
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

June 30, 2005 (June 27, 2005)
Date of Report (Date of earliest event reported)

Mitcham Industries, Inc.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation)

000-25142
(Commission
File Number)

76-0210849
(IRS Employer
Identification No.)

8141 SH 75 South, P.O. Box 1175, Huntsville, Texas 77342
(Address of principal executive offices) (Zip Code)

936-291-2277
(Registrant's telephone number, including area code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

TABLE OF CONTENTS

[Item 1.01 Entry into a Material Definitive Agreement](#)

[Item 9.01 Financial Statements and Exhibits](#)

[SIGNATURE](#)

[EXHIBIT INDEX](#)

[Loan Agreement dated June 27, 2005](#)

[Security Agreement dated June 27, 2005](#)

[Lease and Rental Assignment dated June 27, 2005](#)

[Promissory Note dated June 27, 2005](#)

[Press Release dated June 29, 2005](#)

Table of Contents

Item 1.01 Entry into a Material Definitive Agreement.

On June 27, 2005, Mitcham Industries, Inc. (the “Company”) entered into a loan agreement with First Victoria National Bank, providing a \$12.5 million senior secured revolving credit facility for general corporate purposes (the “2005 Facility”). The 2005 Facility replaces the Company’s existing \$4.0 million revolving credit facility. Borrowings under the 2005 Facility bear interest at the prime rate and interest on any outstanding balance is payable monthly. The agreement contains certain financial covenants, including a debt to shareholder’s equity ratio of a maximum of 1.3 to 1.0 and a current assets to current liabilities ratio of 1.25 to 1.0. A copy of the Credit Agreement is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

10.1 Loan Agreement, dated as of June 27, 2005 between Mitcham Industries, Inc. and First Victoria National Bank.

10.2 Security Agreement, dated June 27, 2005, between Mitcham Industries, Inc. and First Victoria National Bank.

10.3 Lease and Rental Assignment, dated June 27, 2005, with First Victoria National Bank.

10.4 Promissory Note dated June 27, 2005.

99.1 Press release dated June 29, 2005.

SIGNATURE

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.

Date: June 30, 2005

By: /s/ Billy F. Mitcham, Jr.
Billy F. Mitcham, Jr.
President and Chief Executive Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Loan Agreement, dated as of June 27, 2005 between Mitcham Industries, Inc. and First Victoria National Bank.
10.2	Security Agreement, dated June 27, 2005, between Mitcham Industries, Inc. and First Victoria National Bank.
10.3	Lease and Rental Assignment, dated June 27, 2005, with First Victoria National Bank.
10.4	Promissory Note dated June 27, 2005.
99.1	Press release dated June 29, 2005.

LOAN AGREEMENT

THIS AGREEMENT made and entered into on this 27th day of June, 2005, by and between MITCHAM INDUSTRIES, INC., a Texas corporation, with principal offices at Huntsville, in Walker County, Texas (herein referred to as "Borrower"), and First Victoria National Bank, a national banking corporation, with its offices and domicile in Victoria, Victoria County, Texas, (herein referred to as "Lender") to induce Lender to extend credit to Borrower in the amounts evidenced by the promissory note described in Paragraph II A of this agreement (herein referred to as the "Loan") and evidencing the line of credit described herein.

In consideration of their mutual warranties, covenants and agreements contained herein and Lender's extension of credit to Borrower in the amount aforesaid, Borrower and Lender hereby warrant, covenant and agree as follows:

I. WARRANTIES OF BORROWER:

A. That Borrower is a Texas corporation currently authorized to do business in the State of Texas, and that all franchise taxes, employment taxes, withholding taxes, income taxes, sales taxes, use taxes and all other taxes have been paid current to the date of this agreement.

B. That the execution by Borrower of this agreement and the other documents described herein has been duly authorized by its corporate board and that all of the agreements, indentures, or conveyances described herein to be made or undertaken by Borrower are within its corporate powers and not prohibited by law or its governing documents.

C. That this Loan Agreement and all promissory notes and security documents referenced herein are legal, valid and binding obligations of Borrower which are enforceable against Borrower in accordance with the respective terms thereof.

D. That all audits and financial information submitted to Lender may be relied upon by Lender as fairly representing the financial condition of the companies or individuals to which the same relate, and that there has been no adverse change in the financial condition of Borrower subsequent to the presentment of the financial information now held by Lender.

E. That there is no litigation, arbitration or governmental or regulatory proceedings pending or threatened against Borrower which, if adversely determined, could have a material adverse effect on Borrower's financial condition or affect the legality, validity or enforceability of this Loan Agreement or any promissory notes or security documents referenced herein and that Borrower has no material contingent liabilities or material forward commitments which are not disclosed in the financial information now held by Lender.

F. That there are no other liens or encumbrances against the property given as security for the payment of the hereinafter described loan, except for a Permitted Lien as defined herein.

"Permitted Lien" means (a) Liens created by or permitted under the Security Agreement, Lease and Rental Assignment, and such other documents and instruments under this Loan Agreement; (b) Liens existing on the date of this Agreement; (c) Liens for Taxes or other governmental charges not at the time due and payable, or (if foreclosure, distraint sale or other similar proceeding shall not have been initiated) which are being contested in good faith by appropriate proceedings diligently prosecuted, so long as foreclosure, distraint, sale or other similar proceedings have not been initiated, and in each case for which the Borrower and its subsidiaries maintain adequate reserves in accordance with GAAP; (d) Liens in favor of carriers, warehousemen, mechanics and materialmen, or other similar Liens imposed by law, which remain payable without penalty or which are being contested in good faith by appropriate proceedings diligently prosecuted, which proceedings have the effect of preventing

the forfeiture or sale of the property subject thereto, and in each case for which the Borrower and its subsidiaries maintain adequate reserves in accordance with GAAP; (e) Liens in connection with worker's compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA) or Liens consisting of cash collateral securing the Borrower's or any of its subsidiaries' performance of surety bonds, bids, performance bonds and similar obligations and, in each case, for which the Borrower and its subsidiaries maintain adequate reserves in accordance with GAAP; (f) attachments, appeal bonds (and cash collateral securing such bonds), judgments and other similar Liens, for sums not exceeding \$1,000,000.00 in the aggregate for the Borrower and its subsidiaries, arising in connection with court proceedings, provided that the execution or other enforcement of such Liens is effectively stayed; (g) easements, rights of way, restrictions, minor defects or irregularities in title and other similar Liens arising in the ordinary course of business and not materially detracting from the value of the property subject thereto and not interfering in any material respect with the ordinary conduct of the business of the Borrower or any subsidiary; (h) Liens consisting of cash collateral securing the Borrower's and its subsidiaries' reimbursement obligations under letters of credit, provided that the aggregate amount of cash collateral securing such Indebtedness does not exceed the undrawn face amount of all such letters of credit outstanding at any one time; and (i) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a creditor depository institution, provided that no such deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve System and no such deposit account is intended by the Borrowers to provide collateral to the depository institution.

Exhibit 10.1 - 3

II. INDEBTEDNESS

A. Lender shall advance to Borrower, according to the terms thereof and subject to the limitations expressed therein and in this agreement, the principal sum of the following promissory note:

One certain promissory note of even date herewith executed by Borrower and payable to the order of Lender in the original principal sum of \$12,500,000.00, bearing interest at the rate of the Wall Street Journal announced prime rate as such rate is determined daily by Lender according to the specific terms of said promissory note and interest being payable in monthly installments and one final principal payment in the amount of the entire remaining principal balance of the note (together with any accrued and unpaid interest). The final principal payment shall be due, together with any unpaid interest, on the date two (2) years after the date of the note with all such terms as provided in said promissory note.

B. Borrower agrees to execute and deliver to Lender such promissory note in the form prescribed by Lender and on terms described herein, evidencing the indebtedness created by such advances.

C. Borrower hereby acknowledges and agrees that Lender has and shall have the right, at any time, without the consent of or notice to Borrower, to grant participations in all or part of the obligations of Borrower evidenced by this note, together with any liens or collateral securing the payment hereof. In the event Lender elects to participate any Overline Portion (as hereinafter defined) of the obligations evidenced by this note and if Lender is unable to procure a participant or a participant fails or refuses to advance to Borrower any Overline Portion through no fault of Lender, it is agreed that Lender shall have no liability to Borrower to fund such Overline Portion, nor shall Lender have any obligation to procure funds from other sources or fund any amounts that would cause Lender to be in violation of any state or federal law with respect to Borrower being liable to Lender in an amount in excess of that permitted by such applicable law. The term "Overline Portion" shall mean the amount of loan proceeds in excess

of the amount that Lender is permitted by applicable law or Lender's loan policy limitations to loan to Borrower.

D. Notwithstanding any other provision in this agreement or the provisions of any promissory note or other loan document to the contrary, Lender shall not charge or collect and Lender does not intend to contract for interest in excess of that permitted by law for loans of this kind, and to prevent such occurrence, Lender will, at maturity, or an earlier final payment of any promissory note described above, determine the total amount of interest that can be lawfully charged or collected by applying the highest lawful rate of interest to the full periodic balances of principal for the period each is outstanding and unpaid and compare such amount with the total interest that has accrued under the terms of such note, and, if necessary to prevent usury, reduce the total amount of interest payable by Borrower to the lesser amount. If the amount of interest that has been collected exceeds the lawful amount, Lender shall either make direct refund of such excess to Borrower or credit it against other sums owed by Borrower to Lender, whichever Lender deems appropriate. If at any time the rate of interest provided for in any note shall exceed the highest lawful rate, the annual rate at which interest shall accrue on such note shall be limited to such highest lawful rate. The highest lawful rate shall thereafter be the rate at which interest is accrued on such note until the total amount of interest accrued equals the amount of interest that would have accrued if the interest rate provided in such note had at all times been in effect, after which the interest rate provided in such note, if it does not exceed the highest lawful rate, shall apply. As used herein, the term "highest lawful rate" means the highest rate of interest permitted to be charged or collected under the applicable state or federal law for this type of loan applied to the full periodic balances of principal advances for the period each is outstanding and unpaid.

III. SECURITY

A. As security for the loan, Borrower shall execute and deliver to, procure for, deposit with, and pay to Lender the following:

1. Security agreements, financing statements, registrations, and title documents in form and content acceptable to Lender, executed by Borrower and covering all assets of Borrower, including but not limited to its equipment, accounts receivable, contracts, leases, inventory, instruments, chattel paper and general intangibles, now owned or hereafter acquired by Borrower, and any and all proceeds, increases, substitutions, replacements, additions, and accessions to such assets securing the promissory note delivered by Borrower pursuant to Paragraph II.A hereof, and all other and future indebtedness of Borrower to Lender and evidencing a first lien and prior security interest in such collateral, whether now owned or hereinafter acquired by Borrower.
2. Lease and Rental Assignment to Lender, in form and content acceptable to Lender, of Borrower's rights under any leases of equipment by Borrower hereunder which have not been paid in full.
3. Such other documents and instruments as Lender may require for the perfection of liens and their registration under the laws of the State of Texas, of the United States of America, of Canada or any other foreign nation or province of a foreign nation.
4. Hazard insurance policy or policies in form and content and issued by a company or companies with loss payable endorsements acceptable to Lender, insuring all collateral given as security against loss or damage and against vandalism and malicious mischief and insuring said collateral against the usual and customary risks and hazards as Lender may request, all of such policy or policies to be for a total amount acceptable to Lender.
5. Such security agreements and pledges as are required by Lender to provide that all collateral for Borrower's other and future indebtedness to Lender secures the indebtedness of Borrower arising from the Loan governed by this Agreement.

B. Borrower shall execute and deliver to Lender such other documents and instruments as Lender may require to evidence the status or authority of Borrower and to evidence, govern or secure the payment of the Loan or any portion thereof.

IV. COVENANTS OF BORROWER

A. For so long as any portion of the Loan remains unpaid, Borrower covenants and agrees as follows:

POSITIVE COVENANTS

1. That Borrower agrees to pay to Lender, upon demand, all expenses of every nature incurred by Lender in connection with the consummation of the transaction contemplated by this agreement, or the enforcement or preservation of Lender's rights hereunder, including attorney's fees and expenses of Lender's counsel, hazard insurance premiums, filing and recording fees, court costs, and other fees and reasonable expenses incurred by Lender. Borrower agrees to pay to Lender an origination fee of \$5,000.00 as consideration for the Loan.
2. That Borrower shall furnish or cause to be furnished at its expense to Lender statements or reports in form and content acceptable to Lender on the forty-fifth (45th) day after the end of each quarter for first three quarters of Borrower's fiscal year which shall set forth an operating statement and balance sheet for Borrower herein named as Borrower; an ageing of notes, accounts receivable and accounts payable of Borrower for the preceding calendar quarter. Lender shall be allowed to make reasonable inspections of all assets securing said loan and shall further have the right to inspect the books of Borrower or other records relating to the affairs of Borrower.
3. That Borrower shall furnish at its expense to Lender annually, within ninety (90) days after the end of Borrower's income tax reporting year, a report prepared and audited by a Certified Public Accountant for Borrower, including a balance sheet, income statement, sources and uses of funds statement, and a reconciliation of net worth.

4. That while Borrower is indebted to Lender hereunder Borrower will:
- a. Perform all of its obligations to appropriate regulatory agencies;
 - b. Punctually pay all indebtedness from time to time owing hereunder when due;
 - c. Perform all of its obligations under the Security Instruments described herein;
 - d. Promptly pay and discharge any and all indebtedness or obligations when due and owing in excess of \$500,000.00, including all taxes of every kind and character, all assessments, and other claims which might give rise to a lien on the property given as security for this loan or impair Borrower's obligation to conduct its business, except as it may in good faith contest or as to which a bona fide dispute may arise, provided provision is made to the satisfaction of Lender for eventual payment thereof in the event that it is found that such indebtedness or obligation or tax or claim is an obligation of Borrower, and when such dispute or contest is settled or determined, it will promptly pay the amount then due.
 - e. Maintain and keep in force insurance of the types and in the amounts customarily carried by companies in similar lines of business, including adequate amounts of fire, windstorm, explosion, public liability, property damage, and workman's compensation insurance; all insurance is to be carried by nationally reputable companies, and Borrower will deliver to Lender from time to time, at the request of Lender, a schedule setting forth all insurance in effect;
 - f. Maintain a standard and modern accounting system in accordance with generally accepted principles of accounting, permit Lender to inspect its books of account and records at all reasonable times, furnish to Lender such information respecting the business affairs and financial condition of Borrower as Lender may reasonably request.
 - g. Preserve all rights, privileges, franchises, licenses, and permits connected with its business and to the extent of its ability will conduct its business in an orderly, efficient

manner without voluntary interruptions, and comply with all applicable laws and regulations of government agencies;

- h. Maintain, preserve and keep all properties and equipment in good repair, working order and condition, reasonable wear and tear excepted, and from time to time make all necessary and proper repairs, renewals, replacements, and improvements thereto so that at all times the efficiency and value thereof shall be fully preserved and maintained, and maintain leases, licenses and permits, but nothing herein contained shall prevent Borrower from in good faith contesting or seeking legal construction of any dispute, terms or conditions of a contract, lease or other obligation; Lender may, at reasonable times, visit and inspect any of the properties of Borrower;
 - i. Maintain Borrower's financial condition in compliance with the following ratios, measured at the end of each quarter of the calendar year, as determined by Lender based on generally accepted accounting principles (GAAP):
 - A. A debt to shareholder's equity ratio of a maximum of 1.3 to 1.0. This ratio shall be calculated with the Borrower's total debt being divided by the Borrower's total shareholder equity for the resulting ratio.
 - B. A current assets to current liabilities ratio of a minimum of 1.25 to 1.0. This ratio shall be calculated with the Borrower's total current assets being divided by the Borrower's total current liabilities for the resulting ratio.
 - j. To give notice in writing to Lender within 30 days of any proceedings by any public or private body, agency, or authority, pending or threatened, which may have a substantial adverse effect on Borrower, and of any litigation involving the possibility of judgments or liabilities in excess of an aggregate of \$1,000,000.00 not covered by insurance.
5. That Borrower shall not incur or maintain any indebtedness or obligations or guarantee the debts or obligations of others in a total aggregate amount which exceeds \$1,000,000.00 from any other source not related to the

indebtedness to Lender described herein without the prior written approval of Lender except for the indebtedness and obligations as a result of the acquisition of Seamap International Holding Pte, Ltd. and the proposed contract with the Royal Australian Navy as addressed in the Security Agreement.

6. That Borrower shall furnish or cause to be furnished at its expense to Lender, Borrowing Base Certificates in the form and content contained on the attached Exhibit "A," which is incorporated herein by reference for all purposes, on the 20th day of each calendar month for the preceding calendar month. Borrower shall provide and complete the information and calculations required by the Borrowing Base Certificates, and the availability of advances to Borrower shall be subject to and governed by the restrictions set forth in said Borrowing Base Certificates.
7. That Borrower shall furnish or cause to be furnished at its expense to Lender, an appraisal of the equipment lease pool at the end of every one (1) year period from the date of this Loan Agreement. Said appraisal shall be performed by an appraiser that is approved by Lender in its sole discretion.

NEGATIVE COVENANTS

8. Borrower will not, except with the prior written consent of Lender:
 - a. Permit any lien (other than for taxes not delinquent and for taxes and other items being contested in good faith) to exist on property given as security for this loan or on the income or profits thereof, excepting a Permitted Lien.
 - b. Assign any leases or the proceeds thereof to anyone except Lender;
9. Borrower will take no action which would result in any change in the form of the corporate entity of Borrower or result in any reorganization, merger or consolidation of Borrower with any other entity during the term of this agreement without prior written consent of Lender.
10. That Borrower may not assign or otherwise transfer this Agreement or any rights hereunder, and that this Agreement shall be binding upon Borrower and the representatives, heirs, executors, legal representatives and successors of Borrower.
11. That, except after written notice to Lender and where such use and the activities relating thereto are in material compliance with all applicable

laws and regulations, Borrower shall not hereafter permit any property which is (a) given as security for this Loan, (b) used by Borrower for any business or other activities financed by Lender or (c) the source of repayment of this Loan, to be used in any way for the generation, transportation, treatment, disbursal, storage, discharge or disposal of any pollutants, hazardous or toxic substances, or hazardous wastes as defined or regulated by any of the following federal statutes: (a) The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as amended by the Superfund Amendments and Re-Authorization Act of 1986 ("SARA"), (b) the Resource Conservation and Recovery Act ("RCRA"), (c) the Toxic Substance Control Act ("TSCA"), (d) any amendments to or regulations promulgated by any agency under any of the above statutes, and (e) any other state or federal statute or regulation for the control of hazardous or toxic substances.

V. COVENANTS OF LENDER

A. Subject to the terms of this agreement and of the note and security instruments described herein, Lender covenants and agrees as follows:

Advances will be requested by Borrower via facsimile accompanied by a current borrowing base certificate and confirmed by a telephone call to Lender. Lender will make advance on the same day as the request is made if the request is confirmed by 12:00 noon. Lender will make advance by 12:00 noon the following day if the request is confirmed after 12:00 noon. Lender shall be bound to make the advances herein on the following conditions up to the amount specified as the original principal sum of the note and subject to the limitations described herein with respect to the note described at Paragraph II A hereof and subject to making the request for such advance to Lender as specified above and subject to the following:

- a. Compliance by Borrower with all terms and conditions of this Loan Agreement, with respect to said Loan and the absence of any default by Borrower hereunder.
- b. Payment of all fees and expenses contemplated by this Agreement.
- c. Execution of all notes, security agreements and other documents required by Lender.
- d. Furnishing of financial statements evidencing financial condition of the Borrower.

VI. DEFAULT AND REMEDIES

A. The occurrence of any one of the following events of default shall, at the option of Lender and without notice or demand, except as described hereunder, make all or such parts of the sums owing from Borrower to Lender hereunder, as Lender in its discretion shall determine, immediately due and payable:

1. Failure of Borrower to pay within 10 days after demand any sum past due hereunder or under the Promissory Note, Security Agreement, and Lease and Rental Assignment of even date;
2. Failure of Borrower to pay upon demand any debt hereunder or under the Promissory Note, Security Agreement, and Lease and Rental Assignment of even date, the maturity of which has been accelerated;
3. The Borrower's failure to punctually perform any of the obligations, covenants, terms, or provisions contained or referred to in this Loan Agreement or in any note secured by this Loan Agreement or in the Security Agreement, Lease and Rental Assignment or any other instrument relating to the indebtedness to the Lender which remains unperformed after thirty (30) days of non-compliance thereof.
4. Any warranty, representation, or statement contained in this Loan Agreement or any other writing between the parties made or furnished to the Lender by or on behalf of the Borrower in connection with this Loan Agreement or any other agreement, or to induce the Lender to make a loan to the Borrower that proves to have been false in any material respect when made or furnished.
5. Except to the extent covered by insurance, any loss, theft, substantial damage, destruction, sale (other than in the normal course of business), encumbrance or seizure of or to any of the Collateral (as defined in the Security Agreement of even date) of a total value of more than \$250,000.00.
6. The Borrower's dissolution or merger.
7. The Borrower's business failure, insolvency, assignment for the benefit of creditors, or the appointment of a receiver, or institution of either voluntary or involuntary bankruptcy proceedings concerning the Borrower.

8. Any statement of the financial condition of the Borrower submitted to the Lender that proves to be false or materially inaccurate.
9. Receipt by the Lender of notice at any time from any third party that the third party is acquiring or attempting to acquire a security interest of any kind in the Collateral that is the subject of the Security Agreement of the even date.
10. Failure of the Borrower to maintain its existence as a Texas corporation.
11. The Borrower's removing or replacing of any of the component parts of Collateral (as defined by the Security Agreement of even date) so as materially to lessen its market value.
12. Lapse or cancellation of any insurance required by the Security Agreement of even date, and the Borrower's failure to furnish satisfactory proof to the Lender that satisfactory substitute policies have been obtained within thirty (30) days of the termination of coverage.
13. The levy of any attachment, execution, or other like process against any of Lender's collateral;
14. The voluntary suspension of business by Borrower;
15. Any default by Borrower in the payment or performance of any other obligation of Borrower to Lender, including but not limited to any event of default under any other loan agreement between Borrower and Lender or any failure of Borrower to timely pay any sum when due on any indebtedness owing by Borrower to Lender, regardless of how arising, or any breach by Borrower of any covenant in any security agreement relating to any indebtedness of Borrower to Lender;
16. The failure or inability of Borrower for any reason, within a period of 90 days after notice from Lender thereof, to correct, cure or eliminate any conditions, circumstances, or events (whether or not caused by any action or inaction of Borrower), which Lender determines, in good faith, to affect Borrower or its operations or Borrower's business or financial prospects in a manner which impairs security of Lender or Borrower's ability to perform its obligations.

B. That no waiver of any default on the part of Borrower shall be considered waiver of any other or subsequent default and no forbearance, delay, or omission in exercising or enforcing the rights and powers of Lender shall be construed as a waiver of such rights and

powers, and likewise no exercise or partial exercise of any rights or powers hereunder by Lender shall be held to preclude further exercise of such rights and powers, and every such right and power may be exercised from time to time.

C. The rights, powers and remedies given to Lender hereunder shall be in addition to all rights, powers and remedies given to Lender by law against Borrower and any other person.

D. No action shall be commenced by Borrower for any claim against Lender under the terms of this Loan Agreement or arising from the subject loan relationship unless a notice in writing specifically setting forth the claim of Borrower shall have been given to Lender within six (6) months after the occurrence of the event which Borrower alleges gave rise to such claim. Failure to give such notice shall constitute a waiver of any such claim.

VII. GENERAL PROVISIONS

A. Any notice or demand required or permitted to be given hereunder by Lender may be given in writing by depositing such notice in the United States Mail, postage prepaid, addressed to Borrower at P. O. Box 1175, Huntsville, Texas 77342-1175, Attn: Billy F. Mitcham, Jr., or such other place as Borrower shall have designated in writing. Notice shall be deemed to have been given 48 hours after being so deposited in the United States Mail.

B. This agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Victoria County, Texas. Notwithstanding the provisions of this paragraph, Chapter 346 of the Texas Finance Code, shall not apply to the loan governed by this agreement or any part thereof.

C. In any case, if any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity,

illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

D. This Agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

E. This agreement shall apply to and govern the herein described extensions of credit and all renewals, extensions and rearrangements of such indebtedness of Borrower to Lender.

Exhibit 10.1 - 15

EXECUTED on the date first hereinabove mentioned in Victoria, Victoria County, Texas.

MITCHAM INDUSTRIES, INC.

By: _____
BILLY F. MITCHAM, JR.
Its: President

BORROWER

FIRST VICTORIA NATIONAL BANK

By _____

Its _____

LENDER

THE STATE OF TEXAS

§

COUNTY OF WALKER

§

This instrument was acknowledged before me on _____, 2005, by BILLY F. MITCHAM, JR. as President of MITCHAM INDUSTRIES, INC., on behalf of said corporation.

Notary Public, State of Texas

STATE OF TEXAS

§

COUNTY OF VICTORIA

§

This instrument was acknowledged before me on _____, 2005, by _____, as _____ of First Victoria National Bank, on behalf of said corporation.

Notary Public, State of Texas

SECURITY AGREEMENT

This Security Agreement is made between **MITCHAM INDUSTRIES, INC.**, located at P. O. Box 1175, Huntsville, Texas 77342-1175, referred to in this Security Agreement as the "Debtor," and **FIRST VICTORIA NATIONAL BANK**, located at 101 S. Main Street, Victoria, Texas 77901, referred to in this Agreement as the "Secured Party." Secured Party and Debtor enter into this Security Agreement on June 27, 2005 on the following terms and conditions:

I. CREATION OF SECURITY INTEREST

Grant of Interest to Secure Obligations of Debtor

1. For value received, the Debtor grants to the Secured Party a security interest in the Collateral described in Paragraph 2 of this Security Agreement, to secure each and all of the following:

(a) The Debtor's note of \$12,500,000.00 to the Secured Party of this same date, payable as to principal and interest as provided in the note, and all indebtedness and liabilities of the Debtor to the Secured Party at any time arising under the terms of the note.

(b) Future advances to be evidenced by similar notes to be made by the Secured Party to the Debtor at the Secured Party's option.

(c) All expenditures by the Secured Party for taxes, insurance, repairs to and maintenance of the Collateral, and all costs and expenses incurred by the Secured Party in the collection and enforcement of the note and other indebtedness of the Debtor.

(d) All liabilities, debts, and other duties of the Debtor to the Secured Party now existing or later incurred, matured or unmatured, direct or contingent, and any renewals, extensions, and substitutions of these liabilities, debts, or other duties.

Collateral

2. The following described property is referred to in this Security Agreement as the "Collateral": all assets of Debtor, including but not limited to its equipment, accounts receivable, contracts, leases, inventory, instruments, chattel paper and general intangibles, now owned or hereafter acquired by Debtor, and any and all proceeds, increases, substitutions, replacements, additions and accessions to such assets.

Security Interest in Proceeds

3. The Debtor grants to the Secured Party a security interest in and to all proceeds, increases, substitutions, replacements, additions, and accessions to the Collateral. The inclusion of proceeds in this Security Agreement does not authorize the Debtor to sell, lease, dispose of, or otherwise use the Collateral without the express, written consent of the Secured Party, except as otherwise provided in paragraph 13 of this Security Agreement, or in the Loan Agreement.

II. WARRANTIES AND REPRESENTATIONS OF DEBTOR

Debtor warrants, covenants, and agrees as follows:

Credit Information

4. All information supplied and statements made by the Debtor in any financial, credit, or accounting statement or application for credit prior to, contemporaneously with, or subsequent to the execution of this Security Agreement are true, correct, and complete.

Title

5. Except for the security interest granted by this Security Agreement, the Debtor has, or on acquisition will have, full title to the Collateral free from any lien, security interest, encumbrance, or claim except for a Permitted Lien as defined in the Loan Agreement.

No Other Secured Transactions

6. No other security agreement has been made and no security interests, other than the ones created by this Security Agreement, has attached to or been perfected in the Collateral or in any part of the Collateral except for (i) those security interests created in favor of Seamap International Holding Pte, Ltd. as a result of the acquisition of Seamap International Holding Pte, Ltd. and (ii) any which may hereinafter arise from the issuance of letters of credit in connection with the proposed contract between Borrower or its subsidiaries and the Royal Australian Navy. Debtor will provide to Secured Party copies of all security interests and obligations of Debtor as a result of the acquisition of Seamap International Holding Pte, Ltd.

7. Except for any financing statements or other registered instruments reflecting the security interests to be filed by the Secured Party or Debtor in connection with this Security Agreement, no financing statement or other instrument covering the Collateral, or any part of the Collateral, has been authorized by the Debtor to be filed in any jurisdiction in the United States of America or other foreign nation.

Conflicting Claims

8. Within the Debtor's knowledge, no dispute, right of setoff, counterclaim, or defense exists with respect to any part of the Collateral.

III. TREATMENT, USE, AND PROTECTION OF COLLATERAL

Location and Identification

9. The Collateral will remain in the Debtor's possession or control at all times at the Debtor's risk of loss and will remain at the address shown at the beginning of this Security Agreement, where the Secured Party may inspect it at any time. Except for its temporary removal in connection with its ordinary use, the Debtor will not remove the Collateral from the above address without obtaining the prior written consent of the Secured Party. This paragraph shall not apply to that portion of the Collateral that consists of equipment and/or inventory leased, sold and/or disposed in the ordinary course of business as specified in Paragraph 13.

10. The Debtor will at all times keep accurate and complete records of the Collateral and its proceeds including the location of the Collateral and the names and addresses of other entities having possession of the Collateral.

Sale, Assignment, or Transfer of Collateral

11. Without the prior written consent of the Secured Party, the Debtor will not do any of the following acts:

(a) Sell, lease, assign, encumber, transfer, or dispose of the Collateral or its proceeds except that the Debtor may lease, sell or dispose of equipment and/or inventory in the ordinary course of business as specified in Paragraph 13.

(b) Create in favor of anyone, except the Secured Party, any other security interest in the Collateral, or in any part of the Collateral, or otherwise encumber or permit it to become subject to any lien, attachment, execution, or other legal or equitable process except for a Permitted Lien as defined in the Loan Agreement.

12. The Debtor will keep the Collateral and proceeds free from unpaid charges, including taxes, until this Security Agreement and all debts it secures have been fully satisfied.

Lease or Sale of Equipment and/or Inventory

13. Debtor may lease, sell and/or dispose of equipment and/or inventory only in the ordinary course of business, on terms and at prices that are customary and reasonable for the industry, but not otherwise. Debtor may, in good faith, determine the suitable and appropriate terms and prices for the leases, sales and/or other disposition of equipment and/or inventory. Debtor will not engage in any bulk sales or other bulk disposition or transfer of equipment and/or inventory (other than equipment that is obsolete or worn out) or offer products at discounts not in the ordinary course of business without obtaining the prior written consent of Secured Party.

Insurance

14. The Debtor will insure the Collateral with nationally reputable insurance companies against the casualties and in the amounts the Secured Party reasonably requires. The policy or policies will include a loss payable clause in favor of the Debtor and Secured Party, as their relative interests require. Additionally, the Secured Party is authorized to collect sums that may become due under any policy, and to apply the funds to the obligations secured by this Security Agreement.

Protection of Collateral

15. The Debtor will keep the Collateral in good order and repair and will not waste, misuse, or destroy the Collateral, in whole or in part. However, this provision does not prohibit ordinary wear and tear resulting from the Collateral's intended use. The Debtor will not use the Collateral in violation of any statute or ordinance.

16. The Secured Party has the right to examine and inspect the Collateral at any reasonable time without notice.

Taxes

17. The Debtor will pay promptly when due all taxes and assessments on the Collateral, or in connection with its use and operation.

Reimbursement of Expenses

18. At its option, the Secured Party may discharge taxes, liens, interest, or perform or cause to be performed for and on behalf of the Debtor any actions and conditions, obligations, or covenants that the Debtor has failed or refused to perform. Secured Party may pay for the repair, maintenance, and preservation of the Collateral. All sums so expended, including but not limited to, attorney's fees, court costs, agent's fees, or commissions, or any other costs or expenses, will bear interest from the date of payment at the rate of ten percent (10%) per annum and will be payable at the place designated in debtor's note and will be secured by this Security Agreement. Debtor will immediately reimburse Secured Party for any and all expenses incurred in these actions.

IV. OBLIGATIONS OF DEBTOR

Performance

19. The Debtor agrees to perform fully all of the Debtor's duties under and in connection with each transaction to which the Collateral, in whole or in part, relates.

20. The Debtor will punctually and properly perform all of the Debtor's covenants, duties, and liabilities under any other security agreement, loan agreement, lease and rental assignment, mortgage, deed of trust, collateral pledge agreement, or contract of any kind now or hereafter existing as security for or in connection with payment of the debt or obligation owing.

21. The Debtor will pay the note secured by this Security Agreement and any renewal or extension of that note. The Debtor will also pay any other indebtedness secured by this Security Agreement in accordance with the terms and provisions of that indebtedness. The Debtor will repay immediately all sums extended by the Secured Party in accordance with the terms and provisions of this Security Agreement, the loan agreement, the note, the lease and rental assignment, and any other instrument relating to the indebtedness to the Secured Party.

Decrease in Value of Collateral

22. If, at any time, the Collateral is determined by independent appraisal to have a fair market value of less than 125% of the balance then owing on the obligations of Debtor described in Paragraph 2, the Debtor will either provide enough additional Collateral to satisfy the Secured Party or reduce the total indebtedness by an amount sufficient to satisfy the Secured Party.

Change of Circumstances

23. The Debtor will promptly notify the Secured Party of any change in fact or circumstance represented by the Debtor in this Security Agreement or in any other document furnished by the Debtor to the Secured Party in connection with the Collateral or obligation owing.

Change of Place of Business

24. The Debtor will promptly notify the Secured Party of any change of the Debtor's chief place of business, or place where records concerning accounts and other contract rights are kept.

Notice of Pending Action

25. The Debtor will promptly notify the Secured Party of any claim, action, or proceeding affecting title to the Collateral, or any part of the Collateral, or the security interest in the Collateral. On the written request of the Secured Party, Debtor will appear in and defend any such action or proceeding, at Debtor's cost.

Default In Connection With Other Obligations

26. The Debtor will promptly notify the Secured Party if Debtor defaults on any other financial or legal obligation in excess of \$250,000.00 owing to any person, entity, or government agency.

Records and Accounts

27. The Debtor will keep proper books of record and account in accordance with sound and generally accepted accounting principles (GAAP), consistently applied. The books will be open to inspection by the Secured Party during normal business hours.

The Debtor will provide financial statements in form and content acceptable to the Secured Party from time to time as may be requested by the Secured Party.

28. The Debtor will permit the Secured Party, and the accountants or other agents it designates, to visit and inspect the Debtor's properties, assets, and books, and to discuss the Collateral and the Debtor's affairs and finances with the Debtor or the Debtor's officers at such reasonable times as the Secured Party may designate, and to make and take away copies of the Debtor's records. The Secured Party is entitled to make unannounced spot checks to verify that Collateral is being used, maintained, or transferred only in accordance with the terms of this Security Agreement.

Further Reports and Assurances

29. The Debtor will deliver to the Secured Party, as requested, documents, lists, descriptions, certificates, and other information necessary or proper to keep the Secured Party fully informed with respect to the descriptions of the Collateral.

30. The Debtor will promptly execute and deliver to the Secured Party all assignments, certificates, supplemental documents, writings, and assurances, and do all other acts or things reasonably requested by the Secured Party to fully evidence, perfect, and protect, assure, or enforce the security interests created by this Security Agreement including but not limited to any necessary instruments required in any other state or foreign nation or province of a foreign nation.

31. The Debtor will sign and execute, if necessary, with the Secured Party any financing statement or other document necessary to protect the security interests under this Security Agreement against the rights or interests of third persons. Debtor will reimburse Secured Party

for the cost of filing any and all financing statements or amendments or other instruments necessary to protect Secured Party's interests in the Collateral. The Debtor specifically authorizes the Secured Party to file financing statements, financing statement addendum, along with any necessary attachments, and amendments in the records of the Secretary of State of Texas or any other public records to perfect the security interests in the Collateral including but limited to any necessary instruments required in any other state or foreign nation or province of a foreign nation.

V. TIME OF PERFORMANCE AND WAIVER

Time of the Essence

32. In performing any act under this Security Agreement and the note it secures, time is of the essence.

Waiver

33. The Secured Party's acceptance of partial or delinquent payments or the failure or delay of the Secured Party to exercise any right or remedy is not a waiver of any obligation of the Debtor or right of the Secured Party, nor will it constitute a waiver of any other similar default occurring subsequently.

VI. EVENTS OF DEFAULT

34. An event of default under this Security Agreement is the occurrence of any one of the events of default set forth in the Loan Agreement of even date between Debtor and Secured Party.

VII. REMEDIES

UCC Remedies Available

35. On or after the occurrence of any event of default, as specified in Article VI of this Security Agreement, the Secured Party may declare all obligations secured immediately due and payable and may proceed to enforce their payment. The Secured Party may exercise any and all of the rights and remedies provided by the Texas Business and Commerce Code, as well as other rights and remedies either at law or in equity possessed by the Secured Party, whether in the State of Texas, or in any other state, foreign nation or foreign province of a foreign nation.

Self-Help

36. On or after the occurrence of any event of default, the Secured Party will have the right to remove the Collateral from the premises of the Debtor. For purposes of removal and possession, the Secured Party or its representatives may enter any premises of the Debtor without legal process. The Debtor hereby waives and releases the Secured Party of and from any and all claims in connection with any such entry and removal of collateral.

Disposition of Collateral

37. On or after the occurrence of any event of default, the Secured Party may require the Debtor to assemble the Collateral and make it available to the Secured Party at any place to be

designated by the Secured Party that is reasonably convenient to the Secured Party. Unless the Collateral is perishable, threatens to decline speedily in value, or is of a type customarily sold on a recognized market, the Secured Party will give the Debtor reasonable notice, as required by the Texas Business and Commerce Code, of the time and place of any public sale of the collateral, or of the time after which any private sale or any other intended disposition of the collateral is to be made. Expenses of retaking, holding, preparing for sale, selling, or the like include the Secured Party's reasonable attorney's fees and legal expenses.

Secured Party's Rights Cumulative

38. All rights and remedies of the Secured Party under this Security Agreement are cumulative of each other and of every other right or remedy the Secured Party may otherwise have at law or in equity or under any other contract or document for the enforcement of its security interests or the collection of the debt. The exercise of one or more rights or remedies, whether under the laws of the State of Texas or of another jurisdiction including that of a foreign nation or province of a foreign nation, will not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

VIII. SATISFACTION OF OBLIGATION

39. On full and final payment of the obligation, Debtor will deliver a written notice of termination to Secured Party. On receipt of that notice by the Secured Party, this Security Agreement will terminate and Secured Party will promptly release the Collateral upon verification of full and final payment of the obligations of Debtor. However, no account debtor on any of the Collateral is obligated to make inquiry as to the termination of this agreement, but is fully protected in making payment directly to the Secured Party.

IX. MISCELLANEOUS PROVISIONS

Definitions

40. All terms used in this agreement that are defined in the Texas Business and Commerce Code have the same meaning in this agreement as in that Code.

Governing Law

41. This agreement is to be construed in accordance with the Texas Business and Commerce Code and other applicable laws of the State of Texas. All obligations of the parties created under this Security Agreement are performable in Victoria County, Texas.

Partial Invalidity

42. If any of the provisions in this Security Agreement is for any reason held to be invalid, illegal, or unenforceable in any respect, this holding will not affect the validity of any other provision of this Security Agreement. This agreement will be construed as if the invalid, illegal, or unenforceable provision had never been included.

Entire Agreement

43. This Security Agreement is the sole agreement of the parties and supersedes any prior understandings or written or oral agreements between the parties respecting its subject matter. It

is understood and agreed that if any irreconcilable conflict exists between this Security Agreement and the Loan Agreement of even date, the Loan Agreement shall prevail. Likewise, it is understood and agreed that if any irreconcilable conflict exists between this Security Agreement and the Lease and Rental Assignment of even date, the Lease and Rental Assignment shall prevail.

Amendments

44. Any amendments to this Security Agreement must be in writing, signed by both Secured Party and Debtor.

No Usury

45. The parties to this Security Agreement desire to conform strictly to Texas usury laws. No provision in this Security Agreement or in any promissory note, instrument, or any other loan document executed by the Debtor evidencing the obligation will require the payment or permit the collection of interest in excess of the maximum permitted by law. If excessive interest is provided for in any document or instrument, Debtor is freed from any obligations to the excess amount, and the parties will amend the offending provision to fully comply with Texas law.

Successors in Interest

46. This Security Agreement is binding on the Debtor and on the Debtor's successors, and assigns, and inures to the benefit of the Secured Party, and its successors, and assigns.

EXECUTED to be effective on June 27, 2005.

DEBTOR:

MITCHAM INDUSTRIES, INC.

By: _____

BILLY F. MITCHAM, JR.

Its: President

SECURED PARTY:

FIRST VICTORIA NATIONAL BANK

By: _____

Its: _____

LEASE AND RENTAL ASSIGNMENT

THAT THIS ASSIGNMENT made as of the 27th day of June, 2005, by MITCHAM INDUSTRIES, INC., a Texas corporation, whose address is P. O. Box 1175, Huntsville, Texas 77342-1175, (hereinafter referred to as "Assignor,"), to First Victoria National Bank, a national banking corporation with offices located at 101 South Main, Victoria, Texas 77901 (hereinafter referred to as "Assignee"), as follows:

WITNESSETH:

THAT Assignor, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby grants, transfers and assigns to Assignee all rents, issues and profits from the equipment leases now existing, together with all equipment leases now or hereafter to be made, executed and delivered, whether written or oral, covering all or any equipment now or hereafter acquired by Assignor, and any and all guarantees of said leases (collectively referred to as "leases" or "said leases").

THIS ASSIGNMENT is made for the purpose of securing the following:

- a. The payment of the principal sum, interest and indebtedness evidenced by that certain promissory note ("Note") of even date herewith, and any amendments, extensions, or renewals thereof, in the original principal sum of \$12,500,000.00, executed by Mitcham Industries, Inc., and payable to the order of First Victoria National Bank, at Victoria, in Victoria County, Texas, secured by a Security Agreement and Loan Agreement, of even date herewith, executed by the said Mitcham Industries, Inc., for the benefit of said First Victoria National Bank; and
- b. Payment of all other sums with interest thereon becoming due and payable to Assignee under the provisions of this Assignment or of said Note, Security Agreement and Loan Agreement.

Exhibit 10.3

- c. The performance and discharge of each and every obligation, covenant and agreement of Assignor contained herein or in said Note, Security Agreement and Loan Agreement; and
- d. Any and all other indebtedness of Assignor to Assignee now or hereafter owing, whether direct or indirect, primary or secondary, fixed or contingent, joint or several, regardless of how evidenced or arising.

Assignor covenants with Assignee to observe and perform all the obligations imposed upon it as the Lessor under any of said leases and not to do or permit to be done anything to impair the security thereof; not to collect any of the rents, income and profits arising or accruing under said leases or from the equipment of Assignor in advance of the time when the same shall become due; not to execute any other assignment of lessors' interest in said leases or assignment of rents arising or accruing from said leases or from the equipment of Assignor; not to alter, modify or change said leases without the prior written consent of Assignee, except as in the ordinary course of business; at Assignee's request to assign and transfer to Assignee any and all subsequent leases upon all or any equipment; and to execute and deliver at the request of Assignee all such further assurances and assignments as Assignee shall from time to time reasonably require.

THIS ASSIGNMENT is made on the following terms, covenants and conditions:

1. So long as there shall exist no occurrence of any one of the events of default set forth in the Loan Agreement of even date herewith between Assignor and Assignee by Assignor, Assignor shall have the right to collect at the time of the date provided for the payment thereof, all rents, income and profits arising under said leases or from the equipment described above and to retain, use and enjoy the same.
2. Upon or at any time after the occurrence of any one of the events of default set forth in the Loan Agreement of even date herewith between Assignor and Assignee, Assignee,

without in any way waiving such event of default, may at its option, without regard to the adequacy of the security for the said principal sum, interest and indebtedness secured hereby and by said Note, Security Agreement and Loan Agreement, either by a representative or by agent, with or without bringing any action or proceeding or by a receiver appointed by a court, take possession of the equipment of Assignor and have, hold, manage, lease and operate the same on such terms and for such period of time as Assignee may deem proper and exercise any rights or remedies under any of said leases which Assignor would be entitled to exercise in the absence of this Assignment and either with or without taking possession of said equipment in its own name, demand, sue for or otherwise collect and receive all rents, income and profits from said equipment, including those past due and unpaid with full power to make from time to time all alterations, renovations, repairs or replacements thereto or thereof as may seem proper to Assignee and to apply such rents, income and profits to the payment of: (a) all expenses of managing the equipment, including without being limited thereto, the salaries, fees and wages of a managing agent and such other employees as Assignee may deem necessary or desirable and all expenses of operating and maintaining the equipment, including, without being limited thereto, all taxes, charges, claims, assessments, and any other liens and premiums for all insurance which Assignee may deem necessary or desirable and the cost of all alterations, renovations, repairs or replacements, and all expenses incident to taking and retaining possession of the equipment; and (b) the principal sum, interest and indebtedness secured hereby and by said Note, Security Agreement and Loan Agreement, together with all costs and attorney's fees, in such order or priority as to any of the items mentioned in this Paragraph 2 as Assignee in its sole discretion may determine, any statute, law, custom or use to the contrary notwithstanding. The exercise by Assignee of the option granted it in this Paragraph 2 and the collection of the rents,

income and profits and the application thereof as herein provided shall not be construed as a waiver of any event of default by Assignor under said Note, Security Agreement and Loan Agreement.

3. Assignee shall not be liable for any loss sustained by Assignor resulting from Assignee's failure to lease the equipment after an event of default or from any other act or omission of Assignee in managing the equipment after an event of default. Nor shall Assignee be obligated to perform or discharge nor does Assignee hereby undertake to perform or discharge any liability, duty or obligation under any of said leases or under or by reason of this Assignment and Assignor shall, and does hereby agree, to indemnify Assignee for, and to hold Assignee harmless from, any and all liability, loss or damage which may or might be incurred under said leases or under or by reason of this Assignment and from any and all claims and demands whatsoever which may be asserted against Assignee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases. Should Assignor incur any such liability under said leases or under or by reason of this Assignment or in defense of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby and Assignor shall reimburse Assignee therefor immediately upon demand, and upon the failure of Assignor so to do, Assignee may, at its option, declare all sums secured hereby and by said Note, Security Agreement and Loan Agreement, immediately due and payable. And it is further understood that this Assignment shall not operate to place responsibility upon Assignee, nor for the carrying out of any of the terms and conditions of said leases; nor shall it operate to make Assignee responsible or liable for any waste committed on the equipment by the tenants or any other parties, or for any dangerous or defective condition of the equipment, or for any negligence in

Exhibit 10.3 - 4

the management, upkeep, repair or control of said equipment resulting in loss or injury or death to any tenant, licensee, employee or stranger.

4. Upon payment in full of the principal sum, interest and indebtedness secured hereby and by said Note, Security Agreement and Loan Agreement, this Assignment shall become and be void and of no effect, but the affidavit, certificate, letter or statement of any officer, agent or attorney of Assignee showing any part of said principal, interest or indebtedness to remain unpaid shall be and constitute conclusive evidence of the validity, effectiveness and continuing force of this Assignment upon which any person may, and is hereby authorized to, rely. Assignor hereby authorizes and directs the lessees named in said leases or any future leases or use of the equipment described herein upon receipt from Assignee of written notice to the effect that Assignee is then the holder of said Note, Security Agreement and Loan Agreement, and that an event of default exists thereunder or under this assignment, to pay over to Assignee all rents, income and profits arising or accruing under said leases or from the premises described therein or in said Note, Security Agreement and Loan Agreement, and to continue so to do until otherwise notified by Assignee.

5. Assignee may take or release other security for the payment of said principal sum, interest and indebtedness, may release any party primarily or secondarily liable therefor and may apply any other security held by it to the satisfaction of such principal sum, interest, or indebtedness without prejudice to any of its rights under this Assignment.

6. The term "leases" or "said leases" as used herein means said leases hereby assigned, any extension or renewal thereof, and any leases subsequently executed during the term of this Assignment covering the equipment of Assignor, or any portion thereof, or any accessions, additions, or repairs thereto or replacements or substitutions therefor.

7. Nothing contained in this Assignment and no act done or omitted by Assignee pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by Assignee of its rights and remedies under said Note, Security Agreement and Loan Agreement, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by Assignee under the terms of said Note, Security Agreement and Loan Agreement. The right of Assignee to collect said principal sum, interest and indebtedness and to enforce any other security therefor held by it may be exercised by Assignee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

8. The Assignor hereby appoints Assignee to be its agent and attorney-in-fact to act for it in the collection of rent and other sums due to Assignor from the said leases described herein and to take any other actions which Assignor would be entitled to take under said leases in the event of default, including the compromise and settlement of any claims or disputes with the lessees thereunder, and the exercise of any remedies thereunder in the event of default, including without limitation, the termination or cancellation of any such lease and the recovery of and possession of any leased equipment in the manner and to the extent deemed necessary by Assignee to protect and preserve its interest in the security of this Assignment. As such agent and attorney-in-fact, Assignee may in the event of default demand, sue for, collect, and receive all rents now due or that shall be at any time after this date become due to Assignor from past, present, or future obligors on said leases. On payment of these rents and other sums due under said leases, as agent and attorney-in-fact, Assignee may give receipts and discharges in full satisfaction of rents in the name of or on behalf of the Assignor. Assignee is not obligated to act by virtue of this power of attorney on behalf of Assignor.

THIS ASSIGNMENT, together with the covenants and warranties herein contained shall inure to the benefit of Assignee and any and all subsequent holders of said Note, Security Agreement and Loan Agreement, and shall be binding upon Assignor, their successors and assigns, and any subsequent owner of the above described equipment.

Exhibit 10.3 - 7

WITNESS THE EXECUTION HEREOF as of the date first above written.

MITCHAM INDUSTRIES, INC.

By _____
BILLY F. MITCHAM, JR.
Its: President

THE STATE OF TEXAS §

COUNTY OF WALKER §

This instrument was acknowledged before me on _____, 2005, by BILLY F. MITCHAM, JR. as President of MITCHAM INDUSTRIES, INC., on behalf of said corporation.

Notary Public, State of Texas

Exhibit 10.3 - 8

PROMISSORY NOTE

\$12,500,000.00

Victoria, Texas

June 27, 2005

FOR VALUE RECEIVED, the undersigned, hereinafter called "Borrower," whether one or more, jointly and severally, hereby promise to pay to the order of First Victoria National Bank, hereinafter called "Lender," at its banking house in the City of Victoria, in Victoria County, Texas, the sum of Twelve Million Five Hundred Thousand Dollars (\$12,500,000.00) with interest thereon from date of advance until paid as hereinafter provided. All past due interest shall bear interest from maturity until paid at the same rate as the principal.

This note shall bear interest at a rate of the prime rate published in the Wall Street Journal as being the base rate on corporate loans established by a selected number of the largest banks in the United States, as such published prime rate is determined daily by the payee. In the event more than one such prime rate is published by the Wall Street Journal, the highest of such rates shall be used to determine the interest rate on this note. No representation is made that such prime rate is the lowest or best rate charged by any bank to its customers. In the event the prime rate published by the Wall Street Journal should cease to be available for any reason, the payee shall select an index comparable to such prime rate to determine the rate of interest on this note.

It is contemplated by the parties hereto that this is a revolving line of credit and that advances will be made by Lender to Borrower, from time to time from the date hereof to the maturity date of this note. Said advances will be made up to the principal amount of this note, but the aggregate outstanding balance of said advances at any one time will never exceed the principal amount of this note. Additional terms of advances are contained in a Loan Agreement of even date herewith. The Borrower agrees to pay the interest accruing on such advances from the date or dates thereof at the rate stipulated herein to the Lender according to the terms hereof.

Notwithstanding any other provision in this note or any other loan document to the contrary, Lender shall not charge or collect and Lender does not intend to contract for interest in excess of that permitted by law for loans of this kind, and to prevent such occurrence, Lender will, at maturity or an earlier final payment of this note, determine the total amount of interest that can be lawfully charged or collected by applying the highest lawful rate of interest to the full periodic balances of principal for the period each is outstanding and unpaid and compare such amount with the total interest that has accrued under the terms of this note, and, if necessary, to prevent usury, reduce the total amount of interest payable by Borrower to the lesser amount. If the amount of interest that has been collected exceeds the lawful amount, Lender shall either make direct refund of such excess to Borrower or credit it against other sums owed by Borrower to Lender, whichever Lender deems appropriate. If at any time the rate of interest provided for in this note shall exceed the highest lawful rate, then any subsequent adjustment in the rate of interest on this note under the terms hereof will not reduce the rate of interest below the highest lawful rate until the total amount of interest accrued on this note equals the amount of interest, which would have accrued if there had been no limitation to the highest lawful rate. As used herein, the term "highest lawful rate" means the greatest of the rates of interest from time to time permitted under applicable law. Interest on this note is computed on a 365/365 simple interest

Exhibit 10.4

basis; that is, by applying the ratio of the annual interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding.

All interest accruing on the amounts of principal advanced hereunder shall be due in twenty-three (23) consecutive monthly installments in the amount of the then accrued and unpaid interest on this note, with the first of such installments being due on the 27th day of July, 2005, and a like installment becoming due on the same day of each succeeding calendar month thereafter until the 27th day of June, 2007, when the then remaining unpaid balance and all accrued interest shall be due. This note, together with all accrued interest, shall be due in any event on or before the 27th day of June, 2007.

This note is secured by the Security Agreement of even date herewith from Borrower to Lender by which Borrower grants security interests in all assets of Borrower, including but not limited to its equipment, accounts receivable, contracts, leases, inventory, instruments, chattel paper and general intangibles, now owned or hereafter acquired by Borrower, and any and all proceeds, increases, substitutions, replacements, additions, and accessions to such assets and reference is here made to said Security Agreement for all purposes and is additionally secured by the Lease and Rental Assignment of even date herewith from Borrower to Lender by which Borrower grants security interests in all of its equipment leases, now owned or hereafter acquired by Borrower and reference is here made to said Lease and Rental Assignment for all purposes. This note evidences indebtedness governed by a Loan Agreement of even date herewith between the Borrower and Lender and is further secured and governed as provided therein and reference is further made to said Loan Agreement for all purposes.

As the term "Lender" is used in this note, it shall be construed to refer to Lender or to any current owner of this note, if other than Lender.

It is agreed that time is of the essence of this agreement, and that in the event of default in the payment of any installment of principal or interest which may be provided for hereunder, as the same becomes due and payable, Lender may declare the entire unpaid principal balance plus all accrued but unpaid interest due hereon immediately due and payable, and failure to exercise said option shall not constitute a waiver on the part of Lender of the right to exercise the same at any other time.

Should default be made in the payment of this note as the same becomes due or is declared due under the terms hereof, and should this note then be placed in the hands of an attorney for collection, or should this note be collected by suit or through the probate court, bankruptcy court, or other judicial proceedings, then the undersigned agree and promise to pay reasonable attorney's fees incurred by Lender herein in the collection of this note in addition to the principal and interest then owing.

This note, or any part hereof, may be paid before maturity at any time, and on the payment or collection of this note, no unearned interest shall be paid or collected.

Borrower and any and all co-makers, endorsers, guarantors and sureties hereby acknowledge their understanding that, unless waived, they have the right to notice of Lender's

intent to accelerate the principal balance due on this note, the right to notice of actual acceleration of the principal balance of this note, and the right to presentment of this note by Lender's demand for payment. Borrower and any and all co-makers, endorsers, guarantors, and sureties further acknowledge their understanding that they may waive these rights by their signatures on this note or on their respective contracts and they do hereby severally waive their rights to notice of intent to accelerate, their rights to notice of acceleration, and their rights to presentment or other demand for payment. Borrower and any and all co-makers, endorsers, guarantors, and sureties further severally waive notice of protest, protest, demand and the filing of suit hereon for the purpose of fixing liability and consent that the time of payment hereof may be extended and re-extended from time to time without notice to them, or any of them, and each agrees that his, her, or its liability on or with respect to this note shall not be affected by any release or discharge of any other maker, endorser, guarantor, or surety or by any release of or change in any security at any time existing or by any failure to perfect or to maintain perfection of any lien on or security interest in any such security, or any change in the Loan Agreement.

MITCHAM INDUSTRIES, INC.

By: _____
BILLY F. MITCHAM, JR.
Its: President

Exhibit 10.4 - 3

PRESS RELEASE

FOR IMMEDIATE RELEASE

CONTACT:

Christine Reel
713.629.1316

Mitcham Industries Obtains \$12.5 Million Revolving Credit Facility From First Victoria National Bank

HUNTSVILLE, Texas – June 29, 2005 – Mitcham Industries, Inc. (NASDAQ: MIND) today announced it has obtained a new senior secured \$12.5 million revolving credit facility from First Victoria National Bank, replacing its existing \$4.0 million revolving credit facility. The new facility has a two-year term and bears interest at the prime rate. Interest on any outstanding principle balance is payable monthly, while the principal is due at the end of the two-year term.

“This new facility gives Mitcham Industries additional flexibility to respond to domestic and international market opportunities as they arise and to pursue our geographical expansion and growth strategy,” said Billy F. Mitcham, Jr., President and CEO of Mitcham Industries. “We look forward to continuing our relationship with First Victoria National Bank.”

Mitcham Industries, Inc., a geophysical equipment supplier, offers for lease or sale, new and “experienced” seismic equipment to the oil and gas industry, seismic contractors, environmental agencies, government agencies and universities. Headquartered in Texas, with sales and services offices in Calgary, Canada, Brisbane, Australia and associates throughout Europe, South America and Asia, Mitcham Industries conducts operations on a global scale and is the largest independent seismic equipment lessor in the industry.

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. Actual results may differ materially from such forward-looking statements. Important factors that could cause or contribute to such differences include a prolonged and gradual recovery, or no full recovery, of the energy services sector of a depressed oil and gas industry, and thereafter, the inherent volatility of oil and gas prices and the related volatility of demand for the Company’s services; loss of significant customers; significant defaults by customers on amounts due to the Company; international economic and political instability; dependence upon additional lease contracts; the risk of technological obsolescence of the Company’s lease fleet; vulnerability of seismic activity and demand to weather conditions and seasonality of operating results; dependence upon few suppliers; and other factors which are disclosed in the Company’s Securities and Exchange Commission filings, available from the Company without charge.

###