries for $1,800,000, and a decrease in the proceeds from the sale of equipment of $56,191.

Cash flows used in financing activities.

Net cash used in financing activities was $789,793 for the six months ended June 30, 2005 and $2,595,569 for the six months ended June 30, 2006. The increase was due primarily to an increase in the amount of principal payments on our outstanding notes payable of $1,739,599 and an increase in the amount of principal payments on capital lease obligations of $214,959.

Capital expenditures.

During the six months ended June 30, 2006, capital expenditures of $9,351,643 were used to acquire additional seismic equipment and vehicles. Major capital expenditures included approximately $2,992,000 for nine new vibration vehicles ordered in September of 2005, approximately $2,274,000 for a new ARAM ARIES recording system for our seventh seismic acquisition field crew that was deployed in late April 2006, and approximately $173,000 for additional GPS surveying equipment for our survey crews. In January of 2006, we entered into an equipment sales contract to purchase seven new buggy mounted vibration vehicles at a cost of approximately $2,325,000. We anticipate delivery of these units during the third quarter of 2006. In addition, in April of 2006, we entered into equipment sales contracts to purchase eight new buggy mounted vibration vehicles at a cost of approximately $2,657,480. We anticipate delivery of these units during the fourth quarter of 2006. At a recent meeting, our Board of Directors approved increasing capital expenditures to $15 million for 2006 (above our previously announced number of $10 million for the year).

Capital Resources

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

During a period beginning in 1999 and ending in 2003, we did not have adequate financial strength to obtain from independent sources the financing needed to enable us to sustain our operations. With no other financial sources available, on several different occasions during this period of time, certain of our directors both made direct loans to us and agreed to provide us with needed lines of credit. In connection with these loans and lines of credit, we issued stock purchase warrants. When we completed a public offering of our common stock in October of 2005, we used a portion of the proceeds received to purchase from these directors all of their stock purchase warrants which they had acquired for providing such financial accommodations. Financial advisors to the Company had suggested that this would simplify the Company's capitalization, thereby allowing investors to better understand the Company's earnings per share calculations. The purchase price of each of these warrants was equal to the public offering price of the Company's common stock less the total of the exercise price of each warrant and each warrant's proportionate share of the underwriting discounts and commissions (such proportionate share being based on the "in the money" value of each warrant).

In April of 2005, we entered into a revolving credit agreement with a commercial bank. On September 16, 2005, we amended our revolving credit agreement under which we may borrow, repay, and re-borrow, from time to time until September 2006, up to $3,500,000. 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 a rate of prime plus 1.0%. The agreement provides for non-financial and financial covenants, including a minimum debt to worth ratio of 1 to 1.50 and a minimum liquidity of $500,000. As of June 30, 2006, we had no borrowings outstanding under the revolving credit agreement.

In October of 2001, the Company entered into a three-year operating lease for the Company's headquarters facility located in Plano, Texas. In April of 2004, the Company executed an addendum to its operating lease. The addendum extended the term of the lease until March 31, 2009, and increased the square footage of the office and outdoor storage area. In August of 2005, the Company entered into a 38-month operating lease for additional office and warehouse space in Plano, Texas. This operating lease will expire in October of 2008. In January of 2006, we entered into a 24-month operating lease for a sales office in Houston, Texas. This operating lease will expire in January of 2008. In July of 2006, the Company entered into a 65-month operating lease for 7,269 square feet of office space located in Plano, Texas. The Company will relocate its corporate offices to this facility.

Contractual Obligations

The following table summarizes payments due in specific periods related to our contractual obligations as of June 30, 2006:

Contractual Obligations	Payments Due by Period (1) Total	Within 1 Year	1-3 Years	3-5 Years	After 5 Years
	(In thousands)				
Operating lease obligations	$ 380	$ 145	$ 235	$ -0-	$ -0-
Debt Obligations	$ 8,438	$ 4,724	$ 3,714	$ -0-	$ -0-
Capital lease obligations	$ 1,879	$ 849	$ 1,030	$ -0-	$ -0-
Total	$ 10,697	$ 5,718	$ 4,979	$ -0-	$ -0-

(1) See "Capital Resources" above for a discussion of the contractual obligations we have incurred since December 31, 2005.

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 2006 capital expenditures through cash flow from operations, borrowings from commercial lenders, and the proceeds from our public offering completed in October 2005. 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.

Off-Balance Sheet Arrangements

As of June 30, 2006, 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-KSB for the fiscal year ended December 31, 2005. There have been no material changes to these policies during the first six months of 2006.

FORWARD-LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact included in this report regarding the Company's strategies and plans for growth are forward-looking statements. These forward-looking statements are often characterized by the terms "may," "will," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," and other words and terms of similar meanings and do not reflect historical facts. Although management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from such expectations are disclosed in the Company's Securities and Exchange Commission 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, and the availability of capital resources. 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.

RISK FACTORS

In addition to the "Risk Factors" discussed below and the other information set forth in this report, you should carefully consider the "Risk Factors" discussed in Part II, under "Item 6. Management's Discussion and Analysis of Plan of Operations" contained in our Annual Report on Form 10-KSB for the year ended December 31, 2005, which could materially affect our business, financial condition, or future results. The risks described in our Annual Report on Form 10-KSB are not the only risks facing our Company. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may materially adversely affect our business, financial condition, and/or operating results.

We have a history of losses, and we may incur losses again.

Although we reported net income of approximately $4,829,000 for the six months ended June 30, 2006, we have a history of losses with only three profitable years since 1998. For the year 2005, we had net income (before dividend requirements on preferred stock) of approximately $6,200,000; for the year 2004, we had net income (before dividend requirements on preferred stock) of approximately $2,868,000; and for the year 2003, we had net income (before dividend requirement on preferred stock) of approximately $555,000. Our ability to be profitable in the future will depend on many factors beyond our control, but primarily on the level of demand for land-based seismic data acquisition services by oil and natural gas exploration and development companies. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Prior to 2005, we had not paid a significant amount of income taxes due to our net operating loss carryforwards. However, we utilized all of our net operating loss carryforwards in 2005, which resulted in our paying federal and state income taxes in 2005.

Our revenues and operating results can be expected to fluctuate from period to period.

Our revenues, operating results, and profitability may fluctuate from period to period. These fluctuations are attributable to the level of new business in a particular period, the timing of the initiation, progress or cancellation of significant projects, higher revenues and expenses on our dynamite contracts, and costs we incur to train new crews we may add in the future to meet increased customer demand. Fluctuations in our operating results may also be affected by other factors that are outside of our control such as permit delays, weather delays and crew productivity. Oil and natural gas prices are at record highs, and have resulted in increasing demand for our services. There can be no assurance that high prices will continue. The demand for our services will be adversely affected by a significant reduction in oil and natural gas prices. Since our business has high fixed costs, the negative effect of one or more of these factors could trigger wide variations in our operating revenues, EBITDA margin and profitability from quarter to quarter, which render quarter to quarter comparisons unreliable

as an indicator of performance. Due to the factors discussed above, you should not expect sequential growth in our quarterly revenues and profitability.

We are dependent upon significant customers.

We derive a significant amount of our revenues from a small number of oil and natural gas exploration and development companies. During 2005, our two largest customers accounted for approximately 22.1% of revenues. While our revenues are derived from a concentrated customer base, our significant customers may vary between years. If we lose one or more major customers in the future, or if one or more customers encounter financial difficulties, our business, financial condition and results of operations could be materially and adversely affected.

We are dependent on our management team and key employees and the loss of any of them could harm our business.

We have limited management depth with the result that the loss, whether by death, departure or illness, of Wayne A. Whitener, our President and Chief Executive Officer, or our other senior executives could have a material adverse effect on the ability of management to continue operations at the same level of efficiency. We have key man insurance on the life of our President and Chief Executive Officer so that, in the event of his untimely death, we would receive insurance proceeds of $1,000,000 under this policy.

Certain members of our management team are not subject to employment or non-competition agreements and may leave our employment at any time.

None of the members of our management team, other than our President and Chief Executive Officer, are subject to employment agreements or non-competition agreements. Therefore, any of these members of our management team could leave our employment upon little or no notice, which could have a material adverse effect on our management's ability to continue operations at the same level of effectiveness. Additionally, the lack of non-competition agreements would allow these members of our management team to immediately begin working for one of our competitors upon the termination of their relationship with us, which could have a negative impact on our strategic plan and our relationships with customers.

Certain of our core assets are pledged as collateral for short term notes that require large monthly payments.

Certain assets that are critical to our operations, including three of our ARAM ARIES recording systems, are pledged as collateral to our equipment lenders and could be subject to foreclosure in the event that we default on our indebtedness. We currently have debt obligations covering the purchase of three of our ARAM ARIES recording systems that require monthly payments between approximately $67,000 and $82,000 for the first ARAM ARIES recording system, between approximately $94,000 and $114,000 for the second ARAM ARIES recording system, and between approximately $106,000 and $130,000 for the third ARAM ARIES recording system, each over 36-month terms. Any decline in our operations could inhibit our ability to make these substantial monthly payments. In light of the short terms of these notes, a failure to make the monthly payments on these notes could cause our lenders to promptly foreclose on the assets securing these notes. The foreclosure of certain of our core assets securing these notes could severely limit our ability to continue operations.

We may be subject to liability claims that are not covered by our insurance.

Our business is subject to the general risks inherent in land-based seismic data acquisition activities. Our activities are often conducted in remote areas under dangerous conditions, including the detonation of dynamite. These operations are subject to risks of injury to personnel and equipment. Our crews are mobile, and equipment and personnel are subject to vehicular accidents. These risks could cause us to experience equipment losses, injuries to our personnel and interruptions in our business.

In addition, we could be subject to personal injury or real property damage claims in the normal operation of our business. Such claims may not be covered under the indemnification provisions in our general service agreements to the extent that the damage is due to our negligence, gross negligence or intentional misconduct.

We do not carry insurance against certain risks that we could experience, including business interruption resulting from equipment maintenance or weather delays. We obtain insurance against certain property and personal casualty risks and other risks when such insurance is available and when our management considers it advisable to do so. Currently we maintain employers liability coverage with limits of $1,000,000 per accident and $2,000,000 in aggregate, commercial general liability coverage of $1,000,000 per accident and $2,000,000 in aggregate, pollution liability coverage of $1,000,000 per accident and $2,000,000 in aggregate, and automobile liability coverage with a $1,000,000 combined single limit and a $10,000,000 umbrella policy. Our general service agreements require us to have specific amounts of insurance. There can be no assurance, however, that any insurance obtained by us will be adequate to cover any losses or liabilities, or that this insurance will continue to be available or available on terms which are acceptable to us. Liabilities for which we are not insured, or which exceed the policy limits of our applicable insurance, could have a materially adverse effect on us.

We derive all of our revenues from companies in the oil and natural gas exploration and development industry, a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices.

Any prolonged reduction in the overall level of exploration and development activities, whether resulting from changes in oil and natural gas prices or otherwise, can adversely impact us in many ways by negatively affecting:

- our revenues, cash flows and profitability;
- our ability to maintain or increase our borrowing capacity;
- our ability to obtain additional capital to finance our business and the cost of that capital; and
- our ability to attract and retain skilled personnel whom we would need in the event of an upturn in the demand for our services.

Worldwide political, economic and military events have contributed to oil and natural gas price volatility and are likely to continue to do so in the future. Depending on the market prices of oil and natural gas, oil and natural gas exploration and development companies may cancel or curtail their drilling programs, thereby reducing demand for our services. Oil and natural gas prices have been volatile historically and, we believe, will continue to be so in the future. Many factors beyond our control affect oil and natural gas prices, including:

- the cost of exploring for, producing and delivering oil and natural gas;
- the discovery rate of new oil and natural gas reserves;
- the rate of decline of existing and new oil and natural gas reserves;
- available pipeline and other oil and natural gas transportation capacity;
- the ability of oil and natural gas companies to raise capital;
- actions by OPEC (the Organization of Petroleum Exporting Countries);
- political instability in the Middle East and other major oil and natural gas producing regions;
- economic conditions in the U.S. and elsewhere;
- domestic and foreign tax policy;
- weather conditions in the U.S. and elsewhere;
- the pace adopted by foreign governments for the exploration, development and production of their national reserves;

- the price of foreign imports of oil and natural gas; and
- the overall supply and demand for oil and natural gas.

Our industry has recently experienced shortages in the availability of equipment. Any difficulty we experience replacing or adding equipment could adversely affect our business.

We may not be able to acquire equipment to replace our existing equipment or add additional equipment. The high demand for the services that we provide has decreased the supply of geophysical equipment, resulting in extended delivery dates on orders of new equipment. Any delay in obtaining equipment could delay the implementation of additional crews and restrict the productivity of our existing crews. Although we have ordered fifteen vibration vehicles to be delivered in the third and fourth quarters of 2006, the acquisition of these additional units could be delayed for several months due to the high demand for them. A delay in obtaining equipment essential to our operations could have a material adverse effect on our operations.

RECENT EVENTS

In July of 2006, the Company entered into a 65-month operating lease for 7,269 square feet of office space located in Plano, Texas. The Company will relocate its corporate offices to this facility.

ITEM 3. CONTROLS AND PROCEDURES.

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Principal Financial and Accounting Officer, the Company performed an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of June 30, 2006. Based upon that evaluation, the Chief Executive Officer and Principal Financial and Accounting Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that material information relating to the Company and its consolidated subsidiaries will be received by them from others within those entities (particularly during the period in which this quarterly report was being prepared).

There were no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company continues to take action to assure compliance with the internal controls, disclosure controls, and other requirements of the Sarbanes-Oxley Act of 2002. Our management, including our Chief Executive Officer and Principal Financial and Accounting Officer, cannot guarantee that our internal controls and disclosure controls will prevent all possible errors or all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no system of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On December 28, 2004, one of our employees was killed in a work-related accident. On July 11, 2005, the deceased employee's widow filed suit against us in a state court in Harris County, Texas, seeking monetary damages. During a mediation process in March of 2006, the lawsuit was settled. The cost of the settlement is being borne by our insurance carrier. As a result, we do not believe that the ultimate outcome will have a material effect on our financial results. However, this settlement will require approval by a guardian ad litem appointed for the benefit of a minor of the deceased.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES. – None.

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

Our annual meeting of shareholders was held on June 6, 2006. The following matters were voted upon and approved by the Company's shareholders:

a. Election to the Board of Directors of Messrs. William J. Barrett and Edward L. Flynn was approved by the shareholders by a majority vote of 11,653,476 to 1,740,438, Mr. Allen T. McInnes was elected to the Board of Directors by a majority vote of 11,652,359 to 1,741,555, Mr. Herbert M. Gardner was elected to the Board of Directors by a majority vote of 13,328,448 to 65,466, Mr. William C. Hurtt, Jr. was elected to the Board of Directors by a majority vote of 13,328,848 to 65,066 and Mr. Wayne A. Whitener was elected to the Board of Directors by a majority vote of 10,794,166 to 2,599,748.

b. The 2006 Stock Awards Plan was approved by the shareholders by a majority vote of 8,713,055 to 301,232, with 731,487 abstaining.

c. Ratification of the selection of the Company's independent registered public accounting firm, Lane Gorman Trubitt, L.L.P., was approved by the shareholders by a majority vote of 13,332,511 to 45,113, with 1,990 abstaining.

ITEM 5. OTHER INFORMATION. – None.

ITEM 6. EXHIBITS.

The following exhibits are included herein:

EXHIBIT NO.	DESCRIPTION

*31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*Filed herewith.

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: August 11, 2006

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

Date: August 11, 2006

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

EXHIBITS INDEX

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*32.2	Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*Filed herewith.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Wayne A. Whitener, Chief Executive Officer of TGC Industries, Inc. certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and we 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 quarterly report is being prepared;

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

   c) 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 that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

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 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: August 11, 2006

/s/ Wayne A. Whitener

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

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Kenneth W. Uselton, Principal Financial Officer of TGC Industries, Inc. certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and we 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 quarterly report is being prepared;

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

   c) 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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 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: August 11, 2006

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

EXHIBIT 32.1

Certification of
Chief Executive Officer
of TGC Industries, Inc. 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 (18 U.S.C. 1350) and accompanies the quarterly report on Form 10-QSB (the "Form 10-QSB") for the quarter ended June 30, 2006 of TGC Industries, Inc. (the "Company"). I, Wayne A. Whitener, the Chief Executive Officer of the Company, certify that, to the best of my knowledge:

(1) The Form 10-QSB 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-QSB 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-QSB.

Dated: August 11, 2006

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

The foregoing certification is being furnished as an exhibit to the Form 10-QSB pursuant to Item 601(b)(32) of Regulation S-B 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-QSB 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
Principal Financial and Accounting Officer
of TGC Industries, Inc. 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 (18 U.S.C. 1350) and accompanies the quarterly report on Form 10-QSB (the "Form 10-QSB") for the quarter ended June 30, 2006 of TGC Industries, Inc. (the "Company"). I, Kenneth W. Uselton, Principal Financial and Accounting Officer of the Company, certify that, to the best of my knowledge:

(1) The Form 10-QSB 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-QSB 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-QSB.

Dated: August 11, 2006

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

The foregoing certification is being furnished as an exhibit to the Form 10-QSB pursuant to Item 601(b)(32) of Regulation S-B 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-QSB 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.