

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 26, 1999

MITCHAM INDUSTRIES, INC.

(Exact name of registrant as specified in its Charter)

Texas

001-13490

76-0210849

(State or other Jurisdiction
of Incorporation)

(Commission File
Number)

(IRS Employer
Identification Number)

44000 Highway 75 South, Huntsville, Texas

77342

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (409) 291-2277

N/A

(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS

- (a) On April 26, 1999, due to a sharp decline in seismic activity and overall demand for the Company's services, the Company entered into a Termination Agreement with Input/Output, Inc. ("I/O") under which the parties terminated the Preferred Supplier Agreement they entered into effective June 30, 1998. Under the Preferred Supplier Agreement, the Company had agreed, among other things, to purchase an estimated \$90 to \$100 million (after discounts) of I/O equipment over a five-year term ending May 31, 2003. I/O had agreed, among other things, to refer to the Company all rental inquiries from its customers, and not to lease equipment covered by the I/O Agreement except in limited circumstances. As a result of the Termination Agreement, I/O is no longer restricted from competing with the Company in the short-term equipment leasing business, and may seek to more aggressively pursue lease and lease/purchase arrangements that would likely have been prohibited by the Preferred Supplier Agreement.
- (b) On April 28, 1999, the Company issued a press release with respect to the Termination Agreement. The press release is attached hereto as Exhibit 99.

ITEM 7.

FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

- (a) Financial Statements. Not Applicable.
- (b) Pro Forma Financial Information. Not Applicable.
- (c) Exhibits.

Exhibit Number	Description
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10	Termination Agreement, dated April 26, 1999, between the Company and I/O
99	Press Release dated April 28, 1999

SIGNATURES

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

MITCHAM INDUSTRIES, INC.

(Registrant)

DATED: May 5, 1999

By: /s/ Billy F. Mitcham, Jr.

Billy F. Mitcham, Jr.
President and Chief Executive Officer

EXHIBIT INDEX

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99	Press Release dated April 28, 1999

EXHIBIT 10

EXHIBIT 10

TERMINATION AGREEMENT AND RELEASE

THIS TERMINATION AGREEMENT AND RELEASE (the "Agreement") is entered into effective April 26, 1999, by and between Mitcham Industries, Inc. ("Mitcham"), having its principal place of business at 44000 Highway 75 South, Huntsville, Texas, and Input/Output, Inc. ("I/O"), having its principal place of business at 11104 W. Airport Blvd., Stafford, Texas, under the following circumstances:

Mitcham and I/O are parties to that certain Preferred Supplier Agreement (the "Supplier Agreement") dated June 30, 1998, under which Mitcham agreed to purchase from I/O stated minimum amounts of I/O equipment over the term of that agreement, on the terms and subject to the conditions specified therein. Since the parties entered into the Supplier Agreement, the energy services and seismic industries have experienced a dramatic unforeseen reduction in demand due to continued depressed oil prices. As a result, the parties now desire to terminate the Supplier Agreement and their obligations thereunder.

NOW, THEREFORE, in consideration of the covenants set forth in this Agreement and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. TERMINATION. The Supplier Agreement is hereby terminated and, as of the date of this Agreement, has no further force and effect except as specifically stated in this Agreement. Each party acknowledges that, as of and through the date of this Agreement, the other party is, and has at all times since the effective date of the Supplier Agreement been, in full compliance with its terms and conditions, and there has been no default by either party in the performance of its obligations thereunder. Mitcham further acknowledges that, as of the date of this Agreement, it has no exclusive leasing rights for I/O equipment.

2. CONTINUING OBLIGATIONS. With respect to seismic equipment manufactured by I/O that Mitcham purchased under the Supplier Agreement before the date of this Agreement (collectively, "Products"):

(a) I/O will continue to provide maintenance and repairs to such Products, at I/O's published rates in effect from time to time and

(b) Any and all warranties made by I/O with respect to such Products shall remain in full force and effect as originally made.

3. RELEASE. Each party hereby releases, acquits and forever discharges the other party, its directors, officers, shareholders, employees, agents, representatives, and successors-in-interest, and any other person claiming by, through, or under it, from any and all claims, causes of action, demands, charges liabilities, damages, costs and expenses arising out of the Supplier Agreement.

4. MISCELLANEOUS.

4.1 ENTIRE AGREEMENT. This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof, and fully supersedes any and all prior agreements or understandings between the parties with respect to such subject matter.

4.2 GOVERNING LAW. This Agreement shall be governed by, construed under and enforced and interpreted in accordance with the internal substantive laws of the State of Texas that applies to agreements to be made and performed solely in Texas, without giving effect to any conflicts or choice of laws principles that might otherwise apply.

4.3 MULTIPLE COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall be deemed the same instrument.

EXECUTED THIS 26th day of April, 1999.

INPUT/OUTPUT, INC.

MITCHAM INDUSTRIES, INC.

By: /s/ Rex Reavis

By: /s/ Billy F. Mitcham, Jr.

Name: Rex Reavis
Title: Vice President

Name: Billy F. Mitcham, Jr.
Title: President and Chief Executive Officer

EXHIBIT 99

EXHIBIT 99

PRESS RELEASE

FOR IMMEDIATE RELEASE CONTACT:

P. BLAKE DUPUIS
409-291-2277MITCHAM INDUSTRIES ANNOUNCES TERMINATION OF
PREFERRED SUPPLIER AGREEMENT WITH INPUT/OUTPUT, INC.

HUNTSVILLE, Texas (April 28, 1999) - Mitcham Industries, Inc. (NASDAQ: MIND) announced today that Mitcham and Input/Output, Inc. (NYSE: IO) have terminated their Preferred Supplier Agreement which called for, among other things, Mitcham Industries to purchase equipment from I/O and I/O to refer rental inquiries to Mitcham Industries. The Company said that substantial changes within its marketplace necessitated its decision to terminate the agreement.

Foremost among those changes is the sharp decline in seismic activity and overall equipment demand due to continued depressed oil and gas prices, reduced exploration budgets and consolidations of companies in the oil and gas industry. The Company said that recent increases in oil prices, while encouraging, have not yet countered these trends.

"Our immediate goal is to preserve the strength of our company throughout this downturn," said Billy F. Mitcham, Jr., Mitcham Industries' Chairman and CEO. "In view of the dramatic changes in our operating environment this past year, we believe it would be imprudent for our company to make substantial outlays for equipment that might well be idle for a considerable period of time."

"We remain committed to providing our customers with the finest seismic equipment available," Mitcham said. "And we have the most advanced seismic systems and related equipment on the market ready to meet their needs."

Commenting on the company's future relationship with Input/Output, Mitcham said, "We value our long-standing relationship with Input/Output and look forward to remaining a good customer in the future."

Mitcham Industries Inc. is the leading independent company specializing in the leasing of 3-D seismic equipment to the oil and gas industry. Mitcham also sells new and "experienced" seismic equipment.

M O R E

This press release contains forward-looking statements within the meaning of Section 27A of the Securities act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included herein, including statements regarding potential future demand for the company's products and services, the company's future financial position and results of operations, business strategy and other plans and objectives for future operations, are forward-looking statements.

Although the company 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 and actual results may differ materially from such forward-looking statements. Important factors that could cause or contribute to such differences include: uncertainty of the oil and gas industry and demand for services; dependence upon additional lease contracts; customer concentration and credit risk; industry consolidation; the risk of technological obsolescence of the company's lease fleet; vulnerability to weather conditions and seasonality of results; dependence upon suppliers; risks related to Year 2000 issues; and other factors which are disclosed in the company's Securities and Exchange Commission filings, available from the company without charge. Further, all written and verbal forward-looking statements attributable to the company or persons acting on its behalf are expressly qualified in their entirety by such factors.

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