

U.S. SECURITIES AND EXCHANGE  
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, 2004.

☐ 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

75074

(Address of principal executive offices)

(Zip Code)

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

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

Yes ☒ No ☐

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

Class  
Common Stock (\$.01 Par Value)

Outstanding at October 29, 2004  
5,773,548

PART I -- FINANCIAL INFORMATION

ITEM 1 -- FINANCIAL STATEMENTS

Incorporated herein is the following unaudited financial information:

Balance Sheet as of September 30, 2004.

Statements of Income for the three and nine month periods ended September 30, 2004 and 2003.

Statements of Cash Flows for the nine-month periods ended September 30, 2004 and 2003.

Notes to Financial Statements.

TGC INDUSTRIES, INC.  
BALANCE SHEET  
(UNAUDITED)

SEPTEMBER 30,  
2004

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$2,252,565
Trade accounts receivable	3,867,291
Cost and estimated earnings in excess of billings on uncompleted contracts	324,099
Prepaid expenses and other	114,483
Total current assets	6,558,438

PROPERTY AND EQUIPMENT - at cost

Machinery and equipment	13,512,861
Automobiles and trucks	1,377,182
Furniture and fixtures	342,549
Other	18,144
	15,250,736
Less accumulated depreciation and amortization	(13,021,990)
	2,228,746

OTHER ASSETS 3,395

Total assets \$8,790,579  
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See notes to Financial Statements

BALANCE SHEET -- CONTINUED  
(UNAUDITED)

SEPTEMBER 30,  
2004

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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Trade accounts payable	\$2,355,403
Accrued liabilities	119,699
Billings in excess of costs and estimated earnings on uncompleted contracts	1,646,188
Current maturities of notes payable	105,763
Current portion of capital lease obligations	58,787
Total current liabilities	4,285,840

NOTES PAYABLE, less current maturities -

CAPITAL LEASE OBLIGATIONS, less current portion 326,847

COMMITMENTS AND CONTINGENCIES -

STOCKHOLDERS' EQUITY

Preferred stock, \$1.00 par value; 4,000,000 shares authorized: 8-1/2% Senior convertible preferred stock; 3,024,264 shares issued and outstanding	3,024,264
8% Series C convertible exchangeable preferred stock; 1,150,350 shares issued, 55,100 shares outstanding	55,100
Common stock, \$.01 par value; 25,000,000 shares authorized; 5,790,492 shares issued	57,905
Additional paid-in capital	6,585,537
Accumulated deficit	(5,329,600)
Treasury stock, at cost (31,944 shares)	(215,314)
	4,177,892

Total liabilities and stockholders' equity \$8,790,579

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See notes to Financial Statements

TGC INDUSTRIES, INC.  
STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	(Unaudited)		(Unaudited)	
	2004	2003	2004	2003
Revenue	\$6,872,740	\$2,099,890	\$14,626,809	\$6,537,096
Cost of services	5,490,245	1,725,389	11,349,273	5,532,444
Selling, general, administrative	311,019	245,616	887,894	696,353
Interest expense	6,546	2,109	14,948	6,487
	5,807,810	1,973,114	12,252,115	6,235,284
INCOME FROM OPERATIONS BEFORE INCOME TAXES	1,064,930	126,776	2,374,694	301,812
Income tax expense current	27,266	-	27,266	-
NET INCOME	1,037,664	126,776	2,347,428	301,812
Less dividend requirements on preferred stock	78,815	76,703	238,246	225,291
INCOME ALLOCABLE TO COMMON STOCKHOLDERS	\$958,849	\$50,073	\$2,109,182	\$76,521
Income per common share:				
Basic	\$ .17	\$ .01	\$ .37	\$ .01
Diluted	\$ .09	\$ .01	\$ .20	\$ .01
Weighted average number of common shares:				
Basic	5,736,370	5,515,064	5,719,500	5,515,064
Diluted	12,185,570	5,515,064	12,007,429	5,515,064

See notes to Financial Statements

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

	Nine Months Ended September 30,	
	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$2,347,428	\$301,812
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	690,666	1,082,525
Directors fees	11,512	-
Warrants issued for services	7,599	-
Gain on disposal of property and equipment	(1,250)	(9,349)
Changes in operating assets and liabilities		
Trade accounts receivable	(3,069,837)	161,749
Cost and estimated earnings in excess of billings on uncompleted contracts	(293,605)	23,001
Prepaid expenses and other	(8,161)	1,868
Other assets	1,429	-
Trade accounts payable	2,235,254	40,668
Accrued liabilities	14,392	48,699
Billings in excess of cost and estimated earnings on uncompleted contracts	1,350,209	(747,098)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,285,636</b>	<b>903,875</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(1,636,126)	(141,051)
Proceeds from sale of property and equipment	1,250	9,349
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,634,876)</b>	<b>(131,702)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(147,811)	-
Proceeds from exercise of stock options	15,825	
Principal payments on notes payable	(169,304)	(132,827)
Principal payments on capital lease obligations	(122,126)	(113,275)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(423,416)</b>	<b>(246,102)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,227,344</b>	<b>526,071</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>1,025,221</b>	<b>523,120</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$2,252,565</b>	<b>\$1,049,191</b>
	=====	=====
Supplemental cash flow information		
Interest paid	\$14,948	\$4,378
Income taxes paid	\$27,266	\$ -
Noncash investing and financing activities		
Capital lease obligations incurred	\$312,557	\$48,460
Financed equipment purchase	\$176,094	\$ -

At the election of the Senior Preferred Stockholder, 118,265 and 123,291 shares of 8.5% Senior Preferred Stock were issued to the Senior Preferred Stockholder as payment for the June 1, 2003 and December 1, 2003 dividends, respectively.

See notes to Financial Statements

TGC INDUSTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
September 30, 2004

NOTE A -- BASIS OF PRESENTATION

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

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, 2003 filed on Form 10-KSB.

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 stockholders was \$.01 for the three months ended September 30, 2004 and 2003, and \$.04 for the nine months ended September 30, 2004 and 2003.

Outstanding warrants that were not included in the diluted calculation because their effect would be anti-dilutive totaled 3,100,000 for the three and nine-month periods ended September 30, 2003. Outstanding options that were not included in the diluted calculation because their effect would be anti-dilutive totaled 222,100 for each of the three and nine-month periods ended September 30, 2003.



TGC INDUSTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)  
September 30, 2004

NOTE C - EARNINGS PER SHARE - (Continued)

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 September 30,		Nine Months Ended September 30,	
	(Unaudited)		(Unaudited)	
	2004	2003	2004	2003
Basic:				
Numerator:				
Net income	\$1,037,664	\$126,776	\$2,347,428	\$301,812
Less dividend requirements on preferred stock	(78,815)	(76,703)	(238,246)	(225,291)
Income allocable to common stockholders	\$958,849	\$50,073	\$2,109,182	\$76,521
Denominator:				
Basic - weighted average common shares outstanding	5,736,370	5,515,064	5,719,500	5,515,064
Basic EPS	\$ .17	\$ .01	\$ .37	\$ .01
Diluted:				
Numerator:				
Income allocable to common stockholders	\$958,849	\$50,073	\$2,109,182	\$76,521
Plus dividend requirements on preferred stock	78,815	76,703	238,246	225,291
Net income	\$1,037,664	\$126,776	\$2,347,428	\$301,812
Denominator:				
Weighted average common shares outstanding	5,736,370	5,515,064	5,719,500	5,515,064
Effect of Dilutive Securities:				
Warrants	3,155,856	-	3,039,429	-
Stock options	131,330	-	86,486	-
Convertible Preferred Stock	3,162,014	-	3,162,014	-
	12,185,570	5,515,064	12,007,429	5,515,064
Diluted EPS	\$ .09	\$ .01	\$ .20	\$ .01

NOTE D - DIVIDENDS

Holders of the Company's Series C 8% Convertible Exchangeable Preferred Stock ("Series C Preferred Stock") will receive, when, as and if declared by the Board of Directors of the Company, dividends at a rate of 8% per annum. The dividends are payable semi-annually during January and July of each year. At September 30, 2004, cumulative dividends of \$121,220 were in arrears on the Company's Series C Preferred Stock.

Holders of the Company's 8-1/2% Senior Convertible Preferred Stock (the "Senior Preferred Stock") will receive, 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 are payable semi-annually during June and December of each year. Dividends paid during 2000 on the Senior Preferred Stock were paid in additional shares of Senior Preferred Stock, in accordance with the terms of the Statement of Resolution Establishing the Senior Preferred Stock. In addition, the holders elected to receive payment of the 2001, 2002 and 2003 dividends in additional shares of Senior Preferred Stock. A cash dividend of \$147,811 was paid to the Senior Preferred Shareholders in June 2004. At September 30, 2004, there were no dividends in arrears on the Company's Senior Preferred Stock.

NOTE E - INCOME TAXES

At December 31, 2003, the Company had net operating loss carryforwards of approximately \$7,900,000 available to offset future taxable income, which expire at various dates through 2023. Current year federal taxable income is being offset with net operating loss carryforwards. However, in September 2004, the Company paid approximately \$11,500 of federal alternative minimum tax and \$15,766 of income taxes to various states. These taxes are reflected as current tax expense on the statements of income. Presently deferred tax assets are fully reserved.

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

RESULTS OF OPERATIONS

The Company experienced an increase in demand for its services in late 2003 and secured a sufficient number of contracts to keep two seismic crews employed during the first half of 2004. In June 2004, the Company deployed its third seismic crew. As a result, TGC reported net income (before dividend requirements on preferred stock) of \$2,347,428 on revenue of \$14,626,809, for the nine month period ended September 30, 2004 compared with net income (before dividend requirements on preferred stock) of \$301,812 on revenue of \$6,537,096 for the same period of 2003. Income per common share (after the provision for preferred stock dividends) on a basic and diluted basis, was \$.37 and \$.20, respectively, for the nine month period ended September 30, 2004, compared with net income per common share, on a basic and diluted basis, of \$.01 for the same period of 2003. At December 31, 2003, TGC had net operating loss carryforwards of approximately \$7,900,000 available to offset future taxable income, which expire at various dates through 2023. As a result, the basic and diluted earnings per common share for the three and nine months ended September 30,

2004, were based on net income that included only deductions for federal alternative minimum tax and various state income taxes. See Note E.

TGC reported net income (before dividend requirements on preferred stock) of \$1,037,664 on revenue of \$6,872,740, for the three month period ended September 30, 2004 compared with net income (before dividend requirements on preferred stock) of \$126,776 on revenue of \$2,099,890 for the same period of 2003. Income per common share (after the provision for preferred stock dividends) on a basic and diluted basis, was \$.17 and \$.09, respectively, for the three month period ended September 30, 2004, compared with net income per common share, on a basic and diluted basis, of \$.01 for the same period of 2003.

The number of common shares used in the income per share computation for the three and nine month periods ended September 30, 2003 do not include any common shares issuable for stock options and warrants because the exercise price of such options and warrants exceeded the average market price of the common stock and the effect of their inclusion would therefore be anti-dilutive.

During 2004, oil and gas exploration companies have continued to increase the level of activity in their domestic oil and gas exploration programs. As a result, TGC has secured a sufficient number of contracts to keep its three seismic crews employed for the remainder of 2004 thereby improving its performance during 2004 compared with 2003. Though there can be no assurance, should this increased level of activity in the industry continue, management believes TGC may secure enough contracts to enable the Company to keep its three seismic crews employed for 2005.

As a result of the deployment, in June 2004, of our third seismic crew and to better meet the needs of our clients, on October 22, 2004, TGC completed a loan transaction with a lender for the purpose of providing funds for the purchase of a new ARAM Aries recording system. This new state-of-the-art system will enable a crew to record data faster thereby increasing its productivity as well as freeing up currently owned equipment for TGC's other two crews. TGC used internally generated funds to make a down payment to the seller in the amount of \$421,085 with the \$2,386,649 balance of the purchase price financed by the lender. The loan is repayable over a period of thirty-six months at a fixed per annum simple interest rate of 6.85%. The loan is collateralized by the new recording system equipment and the recording truck and two semi-trailers that will be used to transport the newly purchased equipment between jobs.

Non-cash charges for depreciation and amortization were \$690,666 in the first nine months of 2004 compared with \$1,082,525 for the same period of 2003.

At a September 24, 2004 meeting, the Company's Board of Directors, in an effort to avoid the continuing administrative costs associated with such a small number of shares of Series C Preferred Stock outstanding (58,100), voted to reduce the conversion price of the Series C Preferred Stock from \$6.00 to \$2.00 per share of Common Stock for a period beginning on September 24, 2004 and ending on January 31, 2005, with the understanding and agreement of each converting holder of the Series C Preferred Stock that, in accepting such reduced conversion price, each such holder will be deemed to have agreed to offset the benefit of such price reduction against whatever amount of accrued dividends may be owing to such holder as of the conversion date. As a result, a current holder of the Series C Preferred Stock will be able to convert each share of such Preferred Stock into 2.5

shares of Common Stock. Full conversion of the Series C Preferred Stock will result in the issuance of 145,250 additional shares of the Company's Common Stock.

#### FINANCIAL CONDITION

Cash of \$3,285,636 was provided by operations during the first nine months of 2004 compared with cash provided by operations of \$903,875 for the same period of 2003. This increase was primarily the result of the increase in net income and the increasing level of activity in the first nine months of 2004 compared with the same period of 2003. During the first nine months of 2004, capital expenditures for additional vehicles and seismic equipment of \$1,636,126, offset by proceeds from the sale of vehicles of \$1,250, resulted in net cash of \$1,634,876 being used in investing activities. Dividend payments to the Senior Preferred Shareholders of \$147,811, principal payments of notes payable of \$169,304, and principal payments of capital lease obligations of \$122,126, offset by proceeds from the exercise of stock options of \$15,825 resulted in net cash of \$423,416 being used in financing activities during the first nine months of 2004. TGC anticipates that available funds, together with anticipated cash flows generated from future operations, will be sufficient to meet TGC's minimum lease and note payment obligations.

In September 2002, TGC issued 1,500,000 stock warrants to certain directors in exchange for a line of credit, that expired December 31, 2002, in an amount up to \$300,000. The warrants cover 1,500,000 shares of Common Stock, expire on September 10, 2012, and are exercisable at \$.20 per whole share. During September 2002, TGC borrowed \$150,000 of the available funds. The promissory notes, which bore interest at 6.75% per annum, were paid in full during December 2002 and January 2003.

In March 2003, the same group of directors committed to provide a line of credit up to \$300,000 through December 31, 2003. Warrants covering 750,000 shares of Common Stock were issued in consideration for the commitment to provide the line of credit. The warrants expire on June 12, 2013, and are exercisable at \$.20 per whole share. The Company had no borrowings against the line of credit in 2003.

Working capital increased \$946,004 to \$2,272,598 at September 30, 2004 from the December 31, 2003, working capital of \$1,326,594. The Company's current ratio was 1.5 at September 30, 2004, compared with 3.1 at December 31, 2003. Stockholders' equity increased \$2,234,553 to \$4,177,892 at September 30, 2004 from the December 31, 2003 balance of \$1,943,339. This increase was primarily attributable to the net income, before dividend requirements on preferred stock, of \$2,347,428 offset by dividends paid to the Senior Preferred Shareholders of \$147,811.

During the third quarter of 2004, to support future growth of the Company, a \$500,000 revolving bank line of credit was secured from a major bank. The line of credit bears interest at prime plus 1.0%, expires on August 2, 2005, and is collateralized by accounts receivable. As of September 30, 2004, the Company had no borrowings against the revolving line of credit.

Management believes, although there can be no assurance, that available funds, together with anticipated cash flows generated from future operations and amounts available under its recently secured revolving line of credit will be sufficient to meet the Company's cash needs during the balance of 2004 and the year 2005.

## Forward-Looking Statements

This report contains forward-looking statements which reflect the view of Company's management with respect to future events. Although management believes that the expectations reflected in such forward-looking statements are reasonable; it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from such expectations are disclosed in the Company's Securities and Exchange Commission filings, and include, 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.

## ITEM 3. CONTROLS AND PROCEDURES

As of the end of the period covered by this quarterly report, the Company carried out an evaluation, 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, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15(b) and 15d-15(b). 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. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls during the Company's last fiscal quarter.

## PART II - OTHER INFORMATION

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

a. The following is a list of exhibits to this Form 10-QSB:

- 31.1 Certification of Chief Executive Officer of TGC Industries, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Treasurer (Principal Financial and Accounting Officer) of TGC Industries, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer of TGC Industries, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Treasurer (Principal Financial and Accounting Officer) of TGC Industries, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b. Reports on Form 8-K:

One (1) report under Item 5 of Form 8-K was filed during the reporting period, as follows:

1. A Report on Form 8-K was filed on July 28, 2004, to report the Company's issuance of a press release reporting its results for the second quarter of 2004.

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 10, 2004      /s/ Wayne A. Whitener  
Wayne A. Whitener  
President & Chief  
Executive Officer  
(Principal Executive Officer)

Date: November 10, 2004      /s/ Kenneth W. Usselton  
Kenneth W. Usselton  
Treasurer (Principal Financial  
and Accounting Officer)

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 function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the

registrant's ability to record, process, summarize and report financial information; and

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

Date: November 10, 2004

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



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 function):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2004

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

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 September 30, 2004 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) 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.

Dated: November 10, 2004

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

Certification of  
Treasurer (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 September 30, 2004 of TGC Industries, Inc. (the "Company"). I, Kenneth W. Usselton, Secretary/Treasurer (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) 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.

Dated: November 10, 2004

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

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