

**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

September 8, 2004 (September 1, 2004)
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))
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TABLE OF CONTENTS

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

[Item 9.01. Financial Statements and Exhibits.](#)

[SIGNATURE](#)

[EXHIBIT INDEX](#)

[Form of Restricted Stock Agreement](#)

[Form of Nonqualified Stock Option Agreement](#)

[Amended and Restated 1998 Stock Awards Plan](#)

[Form of Incentive Stock Option Agreement](#)

[Form of Phantom Stock Award Agreement](#)

[Form of Stock Appreciation Rights Agreement](#)

[Form of Incentive Stock Option Agreement](#)

[Form of Nonqualified Stock Option Agreement](#)

[Table of Contents](#)

Item 1.01 Entry into Material Definitive Agreement.

On September 1, 2004, Mitcham Industries, Inc. (the "Company") issued to each of its nonemployee directors (i) shares of common stock of the Company, subject to a one-year vesting requirement (the "Restricted Shares") in the following amounts: Peter H. Blum (8,000), Robert P. Capps (4,000), R. Dean Lewis (4,000) and John F. Schwalbe (4,000) (each such recipient, a "Nonemployee Director") and (ii) options to purchase shares of common stock of the Company at an exercise price of \$4.75, which options are subject to a one-year vesting requirement and expire on September 1, 2014 (the "Options") in the following amounts: Peter H. Blum (50,000), Robert P. Capps (25,000), R. Dean Lewis (25,000) and John F. Schwalbe (25,000). The Restricted Shares were granted pursuant to Restricted Stock Agreements, dated September 1, 2004, between the Company and each Nonemployee Director. The Options were granted pursuant to Nonqualified Stock Option Agreements, dated September 1, 2004, between the Company and each Nonemployee Director. The forms of Restricted Stock Agreement and Nonqualified Stock Option Agreement are filed as Exhibits 10.1 and 10.2, respectively, to this Form 8-K. In addition, the Company has also filed certain of its other management compensatory plans or agreements as exhibits to this Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits. The following exhibits are filed as a part of this report:

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Restricted Stock Agreement (1998 Plan).
10.2	Form of Nonqualified Stock Option Agreement (1998 Plan).
10.3	Amended and Restated 1998 Stock Awards Plan.
10.4	Form of Incentive Stock Option Agreement (1998 Plan).
10.5	Form of Phantom Stock Award Agreement (1998 Plan).
10.6	Form of Stock Appreciation Rights Agreement (1998 Plan).
10.7	Form of Incentive Stock Option Agreement (2000 Plan).
10.8	Form of Nonqualified Stock Option Agreement (2000 Plan).

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: September 8, 2004

By: /s/ Christopher C. Siffert

Christopher C. Siffert
Vice President and Corporate Controller

EXHIBIT INDEX

Exhibit No.	Description
10.1	Form of Restricted Stock Agreement (1998 Plan).
10.2	Form of Nonqualified Stock Option Agreement (1998 Plan).
10.3	Amended and Restated 1998 Stock Awards Plan.
10.4	Form of Incentive Stock Option Agreement (1998 Plan).
10.5	Form of Phantom Stock Award Agreement (1998 Plan).
10.6	Form of Stock Appreciation Rights Agreement (1998 Plan).
10.7	Form of Incentive Stock Option Agreement (2000 Plan).
10.8	Form of Nonqualified Stock Option Agreement (2000 Plan).

MITCHAM INDUSTRIES, INC.
RESTRICTED STOCK AGREEMENT
(1998 STOCK AWARDS PLAN)

THIS RESTRICTED STOCK AGREEMENT ("Agreement") is between Mitcham Industries, Inc., a Texas corporation (the "Company"), and (the "Employee"), which parties agree as follows:

1. Introduction. The Company has adopted the Mitcham Industries, Inc. 1998 Stock Awards Plan (the "Plan") to provide employees upon whom the responsibilities of the successful administration and management of the Company rest additional incentive and reward opportunities designed to advance the Company's profitable growth. The Company, acting through the Committee, has determined that its interests will be advanced by issuing Restricted Shares to the Employee under the Plan. All capitalized terms in this Agreement not defined in this Agreement will have the meanings given to them in the Plan.

2. Award of Common Stock. The Company hereby grants (the "Grant") to the Employee _____ shares (the "Shares") of common stock of the Company, \$.01 par value (the "Common Stock") which shall be subject to the restrictions in Section 3 (the "Restrictions").

3. Restrictions. The Shares may not be sold, assigned, transferred, exchanged, pledged, hypothecated or encumbered by the Employee, and no such sale, assignment, transfer, exchange, pledge, hypothecation or encumbrance, whether made or created by voluntary act of the Employee or any agent of the Employee or by operation of law, shall be recognized by, or be binding upon, or shall in any manner affect the rights of, the Company or any agent or any custodian holding certificates for the Shares. Such Restrictions shall remain in effect until such time as such Restrictions shall expire under the terms of this Agreement.

4. Restricted Period.

(a) For a period of _____ years beginning _____, 19____ (the "Restricted Period") the Shares shall be subject to the Restrictions and any other restrictions set forth herein; provided, however, the Restrictions shall expire on a number of Shares for each year the Employee remains in the employment of the Company after _____, 19____, as follows:

Number of Full Years	Percentage of Shares on which Restrictions Expire
_____	_____

The shares that remain subject to the Restrictions under the above schedule from time to time are called the "Restricted Shares."

(b) The Company shall issue of a certificate or certificates for the Shares, according to the Committee's determination. Each certificate for Shares issued to the Employee shall be registered in Employee's name and either deposited by the Secretary of the Company or its designee in an escrow account or held by the Secretary of the Company, together with stock powers or other instruments of transfer appropriately endorsed in blank by the Employee (the Employee hereby agreeing to execute such stock powers or other instruments of transfer as requested by the Company). Such certificate or certificates shall remain in such escrow account or with the Secretary of the Company until (i) the Restricted Period has terminated or (ii) the Restrictions in the above schedule expire. Certificates representing the Restricted Shares shall bear the following legend:

The shares represented by this certificate may be transferred only in compliance with the conditions specified in the Mitcham Industries, Inc. Restricted Stock Agreements, dated as of _____, 19____ between Mitcham Industries, Inc. ("Company") and each of the grantees named therein. A complete and correct copy of the form of such agreements is available for inspection at the principal office of the company and will be furnished without charge to the holder of such shares upon written request.

(c) During the Restricted Period, except as otherwise provided in the Plan, the Employee shall have all of the other rights of a stockholder with respect to the Shares including the right to receive dividends, if any, as may be declared on the Shares from time to time, and the right to vote the Shares at any Stockholders' meeting.

(d) Upon expiration of the Restrictions and upon compliance by the Employee, or the legal representative of the Employee, with all obligations of the Employee under the Plan and this Agreement, the Restricted Shares shall be released from all further restrictions and prohibitions hereunder and all of the forfeiture provisions of the Plan, and the Committee shall deliver or cause to be delivered to the Employee or the Employee's legal representative the certificate or certificates for the Shares, free of the legend in subparagraph (b) above.

5. Termination of Employment. If the Employee ceases to be employed by the Company or its Affiliates for any reason other than death or disability, all Restricted Shares outstanding shall, upon such termination of employment, be forfeited by the Employee to the Company, without the payment of any consideration or further consideration by the Company.

6. Death or Disability. If the Employee dies or is determined to be disabled while employed by the Company or its Affiliates, then any Restrictions on the Restricted Shares shall be deemed to have expired as of the date of any such occurrence, and the Restricted Shares shall then be freely transferable. The Employee shall be deemed to be disabled if, in the opinion of a physician selected by the Committee, the Employee incapable of performing for the Company services of the kind he was performing at the time the disability occurred, due to any medically determinable physical or mental impairment that can be expected to result in death or to continue indefinitely. The date of determination of disability for purposes hereof shall be the date of such physician's determination.

7. Extraordinary Corporate Transactions. If the outstanding shares of Common Stock or other securities of the Company, or both, shall at any time be changed or exchanged by declaration of a stock dividend, stock split, combination of shares, or recapitalization, the number and kind of shares of Common Stock or other securities subject to the Restricted Stock shall be appropriately and equitably adjusted in accordance with the terms of the Plan. If there is a Change of Control, any Restrictions on the Restricted Shares shall be deemed to have expired, and the Restricted Shares shall be freely transferable.

8. Requirements of Law. The granting of the Shares shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

9. Withholding of Tax. To the extent that this Grant results in compensation income to the Employee for federal or state income tax purposes, the Company shall have the right to withhold any amounts required to be so withheld for federal, state or local income tax purposes. All such taxes and withholding must be paid or provided for before any Shares, or certificates therefor, can be delivered to the Employee. The failure of the Employee to notify the Company of any tax election made by the Employee may, in the discretion of the Committee, result in the forfeiture of the Shares.

10. No Right to Employment. The Employee shall be considered to be in the employment of the Company as long as he remains as an employee of the Company or its Affiliates. The Committee shall determine whether and when there has been a termination of the Employee's employment and the cause of such termination, and its determination shall be final. Nothing contained in this Agreement shall be construed as conferring upon the Employee the right to continue in the employ of the Company or its Affiliates, nor shall anything contained herein be construed to limit the "employment at will" relationship between the Employee and the Company or its Affiliates.

11. Resolution of Disputes. As a condition of the Grant of Shares, the Employee and his heirs and successors agree that the Committee shall determine and resolve in its sole discretion and judgment, any dispute or disagreement that arises hereunder, and that any such determination and any resolution of the terms of this Agreement shall be final, binding and conclusive, upon the Company, the Employee, his heirs and personal representatives.

12. Notices. Every notice hereunder shall be in writing and shall be given by registered or certified mail. All notices with respect to Shares hereunder shall be directed to Mitcham Industries, Inc., 44000 Highway 75 South, P. O. Box 1175, Huntsville, Texas 77342. Attention: Secretary. Any notice given by the Company to the Employee directed to him at his address on file with the Company shall be effective to bind him and any other person who shall acquire rights hereunder. The Company has no obligation to advise the Employee of the existence, maturity or termination of any of the Employee's rights hereunder. The Employee shall be deemed to have familiarized himself or herself with all matters contained in this Agreement and in the Plan that may affect any of the Employee's rights or privileges hereunder.

13. Agreement Subject to Plan. This Agreement is subject to the Plan. The terms and provisions of the Plan (including any subsequent amendments thereto) are hereby incorporated herein by reference thereto. If there is a conflict between any term or provision

contained in this Agreement and a term or provision of the Plan, the terms and provisions of the Plan will govern.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Employee.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

DATED _____, _____.

MITCHAM INDUSTRIES, INC.

By: _____

Name: _____

Title: _____

THE EMPLOYEE

**MITCHAM INDUSTRIES, INC.
NONQUALIFIED STOCK OPTION AGREEMENT
(1998 STOCK AWARDS PLAN)**

THIS NONQUALIFIED STOCK OPTION AGREEMENT (“Option Agreement”) is between Mitcham Industries, Inc., a Texas corporation (the “Company”), and _____ (the “Optionee”), which parties agree as follows:

1. Introduction. The Company has adopted the Mitcham Industries, Inc. 1998 Stock Awards Plan (the “Plan”) to provide employees upon whom the responsibilities of the successful administration and management of the Company rest additional incentive and reward opportunities designed to advance the Company’s profitable growth. The Company, acting through the Committee, has determined that its interests will be advanced by issuing the Optionee a Nonqualified Stock Option under the Plan. All capitalized terms in this Option Agreement not defined in this Option Agreement will have the meanings given to them in the Plan.

2. Option Grant. The Company hereby irrevocably grants to the Optionee the right and option (the “Option”) to purchase from the Company _____ shares of the Company’s common stock, \$ _____ par value (“Stock”), at a price of \$ _____ per share (the “Exercise Price”), which is not less than the Fair Market Value of the Stock at the grant date of this Option.

3. Option Period and Exercisability. The Optionee may exercise the Option in whole or in part at any time during a 10-year period (the “Option Period”) beginning on _____ (the “Date of Grant”), except that the Option shall not be exercised (a) at any time before the expiration of six months from the Date of Grant, or (b) for more than a percentage of the aggregate number of shares underlying the Option determined by the number of full years of employment with the Company or its Affiliates from the Date of Grant to the exercise date, as follows:

Number of Full Years	Percentage of Shares Purchasable
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Notwithstanding anything in this Option Agreement to the contrary, the Committee, in its sole discretion, may waive the foregoing schedule of vesting and, upon written notice to the Optionee, accelerate the earliest date or dates on which the Option is exercisable.

4. [Performance Criteria. Notwithstanding the vesting schedule in Section 3, the Option may be exercised sooner if the Company attains the following performance criteria over the following periods of time:

However, the Option may not be exercised before the expiration of six months from the date of Grant.]

5. Procedure for Exercise. The Optionee may exercise the Option by delivering written notice to the Secretary of the Company including the number of shares of Stock with respect to which the Option is being exercised and the address to which the certificates for such shares are to be mailed. The notice shall be accompanied by, at the Optionee's choice, (i) cash, cashier's check, bank draft, or postal or express money order payable to the order of the Company, (ii) certificates representing shares of Stock already owned by the Optionee, duly endorsed for transfer to the Company, or (iii) any combination of the preceding, equal in value to the aggregate Exercise Price. The Committee, in its sole discretion, may allow the Optionee to exercise the Option under a "cashless exercise" arrangement as described in Section VII(d) of the Plan. The Optionee may deliver the notice by telecopy, provided that the Company receives the Exercise Price of such shares via wire transfer on the same day it receives the telecopy transmission of the notice. The Option shall be deemed to have been exercised immediately before the close of business on the date the Company receives (i) written notice of such exercise and (ii) payment in full of the Exercise Price for the number of shares for which Options are being exercised, and the Optionee shall be treated for all purposes as the record holder of such shares of Stock as of such date.

As promptly as practicable after receipt of such written notice and payment, the Company shall deliver to the Optionee certificates for the number of shares with respect to which the Option has been exercised, issued in the Optionee's name or such other name as the Optionee directs. Delivery shall be deemed effected when the Company's stock transfer agent deposits such certificates in the United States mail, addressed to the Optionee at the address specified in the exercise notice.

6. Termination of Employment. If the Optionee ceases to be employed by the Company or its Affiliates for any reason other than death or disability, the Option shall expire upon the date of such termination of employment. However, the Committee may allow the Optionee to exercise all or a portion of the Option granted but unexercised for a period of time after the Optionee's termination of employment.

7. Death or Disability. If the Optionee dies or is determined to be disabled while the Optionee is employed by the Company or its Affiliates, then the Optionee, the guardian of the Optionee's estate, the executor or administrator of the Optionee's estate or the person or persons to whom the Optionee's rights under this Option Agreement pass by will or the laws of descent and distribution, may exercise the Option (to the extent the Optionee would have been entitled to do so at the date of death or the determination of disability) at any time and from time to time, within a one-year period after such death or determination of disability. However, the Option may not be exercised after the expiration of the Option Period. The Optionee shall be deemed to be disabled if, in the opinion of a physician selected by the Committee, the Optionee

is incapable of performing for the Company services of the kind he was performing at the time the disability occurred, due to any medically determinable physical or mental impairment that can be expected to result in death or to continue indefinitely. The date of determination of disability for purposes hereof shall be the date of such physician's determination.

8. Transferability. The Optionee may not transfer this Option other than by will or by the laws of descent and distribution. During the Optionee's lifetime, only he or his authorized legal representative may exercise the Option. Any heir or legatee of the Optionee shall take rights herein granted subject to the terms and conditions of this Option Agreement. No such transfer of this Option Agreement to the Optionee's heirs or legatees shall bind the Company unless the Company is furnished with written notice of transfer and a copy of such evidence as the Committee considers necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions of this Option Agreement.

9. No Rights as Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Stock covered by this Option Agreement until the Option is exercised by written notice and accompanied by payment as provided in Section 5 of this Option Agreement.

10. Extraordinary Corporate Transactions. If, after the execution of this Option Agreement, the Company is recapitalized, changes its capital structure, or the number of issued and outstanding shares of Stock changes as a result of a share dividend or a subdivision or consolidation of shares without the Company receiving consideration, the Option shall be appropriately adjusted as provided under the Plan. If there is a Change of Control, the Option shall immediately vest and be fully exercisable. [SEE ARTICLE XII OF THE PLAN - COMMITTEE MAY PROVIDE FOR ALTERNATIVE TREATMENT OF OPTIONS.]

11. Cashing Out Option. On receipt of written notice of exercise, the Committee may elect to cash out all or part of the portion of the shares of Stock for which the Option is being exercised by paying the Optionee an amount, in cash or Stock, equal to (i) the excess of the Fair Market Value of the Stock over the Exercise Price, multiplied by (ii) the number of shares of Stock for which the Option is being exercised on the effective date of such cash-out.

12. Compliance With Securities Laws. When the Optionee acquires any shares pursuant to the exercise of the Option, the Optionee (or any person acting under Section 8) will enter into such written representations, warranties and agreements as the Company reasonably requests in order to comply with applicable securities laws or with this Option Agreement.

13. Compliance With Laws. Notwithstanding any of the provisions hereof, the Optionee agrees that he will not exercise the Option, and that the Company will not be obligated to issue any shares under this Option Agreement, if the exercise of the Option or the issuance of such shares of Stock would violate any provision of any law or regulation of any governmental authority.

14. Withholding of Tax. To the extent that the exercise of the Option or the disposition of shares of Stock acquired by exercise of the Option results in compensation income to the Optionee for federal or state income tax purposes, the Optionee shall pay to the Company at the time of such exercise or disposition such amount of money as the Company requires to

meet its obligations under applicable tax laws or regulations. If the Optionee fails to do so, the Company is authorized to withhold such tax from any cash remuneration then or thereafter payable to Optionee, or may otherwise refuse to issue or transfer any shares otherwise required to be issued or transferred under this Option Agreement.

15. No Right to Employment. The Optionee shall be considered to be in the employment of the Company so long as he or she remains an employee of the Company or its Affiliates. The Committee shall determine whether and when there has been a termination of such employment and the cause of such termination, and its determination shall be final. Nothing contained in this Option Agreement shall be construed as conferring upon the Optionee the right to continue in the employ of the Company or its Affiliates, nor shall anything contained herein be construed to limit the “employment at will” relationship between the Optionee and the Company or its Affiliates.

16. Resolution of Disputes. As a condition of the granting of the Option, the Optionee and the Optionee’s heirs, personal representatives and successors agree that the Committee shall determine and resolve in its sole discretion and judgment, any dispute or disagreement that arises under this Option Agreement, and that any such determination and any resolution of the terms of this Option Agreement shall be final, binding and conclusive upon the Company, the Optionee, and the Optionee’s heirs, personal representatives and successors.

17. Legends on Certificate. The certificates representing the shares of Stock purchased by the exercise of the Option will be stamped or otherwise imprinted with legends in such form as the Company or its counsel may require with respect to any applicable restrictions on sale or transfer and the stock transfer records of the Company will reflect stop-transfer instructions with respect to such shares.

18. Notices. Every notice hereunder must be in writing and shall be given by registered or certified mail. All notices of the exercise of the Option shall be directed to Mitcham Industries, Inc., 44000 Highway 75 South, P. O. Box 1175, Huntsville, Texas 77342. Attention: Secretary. Any notice the Company gives to the Optionee shall be directed to the Optionee at the address on file with the Company and shall bind the Optionee and any other person who acquires rights hereunder. The Company has no obligation to advise the Optionee of the existence, maturity or termination of any of the Optionee’s rights hereunder. The Optionee shall be deemed to have familiarized himself with all matters in this Option Agreement and in the Plan that may affect any of the Optionee’s rights or privileges hereunder.

19. Construction and Interpretation. Whenever the term “Optionee” is used herein under circumstances that apply to any other person or persons to whom this award may be transferred under Section 8, the word “Optionee” shall be deemed to include such person or persons.

20. Notice of Disposition. If the Optionee disposes of any shares of Stock acquired pursuant to the exercise of the Option before the earlier of (i) two years from the Date of Grant or (ii) one year from the date the shares of Stock were acquired, the Optionee shall notify the Company of such disposition within 10 days of its occurrence and deliver to the Company any amount of federal or state income tax withholding required by law. If the Optionee fails to pay

the withholding tax, the Company is authorized to withhold such tax from any cash remuneration then or thereafter payable to the Optionee.

21. Agreement Subject to Plan. This Option Agreement is subject to the Plan. The terms and provisions of the Plan (including any amendments thereto) are incorporated in this Option Agreement by reference thereto. If there is a conflict between any term or provision of this Option Agreement and a term or provision of the Plan, the terms and provisions of the Plan will govern.

22. Binding Effect. This Option Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Optionee as provided herein.

23. Governing Law. This Option Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

DATED _____, _____.

MITCHAM INDUSTRIES, INC.

By: _____

Name: _____

Title: _____

OPTIONEE

**AMENDED AND RESTATED
1998 STOCK AWARDS PLAN
OF MITCHAM INDUSTRIES, INC.**

I. PURPOSE

The purpose of the **MITCHAM INDUSTRIES, INC. AMENDED AND RESTATED 1998 STOCK AWARDS PLAN** (the “Plan”) is to provide a means through which Mitcham Industries, Inc., a Texas corporation (the “Company”), and its subsidiaries, may attract able persons as Employees, Directors and Consultants of the Company and to provide a means whereby those employees, directors and consultants upon whom the responsibilities of the successful administration and management of the Company rest, and whose present and potential contributions to the welfare of the Company are of importance, can acquire and maintain stock ownership, thereby strengthening their concern for the welfare of the Company. A further purpose of the Plan is to provide employees with additional incentive and rewards opportunities designed to enhance the profitable growth of the Company. Therefore, the Plan provides for granting ISOs, options which do not constitute ISOs, Stock Appreciation Rights, Restricted Stock Awards, Performance Awards, Phantom Stock Awards, or any combination of the foregoing, as is best suited to the circumstances of the particular Employee, Director or Consultant as provided herein.

II. DEFINITIONS

The following definitions shall be applicable throughout the Plan unless specifically modified by any paragraph:

- (a) “**Affiliates**” means any Parent corporation of the Company and any “subsidiary” of the Company within the meaning of Code Section 424(e) and (f), respectively.
 - (b) “**Award**” means, individually or collectively, any Option, Restricted Stock Award, Phantom Stock Award, Performance Award or Stock Appreciation Right.
 - (c) “**Award Agreement**” means any Option Agreement, Restricted Stock Agreement, Phantom Stock Award Agreement, Performance Award Agreement or Stock Appreciation Rights Agreement.
 - (d) “**Board**” means the Board of Directors of the Company.
 - (e) “**Change of Control**” means the occurrence of any of the following events:
 - (i) the Company is not the surviving entity in any merger, consolidation or other reorganization (or survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company),
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(ii) the Company sells, leases or exchanges all or substantially all of its assets to any other person or entity (other than a wholly-owned subsidiary of the Company),

(iii) the Company is dissolved and liquidated,

(iv) any person or entity, including a “group” as contemplated by Section 13(d)(3) of the 1934 Act, provides or gains ownership or control (including, without limitation, power to vote) or more than 50% of the outstanding shares of the Company’s voting stock (based upon voting power), or

(v) as a result of or in connection with a contested election of directors, the persons who were directors of the Company before such election cease to constitute a majority of the Board.

(f) **“Change of Control Value”** means:

(i) the per share price offered to shareholders of the Company in any such merger, consolidation, reorganization, sale of assets or dissolution transaction,

(ii) the price per share offered to shareholders of the Company in any tender offer or exchange offer whereby a Change of Control takes place, or

if such Change of Control occurs other than pursuant to a tender or exchange offer, the fair market value per share of the shares into which Awards are exercisable, as determined by the Committee, whichever is applicable.

If the consideration offered to shareholders of the Company consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash.

(g) **“Code”** means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to any section and any regulations under such section.

(h) **“Committee”** means the Compensation Committee of the Board, which shall be (i) constituted so as to permit the Plan to comply with Rule 16b-3 and (ii) constituted solely of “outside directors,” within the meaning of section 162(m) of the Code and applicable interpretive authority thereunder.

(i) **“Company”** means Mitcham Industries, Inc. and any of its Affiliates.

(j) **“Consultant”** means any person engaged by the Company to render consulting services and who is compensated for such services.

(k) **“Continuous Status as an Employee, Director or Consultant”** means, for an Employee, the absence of any interruption or termination of the employment relationship by the Company or any Subsidiary, for a Director or Consultant, the absence of any interruption or termination of service as a Director or Consultant, as the case may be. Continuous Status as an Employee, Director or Consultant shall not be considered interrupted in the case of: (i) any leave of absence approved by the Board, including sick leave, military leave, or any other personal leave; provided, however, that for purposes of ISOs, such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise under Company policy adopted from time to time; or (ii) in the case of transfers between locations of the Company or between the Company, its subsidiaries or its successor.

(l) **“Director”** means an individual elected to the Board by the shareholders of the Company or by the Board under applicable corporate law who is serving on the Board on the date the Plan is adopted by the Board or is elected to the Board after that date.

(m) **“Employee”** means any person (including an officer or a Director) in an employment relationship with the Company or any parent or subsidiary corporation (as defined in Section 424 of the Code).

(n) **“1934 Act”** means the Securities Exchange Act of 1934, as amended.

(o) **“Fair Market Value”** means, as of any specified date, the mean of the high and low sales prices of the Stock (i) reported by the any interdealer quotation system on which the Stock is quoted on that date or (ii) if the Stock is listed on a national stock exchange, reported on the stock exchange composite tape on that date; or, in either case, if no prices are reported on that date, on the last preceding date on which such prices of the Stock are so reported. If the Stock is traded over the counter at the time a determination of its fair market value is required to be made hereunder, its fair market value shall be deemed to be equal to the average between the reported high and low or closing bid and asked prices of Stock on the most recent date on which Stock was publicly traded. If Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its fair market value shall be made by the Committee in the manner as it deems appropriate.

(p) **“Holder”** means an Employee, Director or Consultant to whom an Award other than an Option has been made under this Plan.

(q) **“Incentive Stock Option” or “ISO”** means an incentive stock option within the meaning of Section 422(b) of the Code.

(r) **“Non-Employee Director”** means a Director who either (i) is not a current Employee of the Company or any Subsidiary; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(s) **“Nonqualified Stock Option”** means an option granted under Paragraph VII of the Plan to purchase Stock that is not an Incentive Stock Option.

(t) **“Option”** means an Award granted under Paragraph VII of the Plan and includes both Incentive Stock Options to purchase Stock and Nonqualified Stock Options to purchase Stock.

(u) **“Option Agreement”** means a written agreement between the Company and an Optionee with respect to an Option.

(v) **“Optionee”** means a person to whom an Option is granted under this Plan, or if applicable, such other person who holds an outstanding Option under this Plan.

(w) **“Performance Award”** means an Award granted under Paragraph X of the Plan.

(x) **“Performance Award Agreement”** means a written agreement between the Company and a Holder with respect to a Performance Award.

(y) **“Phantom Stock Award”** means an Award granted under Paragraph XI of the Plan.

(z) **“Phantom Stock Award Agreement”** means a written agreement between the Company and a Holder with respect to a Phantom Stock Award.

(aa) **“Plan”** means the Mitcham Industries, Inc. Amended and Restated 1998 Stock Awards Plan, as may be further amended from time to time.

(bb) **“Restricted Stock Agreement”** means a written agreement between the Company and a Holder with respect to a Restricted Stock Award.

(cc) **“Restricted Stock Award”** means an Award granted under Paragraph IX of the Plan.

(dd) **“Rule 16b-3”** means SEC Rule 16b-3 promulgated under the 1934 Act, as such may be amended from time to time, and any successor rule, regulation or statute fulfilling the same or a similar function.

(ee) **“Spread”** means, in the case of a Stock Appreciation Right, an amount equal to the excess, if any, of the Fair Market Value of a share of Stock on the date such right is exercised over the exercise price of such Stock Appreciation Right.

(ff) **“Stock”** means the common stock, \$0.01 par value, of the Company.

(gg) **“Stock Appreciation Right”** means an Award granted under Paragraph VIII of the Plan.

(hh) **“Stock Appreciation Rights Agreement”** means a written agreement between the Company and a Holder with respect to an Award of Stock Appreciation Rights.

III. EFFECTIVE DATE AND DURATION OF THE PLAN

The Plan shall be effective upon the date of its adoption by the Board, provided that the Plan is approved by the shareholders of the Company within 12 months thereafter. No further Awards may be granted under the Plan after the expiration of 10 years from the date of its adoption by the Board. The Plan shall remain in effect until all Awards granted under the Plan have been satisfied or expired.

IV. ADMINISTRATION

(a) **Committee.** The Plan shall be administered by the Committee.

(b) **Powers.** Subject to the provisions of the Plan, the Committee shall have sole authority, in its discretion, to determine which Employees, Directors or Consultants shall receive an Award, the time or times when such Award shall be made, whether an Incentive Stock Option, Nonqualified Option or Stock Appreciation Right shall be granted, the number of shares of Stock which may be issued under each Option, Stock Appreciation Right or Restricted Stock Award, and the value of each Performance Award and Phantom Stock Award. In making such determinations, the Committee may take into account the nature of the services rendered by the respective Employees, Directors and Consultants their present and potential contributions to the Company's success and such other factors as the Committee in its discretion shall deem relevant.

(c) **Additional Powers.** The Committee shall have such additional powers as are delegated to it by the other provisions of the Plan. Subject to the express provisions of the Plan, the Committee is authorized to construe the Plan and the respective agreements executed thereunder, to prescribe such rules and regulations relating to the Plan as it may deem advisable to carry out the Plan, and to determine the terms, restrictions and provisions of each Award, including such terms, restrictions and provisions as shall be requisite in the judgment of the Committee to cause designated Options to qualify as Incentive Stock Options, and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in any agreement relating to an Award in the manner and to the extent it shall deem expedient to carry it into effect. The determinations of the Committee on the matters referred to in this Article IV shall be conclusive.

V. GRANT OF OPTIONS, STOCK APPRECIATION RIGHTS, RESTRICTED STOCK AWARDS, PERFORMANCE AWARDS AND PHANTOM STOCK AWARDS; SHARES SUBJECT TO THE PLAN

(a) **Stock Grant and Award Limits.** The Committee may from time to time grant Awards to one or more Employees, Directors or Consultants determined by it to be eligible for participation in the Plan in accordance with the provisions of Paragraph VI. Subject to Paragraph XII, the aggregate number of shares of Stock that may be issued under the Plan shall not exceed 750,000 shares. Shares of Stock shall be deemed to have been issued under the Plan only to the extent actually issued and delivered pursuant to an

Award. To the extent that an Award lapses or the rights of its Holder terminate or the Award is paid in cash, any shares of Stock subject to such Award shall again be available for the grant of an Award. Separate stock certificates shall be issued by the Company for those shares acquired pursuant to the exercise of an Incentive Stock Option and for those shares acquired pursuant to the exercise of a Nonqualified Stock Option.

(b) **Stock Offered.** The stock to be offered pursuant to the grant of an Award may be authorized but unissued Stock or Stock previously issued and outstanding and reacquired by the Company.

VI. ELIGIBILITY

Incentive Stock Options and Stock Appreciation Rights related thereto may be granted only to Employees. Awards other than Incentive Stock Options may be granted to Employees, Non-Employee Directors and Consultants. An Award may be granted on more than one occasion to the same person, and, subject to the limitations set forth in the Plan, such Award may include an Incentive Stock Option or a Nonqualified Stock Option, a Stock Appreciation Right, a Restricted Stock Award, a Performance Award, a Phantom Stock Award or any combination thereof.

VII. STOCK OPTIONS

(a) **Option Period.** The term of each Option shall be as specified by the Committee at the date of grant.

(b) **Limitations on Exercise of Option.** An Option shall be exercisable in whole or in such installments and at such times as determined by the Committee.

(c) **Special Limitations on Incentive Stock Options.** To the extent that the aggregate Fair Market Value (determined at the time the respective Incentive Stock Option is granted) of Stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all incentive stock option plans of the Company and its parent and subsidiary corporations exceeds \$100,000, such Incentive Stock Options shall be treated as Nonqualified Stock Options as determined by the Committee. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury Regulations and other administrative pronouncements, which of an Optionee's Incentive Stock Options will not constitute Incentive Stock Options because of such limitation and shall notify the Optionee of such determination as soon as practicable after such determination. No Incentive Stock Options shall be granted to an individual if, at the time the Option is granted, such individual owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, within the meaning of Section 422(b)(6) of the Code, unless (i) at the time such Option is granted the option price is at least 110% of the Fair Market Value of the Stock subject to the Option and (ii) such Option by its terms is not exercisable after the expiration of five years from the date of grant.

(d) **Option Agreement.** Each Option shall be evidenced by an Option Agreement in such form and containing such provisions not inconsistent with the provisions of the Plan as the Committee from time to time shall approve, including, without limitation, provisions to qualify an Incentive Stock Option under Section 422 of the Code. An Option Agreement may provide for the payment of the option price, in whole or in part, by the delivery of a number of shares of Stock (plus cash if necessary) having a Fair Market Value equal to such option price. Each Option Agreement shall provide that the Option may not be exercised earlier than six months from the date of grant and shall specify the effect of termination of employment on the exercisability of the Option. Moreover, an Option Agreement may provide for a "cashless exercise" of the Option by establishing procedures whereby the Holder, by a properly-executed written notice, directs:

- (i) an immediate market sale or margin loan respecting all or a part of the shares of Stock to which he is entitled upon exercise pursuant to an extension of credit by the Company to the Holder of the option price,
- (ii) the delivery of the shares of Stock from the Company directly to a brokerage firm, and
- (iii) the delivery of the option price from the sale or margin loan proceeds from the brokerage firm directly to the Company.

Such Option Agreement may also include, without limitation, provisions relating to:

- (i) vesting of Options, subject to the provisions hereof accelerating such vesting on a Change of Control,
- (ii) tax matters (including provisions (y) permitting the delivery of additional shares of Stock or the withholding of shares of Stock from those acquired upon exercise to satisfy federal or state income tax withholding requirements and (z) dealing with any other applicable employee wage withholding requirements), and
- (iii) any other matters not inconsistent with the terms and provisions of this Plan that the Committee shall in its sole discretion determine.

The terms and conditions of the respective Option Agreements need not be identical.

(e) **Option Price and Payment.** The price at which a share of Stock may be purchased upon exercise of an Option shall be determined by the Committee, but:

- (i) such purchase price shall not be less than the Fair Market Value of Stock subject to an Incentive Stock Option on the date immediately preceding the date the Incentive Stock Option is granted, and
- (ii) such purchase price shall be subject to adjustment as provided in Paragraph XII.

The Option or portion thereof may be exercised by delivery of an irrevocable notice of exercise to the Company. The purchase price of the Option or portion thereof shall be paid in full in the manner prescribed by the Committee.

(f) **Shareholder Rights and Privileges.** The Holder shall be entitled to all the privileges and rights of a shareholder only with respect to such shares of Stock as have been purchased under the Option and for which certificates of stock have been registered in the Holder's name.

(g) **Options and Rights in Substitution for Stock Options Granted by Other Corporations.** Options and Stock Appreciation Rights may be granted under the Plan from time to time in substitution for stock options held by individuals employed by corporations who become employees as a result of a merger or consolidation of the employing corporation with the Company or any subsidiary, or the acquisition by the Company or a subsidiary of the assets of the employing corporation, or the acquisition by the Company or a subsidiary of stock of the employing corporation with the result that such employing corporation becomes a subsidiary.

(h) **Termination of Employment, Directorship or Consultancy.** In the event of termination of an Optionee's Continuous Status as an Employee, Director or Consultant (unless such termination as a Consultant is for purposes of becoming an Employee), such Optionee may, but only within ninety (90) days (or such other period of time as is determined by the Board, but in no event later than the expiration date of the term of such Option as set forth in the Option Agreement), exercise his Option to the extent that an Optionee was entitled to exercise it at the date of such termination. To the extent that an Optionee was not entitled to exercise the Option at the date of such termination, or if Optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option shall terminate.

VIII. STOCK APPRECIATION RIGHTS

(a) **Stock Appreciation Rights.** A Stock Appreciation Right is the right to receive an amount equal to the Spread with respect to a share of Stock upon the exercise of such Stock Appreciation Right. Stock Appreciation Rights may be granted in connection with the grant of an Option, in which case the Option Agreement will provide that exercise of Stock Appreciation Rights will result in the surrender of the right to purchase the shares under the Option as to which the Stock Appreciation Rights were exercised. Alternatively, Stock Appreciation Rights may be granted independently of Options in which case each Award of Stock Appreciation Rights shall be evidenced by a Stock Appreciation Rights Agreement which shall contain such terms and conditions as may be approved by the Committee. The Spread with respect to a Stock Appreciation Right may be payable either in cash, shares of Stock with a Fair Market Value equal to the Spread or in a combination of cash and shares of Stock. With respect to Stock Appreciation Rights that are subject to Section 16 of the 1934 Act, however, the Committee shall, except as provided in Paragraph XII(c), retain sole discretion (i) to determine the form in which payment of the Stock Appreciation Right will be made (i.e., cash, securities or any combination thereof) or (ii) to approve an election by a Holder to

receive cash in full or partial settlement of Stock Appreciation Rights. Each Stock Appreciation Rights Agreement shall provide that the Stock Appreciation Rights may not be exercised earlier than six months from the date of grant and shall specify the effect of termination of employment on the exercisability of the Stock Appreciation Rights.

(b) **Other Terms and Conditions.** At the time of such Award, the Committee, may in its sole discretion, prescribe additional terms, conditions or restrictions relating to Stock Appreciation Rights, including, but not limited to rules pertaining to termination of employment (by retirement, disability, death or otherwise) of a Holder prior to the expiration of such Stock Appreciation Rights. Such additional terms, conditions or restrictions shall be set forth in the Stock Appreciation Rights Agreement made in conjunction with the Award. Such Stock Appreciation Rights Agreement may also include, without limitation, provisions relating to:

- (i) vesting of Awards, subject to the provisions hereof accelerating vesting on a Change of Control,
- (ii) tax matters (including provisions covering applicable wage withholding requirements), and
- (iii) any other matters not inconsistent with the terms and provisions of this Plan, that the Committee shall in its sole discretion determine.

The terms and conditions of the respective Stock Appreciation Rights Agreements need not be identical.

(c) **Exercise Price.** The exercise price of each Stock Appreciation Right shall be determined by the Committee, but such exercise price:

(i) shall not be less than the Fair Market Value of a share of Stock on the date the Stock Appreciation Right is granted (or such greater exercise price as may be required if such Stock Appreciation Right is granted in connection with an Incentive Stock Option that must have an exercise price equal to 110% of the Fair Market Value of the Stock on the date of grant pursuant to Paragraph VII(c)), and

(ii) shall be subject to adjustment as provided in Paragraph XII.

(d) **Exercise Period.** The term of each Stock Appreciation Right shall be as specified by the Committee at the date of grant.

(e) **Limitations on Exercise of Stock Appreciation Right.** A Stock Appreciation Right shall be exercisable in whole or in such installments and at such times as determined by the Committee.

(f) **Termination of Employment, Directorship or Consultancy.** In the event of termination of a Holder's Continuous Status as an Employee, Director or Consultant (unless such termination as a Consultant is for purposes of becoming an Employee), such Holder may, but only within ninety (90) days (or such other period of

time as is determined by the Board, but in no event later than the expiration date of the term of such Award as set forth in the Stock Appreciation Rights Agreement), exercise his Stock Appreciation Rights to the extent that a Holder was entitled to exercise it at the date of such termination. To the extent that a Holder was not entitled to exercise the Stock Appreciation Rights at the date of such termination, or if such Holder does not exercise such Stock Appreciation Rights to the extent so entitled within the time specified herein, the Stock Appreciation Rights shall terminate.

IX. RESTRICTED STOCK AWARDS

(a) **Forfeiture Restrictions to be Established by the Committee.** Shares of Stock that are the subject of a Restricted Stock Award shall be subject to restrictions on disposition by the Holder and an obligation of the Holder to forfeit and surrender the shares to the Company under certain circumstances (the "Forfeiture Restrictions"). The Forfeiture Restrictions shall be determined by the Committee in its sole discretion, and the Committee may provide that the Forfeiture Restrictions shall lapse upon:

- (i) the attainment of targets established by the Committee that are based on (1) the price of a share of Stock, (2) the Company's earnings per share, (3) the Company's revenue, or (4) the Company's pre-tax cash flow from operations,
- (ii) the Holder's continued employment with the Company for a specified period of time, or
- (iii) a combination of any two or more of the factors listed in clauses (i) and (ii) of this sentence. Each Restricted Stock Award may have different Forfeiture Restrictions, in the discretion of the Committee.

The Forfeiture Restrictions applicable to a particular Restricted Stock Award shall not be changed except as permitted by Paragraph IX(b) or Paragraph XII.

(b) **Other Terms and Conditions.** Stock awarded pursuant to a Restricted Stock Award shall be represented by a stock certificate registered in the name of the Holder of such Restricted Stock Award. The Holder shall have the right to receive dividends with respect to Stock subject to a Restricted Stock Award, to vote Stock subject thereto and to enjoy all other shareholder rights, except that:

- (i) the Holder shall not be entitled to delivery of the stock certificate until the Forfeiture Restrictions shall have expired,
- (ii) the Company shall retain custody of the Stock until the Forfeiture Restrictions shall have expired,
- (iii) the Holder may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the stock until the Forfeiture Restrictions shall have expired, and

(iv) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement, shall cause a forfeiture of the Restricted Stock Award.

At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms, conditions or restrictions relating to Restricted Stock Awards, including, but not limited to, rules pertaining to the termination of employment (by retirement, disability, death or otherwise) of a Holder prior to expiration of the Forfeiture Restrictions. Such additional terms, conditions or restrictions shall be set forth in a Restricted Stock Agreement made in conjunction with the Award. Such Restricted Stock Agreement may also include, without limitation, provisions relating to:

(i) vesting of Awards, subject to the provisions hereof accelerating vesting on a Change of Control,

(ii) tax matters (including provisions (y) covering any applicable employee wage withholding requirements and (z) prohibiting an election by the Holder under section 83(b) of the Code), and

(iii) any other matters not inconsistent with the terms and provisions of this Plan that the Committee in its sole discretion shall determine.

(c) **Payment for Restricted Stock.** The Committee shall determine the amount and form of any payment for Stock received pursuant to a Restricted Stock Award, provided that in the absence of such a determination, a Holder shall not be required to make any payment for Stock received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

(d) **Agreements.** At the time any Award is made under this Paragraph IX, the Company and the Holder shall enter into a Restricted Stock Agreement setting forth each of the matters as the Committee may determine to be appropriate. The terms and provisions of the respective Restricted Stock Agreements need not be identical.

(e) **Termination of Employment, Directorship or Consultancy.** In the event of termination of a Holder's Continuous Status as an Employee, Director or Consultant (unless such termination as a Consultant is for purposes of becoming an Employee), the Company may repurchase or otherwise reacquire any or all of the shares of Restricted Stock held by that Holder that have not vested as of the date of termination, under the terms of the Restricted Stock Agreement between the Company and such Holder.

X. PERFORMANCE AWARDS

(a) **Performance Period.** The Committee shall establish, with respect to and at the time of each Performance Award, a performance period over which the performance of the Holder shall be measured.

(b) **Performance Awards.** Each Performance Award shall have a maximum value established by the Committee at the time of such Award.

(c) **Performance Measures.** A Performance Award shall be awarded to an employee contingent upon future performance of the employee, the Company or any subsidiary, division or department thereof by or in which is he employed during the performance period. The Committee shall establish the performance measures applicable to such performance prior to the beginning of the performance period but subject to such later revisions as the Committee shall deem appropriate to reflect significant, unforeseen events or changes.

(d) **Awards Criteria.** In determining the value of Performance Awards, the Committee shall take into account an employee's responsibility level, performance, potential, other Awards and such other considerations as it deems appropriate.

(e) **Payment.** Following the end of the performance period, the Holder of a Performance Award shall be entitled to receive payment of an amount, not exceeding the maximum value of the Performance Award, based on the achievement of the performance measures for such performance period, as determined by the Committee. Payment of a Performance Award may be made in cash, Stock or a combination thereof, as determined by the Committee. Payment shall be made in a lump sum or in installments as prescribed by the Committee. Any payment to be made in Stock shall be based on the Fair Market Value of the Stock on the payment date. If a payment of cash is to be made on a deferred basis, the Committee shall establish whether interest shall be credited, the rate thereof and any other terms and conditions applicable thereto.

(f) **Termination of Employment, Directorship or Consultancy.** In the event of termination of a Holder's Continuous Status as an Employee, Director or Consultant (unless such termination as a Consultant is for purposes of becoming an Employee), a Performance Award shall terminate, except as may be determined by the Committee or as may otherwise be provided in the Performance Award Agreement at the time granted.

(g) **Agreements.** At the time any Award is made under this Paragraph X, the Company and the Holder shall enter into a Performance Award Agreement setting forth each of the matters contemplated hereby, and, in addition such matters are set forth in Paragraph IX(b) as the Committee may determine to be appropriate. The terms and provisions of the respective agreements need not be identical.

XI. PHANTOM STOCK AWARDS

(a) **Phantom Stock Awards.** Phantom Stock Awards are rights to receive shares of Stock (or cash in an amount equal to the Fair Market Value thereof), or rights to receive an amount equal to any appreciation in the Fair Market Value of Stock (or portion thereof) over a specified period of time, which vest over a period of time or upon the occurrence of an event (including without limitation a Change of Control) as established by the Committee, without payment of any amounts by the Holder thereof (except to the

extent otherwise required by law) or satisfaction of any performance criteria or objectives. Each Phantom Stock Award shall have a maximum value established by the Committee at the time of such Award.

(b) **Award Period.** The Committee shall establish, with respect to and at the time of each Phantom Stock Award, a period over which or the event upon which the Award shall vest with respect to the Holder.

(c) **Awards Criteria.** In determining the value of Phantom Stock Awards, the Committee shall take into account an employee's responsibility level, performance, potential, other Awards and such other considerations as it deems appropriate.

(d) **Payment.** Following the end of the vesting period for a Phantom Stock Award, the Holder of a Phantom Stock Award shall be entitled to receive payment of an amount, not exceeding the maximum value of the Phantom Stock Award, based on the then vested value of the Award. Payment of a Phantom Stock Award may be made in cash, Stock or a combination thereof as determined by the Committee. Payment shall be made in a lump sum or in installments as prescribed by the Committee in its sole discretion. Any payment to be made in Stock shall be based on the Fair Market Value of the Stock on the payment date. Cash dividend equivalents may be paid during or after the vesting period with respect to a Phantom Stock Award, as determined by the Committee. If a payment of cash is to be made on a deferred basis, the Committee shall establish whether interest shall be credited, the rate thereof and any other terms and conditions applicable thereto.

(e) **Termination of Employment, Directorship or Consultancy.** In the event of termination of a Holder's Continuous Status as an Employee, Director or Consultant (unless such termination as a Consultant is for purposes of becoming an Employee), a Phantom Stock Award shall terminate, except as may be determined by the Committee or as may otherwise be provided in the Phantom Stock Award Agreement at the time granted.

(f) **Agreements.** At the time any Award is made under this Paragraph XI, the Company and the Holder shall enter into a Phantom Stock Award Agreement setting forth each of the matters contemplated hereby and, in addition such matters as are set forth in Paragraph IX(b) as the Committee may determine to be appropriate. The terms and provisions of the respective agreements need not be identical.

XII. RECAPITALIZATION OR REORGANIZATION

(a) The shares with respect to which Awards may be granted are shares of Stock as presently constituted, but if and whenever, prior to the expiration of an Award theretofore granted, the Company shall effect a subdivision or consolidation, the number of shares of Stock with respect to which such Award may thereafter be exercised or satisfied, as applicable, (i) in the event of an increase in the number of outstanding shares shall be proportionately increased, and the purchase price per share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding

shares shall be proportionately reduced, and the purchase price per share shall be proportionately increased.

(b) If the Company recapitalizes or otherwise changes its capital structure, thereafter upon any exercise or satisfaction, as applicable, of an Award theretofore granted the Holder shall be entitled to (or entitled to purchase, if applicable) under such Award, in lieu of the number of shares of Stock then covered by such Award, the number and class of shares of stock and securities to which the Holder would have been entitled pursuant to the terms of the recapitalization if, immediately prior to such recapitalization, the Holder had been the holder of record of the number of shares of Stock then covered by such Award.

(c) In the event of a Change of Control, all outstanding Awards shall immediately vest and become exercisable or satisfiable, as applicable. The Committee, in its discretion, may determine that upon the occurrence of a Change of Control, each Award other than an Option outstanding hereunder shall terminate within a specified number of days after notice to the Holder, and such Holder shall receive, with respect to each share of Stock subject to such Award, cash in an amount equal to the excess, if any, of the Change of Control Value. Further, in the event of a Change of Control, the Committee, in its discretion may act to effect one or more of the following alternatives with respect to outstanding Options, which may vary among individual Holders and which may vary among Options held by any individual Holder:

(i) determine a limited period of time on or before a specified date (before or after such Change of Control) after which specified date all unexercised Options and all rights of Holders thereunder shall terminate,

(ii) require the mandatory surrender to the Company by selected Holders of some or all of the outstanding Options held by such Holders (irrespective of whether such Options are then exercisable under the provisions of the Plan) as of a date, before or after such Change of Control, specified by the Committee, in which event the Committee shall thereupon cancel such Options and the Company shall pay to each Holder an amount of cash per share equal to the excess, if any, of the Change of Control Value of the shares subject to such Option over the exercise price(s) under such Options for such shares,

(iii) make such adjustments to Options then outstanding as the Committee deems appropriate to reflect such Change of Control (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to Options then outstanding), or

(iv) provide that thereafter upon any exercise of an Option theretofore granted the Holder shall be entitled to purchase under such Option, in lieu of the number of shares of Stock then covered by such Option the number and class of shares of stock or other securities or property (including, without limitation, cash) to which the Holder would have been entitled pursuant to the terms of the agreement of merger, consolidation or sale of assets and dissolution if,

immediately prior to such merger, consolidation or sale of assets and dissolution the Holder has been the holder of record of the number of shares of Stock then covered by such Option.

The provisions contained in this paragraph shall be inapplicable to an Award granted within six (6) months before the occurrence of a Change of Control if the Holder of such Award is subject to the reporting requirements of Section 16(a) of the 1934 Act. The provisions contained in this paragraph shall not terminate any rights of the Holder to further payments pursuant to any other agreements with the Company after a Change of Control.

(d) If there are changes in the outstanding Stock by reason of recapitalization, reorganizations, mergers, consolidations, combinations, exchanges or other relevant changes in capitalization occurring after the date of the grant of any Award and not otherwise provided for by this Paragraph XII, any outstanding Awards and any agreements evidencing such Awards shall be subject to adjustment by the Committee at its discretion as to the number and price of shares of Stock or other consideration subject to such Awards. If there is any change in the outstanding Stock, the aggregate number of shares available under the Plan may be appropriately adjusted by the Committee, whose determination shall be conclusive.

(e) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Stock or the rights thereof the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

(f) Any adjustment provided for in Subparagraphs (a), (b), (c) or (d) above shall be subject to any required shareholder action.

(g) Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares of obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to Awards theretofore granted or the purchase price per share, if applicable.

XIII. AMENDMENT AND TERMINATION OF THE PLAN

The Board in its discretion may terminate the Plan at any time with respect to any shares for which Awards have not theretofore been granted. The Board shall have the right to alter or amend the Plan or any part thereof from time to time; provided that no change in any Award previously granted may be made that would impair the rights of the Holder without the consent

of the Holder [(unless such change is required in order to cause the benefits under the Plan to qualify as performance-based compensation within the meaning of section 162(m) of the Code and applicable interpretive authority thereunder)], and provided, further, that the Board may not, without approval of the shareholders, amend the Plan to:

- (a) increase the maximum number of shares which may be issued on exercise or surrender of an Award, except as provided in Paragraph XII,
- (b) change the Option price,
- (c) extend the maximum period during which Awards may be granted under the Plan, or
- (d) decrease any authority granted to the Committee hereunder in contravention of Rule 16b-3.

XIV. MISCELLANEOUS

(a) **No Right to An Award.** Neither the adoption of the Plan by the Company nor any action of the Board or the Committee shall be deemed to give an employee any right to be granted an Award to purchase Stock, a right to a Stock Appreciation Right, a Restricted Stock Award, a Performance Award or a Phantom Stock Award or any of the rights hereunder except as may be evidenced by an Award or by an Option Agreement, Stock Appreciation Rights Agreement, Restricted Stock Agreement, Performance Award Agreement or Phantom Stock Award Agreement on behalf of the Company, and then only to the extent and on the terms and conditions expressly set forth therein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assure the payment of any Award.

(b) **No Employment Rights Conferred.** Nothing contained in the Plan shall (i) confer upon any employee any right with respect to continuation of employment with the Company or any subsidiary or (ii) interfere in any way with the right of the Company or any subsidiary to terminate his or her employment at any time.

(c) **Other Laws; Withholding.** The Company shall not be obligated to issue any Stock pursuant to any Award granted under the Plan at any time when the shares covered by such Award have not been registered under the Securities Act of 1933 and such other state and federal laws, rules or regulations as the Company or the Committee deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration requirements of such laws, rules or regulations available for the issuance and sale of such shares. No fractional shares of Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid. The Company shall have the right to deduct in connection with all Awards any taxes required by law to be withheld and to require any payments required to enable it to satisfy its withholding obligations.

(d) **No Restriction on Corporate Action.** Nothing contained in the Plan shall be construed to prevent the Company or any subsidiary from taking any corporate

action which is deemed by the Company or such subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No employee, beneficiary or other person shall have any claim against the Company or any subsidiary as a result of any such action.

(e) **Restrictions on Transfer.** An Award shall not be transferable otherwise than by will or the laws of descent and distribution or pursuant to a “qualified domestic relations order” as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder, and shall be exercisable during the Holder’s lifetime only by such Holder or the Holder’s guardian or legal representative.

(f) **Rule 16b-3.** It is intended that the Plan and any grant of an Award made to a person subject to Section 16 of the 1934 Act meet all of the requirements of Rule 16b-3. If any provision of the Plan or any such Award would disqualify the Plan or such Award under, or would otherwise not comply with, Rule 16b-3, such provision or Award shall be construed or deemed amended to conform to Rule 16b-3.

(g) **Section 162(m).** It is intended that the Plan comply fully with and meet all the requirements of Section 162(m) of the Code so that Options and Stock Appreciation Rights granted hereunder and, if determined by the Committee, Restricted Stock Awards, shall constitute “performance-based” compensation within the meaning of such section. If any provision of the Plan would disqualify the Plan or would not otherwise permit the Plan to comply with Section 162(m) as so intended, such provision shall be construed or deemed amended to conform to the requirements or provisions of Section 162(m); provided that no such construction or amendment shall have an adverse effect on the economic value to a Holder of any Award previously granted hereunder.

(h) **Governing Law.** This Plan shall be construed in accordance with the laws of the State of Texas.

**MITCHAM INDUSTRIES, INC.
INCENTIVE STOCK OPTION AGREEMENT
(1998 STOCK AWARDS PLAN)**

THIS INCENTIVE STOCK OPTION AGREEMENT (“Option Agreement”) is between Mitcham Industries, Inc., a Texas corporation (the “Company”), and _____ (the “Optionee”), which parties agree as follows:

1. Introduction. The Company has adopted the Mitcham Industries, Inc. 1998 Stock Awards Plan (the “Plan”) to provide employees upon whom the responsibilities of the successful administration and management of the Company rest additional incentive and reward opportunities designed to advance the Company’s profitable growth. The Company, acting through the Committee, has determined that its interests will be advanced by issuing the Optionee an Incentive Stock Option under the Plan. All capitalized terms in this Option Agreement not defined in this Option Agreement will have the meanings given to them in the Plan.

2. Option Grant. The Company hereby irrevocably grants to the Optionee the right and option (the “Option”) to purchase from the Company _____ shares of the Company’s common stock, \$ _____ par value (“Stock”), at a price of \$ _____ per share (the “Exercise Price”), which is not less than the Fair Market Value of the Stock at the grant date of this Option.

3. Option Period and Exercisability. The Optionee may exercise the Option in whole or in part at any time during a 10-year period (the “Option Period”) beginning on _____ (the “Date of Grant”), except that the Option shall not be exercised (a) at any time before the expiration of six months from the Date of Grant, or (b) for more than a percentage of the aggregate number of shares underlying the Option determined by the number of full years of employment with the Company or its Affiliates from the Date of Grant to the exercise date, as follows:

Number of Full Years	Percentage of Shares Purchasable
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Notwithstanding anything in this Option Agreement to the contrary, the Committee, in its sole discretion, may waive the foregoing schedule of vesting and, upon written notice to the Optionee, accelerate the earliest date or dates on which the Option is exercisable.

4. [Performance Criteria. Notwithstanding the vesting schedule in Section 3, the Option may be exercised sooner if the Company attains the following performance criteria over the following periods of time:

However, the Option may not be exercised before the expiration of six months from the date of Grant.]

5. Procedure for Exercise. The Optionee may exercise the Option by delivering written notice to the Secretary of the Company including the number of shares of Stock with respect to which the Option is being exercised and the address to which the certificates for such shares are to be mailed. The notice shall be accompanied by, at the Optionee's choice, cash, cashier's check, bank draft, or postal or express money order payable to the order of the Company, certificates representing shares of Stock already owned by the Optionee, duly endorsed for transfer to the Company, or any combination of the preceding, equal in value to the aggregate Exercise Price. The Committee, in its sole discretion, may allow the Optionee to exercise the Option under a "cashless exercise" arrangement as described in Section VII(d) of the Plan. The Optionee may deliver the notice by telecopy, provided that the Company receives the Exercise Price of such shares via wire transfer on the same day it receives the telecopy transmission of the notice. The Option shall be deemed to have been exercised immediately before the close of business on the date the Company receives (i) written notice of such exercise and (ii) payment in full of the Exercise Price for the number of shares for which Options are being exercised, and the Optionee shall be treated for all purposes as the record holder of such shares of Stock as of such date.

As promptly as practicable after receipt of such written notice and payment, the Company shall deliver to the Optionee certificates for the number of shares with respect to which the Option has been exercised, issued in the Optionee's name or such other name as the Optionee directs. Delivery shall be deemed effected when the Company's stock transfer agent deposits such certificates in the United States mail, addressed to the Optionee at the address specified in the exercise notice.

6. Termination of Employment. If the Optionee ceases to be employed by the Company or its Affiliates for any reason other than death or disability, the Option shall expire upon the date of such termination of employment. However, the Committee may allow the Optionee to exercise all or a portion of the Option granted but unexercised for a period of time (not to exceed three months) after the Optionee's termination of employment.

7. Death or Disability. If the Optionee dies or is determined to be disabled while employed by the Company or its Affiliates, then the Optionee, the guardian of the Optionee's estate, the executor or administrator of the Optionee's estate or the person or persons to whom the Optionee's rights under this Option Agreement pass by will or the laws of descent and distribution, may exercise the Option (to the extent the Optionee would have been entitled to do so at the date of death or the determination of disability) at any time and from time to time, within a one-year period after such death or determination of disability. However, the Option may not be exercised after the expiration of the Option Period. The Optionee shall be deemed to

be disabled if, in the opinion of a physician selected by the Committee, the Optionee is incapable of performing for the Company services of the kind he was performing at the time the disability occurred, due to any medically determinable physical or mental impairment that can be expected to result in death or to continue indefinitely. The date of determination of disability for purposes hereof shall be the date of such physician's determination.

8. Transferability. The Optionee may not transfer this Option other than by will or by the laws of descent and distribution. During the Optionee's lifetime, only he or his authorized legal representative may exercise the Option. Any heir or legatee of the Optionee shall take rights herein granted subject to the terms and conditions of this Option Agreement. No such transfer of this Option Agreement to the Optionee's heirs or legatees shall bind the Company unless the Company is furnished with written notice of transfer and a copy of such evidence as the Committee considers necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions of this Option Agreement.

9. No Rights as Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Stock covered by this Option Agreement until the Option is exercised by written notice and accompanied by payment as provided in Section 5 of this Option Agreement.

10. Extraordinary Corporate Transactions. If, after the execution of this Option Agreement, the Company is recapitalized, changes its capital structure, or the number of issued and outstanding shares of Stock changes as a result of a share dividend or a subdivision or consolidation of shares without the Company receiving consideration, the Option shall be appropriately adjusted as provided under the Plan. If there is a Change of Control, the Option shall immediately vest and be fully exercisable. [SEE ARTICLE XII OF THE PLAN - COMMITTEE MAY PROVIDE FOR ALTERNATIVE TREATMENT OF OPTIONS].

11. Cashing Out Option. On receipt of written notice of exercise, the Committee may elect to cash out all or part of the portion of the shares of Stock for which the Option is being exercised by paying the Optionee an amount, in cash or Stock, equal to the excess of the Fair Market Value of the Stock over the Exercise Price, multiplied by the number of shares of Stock for which the Option is being exercised on the effective date of such cash-out.

12. Compliance With Securities Laws. When the Optionee acquires any shares pursuant to the exercise of the Option, the Optionee (or any person acting under Section 8) will enter into such written representations, warranties and agreements as the Company reasonably requests in order to comply with applicable securities laws or with this Option Agreement.

13. Compliance With Laws. Notwithstanding any of the provisions hereof, the Optionee agrees that he will not exercise the Option, and that the Company will not be obligated to issue any shares under this Option Agreement, if the exercise of the Option or the issuance of such shares of Stock would violate any provision of any law or regulation of any governmental authority.

14. No Right to Employment. The Optionee shall be considered to be in the employment of the Company so long as he or she remains an employee of the Company or its

Affiliates. The Committee shall determine whether and when there has been a termination of such employment and the cause of such termination, and its determination shall be final. Nothing contained in this Option Agreement shall be construed as conferring upon the Optionee the right to continue in the employ of the Company or its Affiliates, nor shall anything contained herein be construed to limit the “employment at will” relationship between the Optionee and the Company or its Affiliates.

15. Resolution of Disputes. As a condition of the granting of the Option, the Optionee and the Optionee’s heirs, personal representatives and successors agree that the Committee shall determine and resolve in its sole discretion and judgment, any dispute or disagreement that arises under this Option Agreement, and that any such determination and any resolution of the terms of this Option Agreement shall be final, binding and conclusive upon the Company, the Optionee, and the Optionee’s heirs, personal representatives and successors.

16. Legends on Certificate. The certificates representing the shares of Stock purchased by the exercise of the Option will be stamped or otherwise imprinted with legends in such form as the Company or its counsel may require with respect to any applicable restrictions on sale or transfer and the stock transfer records of the Company will reflect stop-transfer instructions with respect to such shares.

17. Notices. Every notice hereunder must be in writing and shall be given by registered or certified mail. All notices of the exercise of the Option shall be directed to Mitcham Industries, Inc., 44000 Highway 75 South, P.O. Box 1175, Huntsville, Texas 77342. Attention: Secretary. Any notice the Company gives to the Optionee shall be directed to the Optionee at the address on file with the Company and shall bind the Optionee and any other person who acquires rights hereunder. The Company has no obligation to advise the Optionee of the existence, maturity or termination of any of the Optionee’s rights hereunder. The Optionee shall be deemed to have familiarized himself with all matters in this Option Agreement and in the Plan that may affect any of the Optionee’s rights or privileges hereunder.

18. Construction and Interpretation. Whenever the term “Optionee” is used herein under circumstances that apply to any other person or persons to whom this award may be transferred under Section 8, the word “Optionee” shall be deemed to include such person or persons.

19. Notice of Disposition. If the Optionee disposes of any shares of Stock acquired pursuant to the exercise of the Option before the earlier of two years from the Date of Grant or one year from the date the shares of Stock were acquired, the Optionee shall notify the Company of such disposition within 10 days of its occurrence and deliver to the Company any amount of federal or state income tax withholding required by law. If the Optionee fails to pay the withholding tax, the Company is authorized to withhold such tax from any cash remuneration then or thereafter payable to the Optionee.

20. Agreement Subject to Plan. This Option Agreement is subject to the Plan. The terms and provisions of the Plan (including any amendments thereto) are incorporated in this Option Agreement by reference thereto. If there is a conflict between any term or provision of

this Option Agreement and a term or provision of the Plan, the terms and provisions of the Plan will govern.

21. Binding Effect. This Option Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Optionee as provided herein.

22. Governing Law. This Option Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

DATED _____, _____.

MITCHAM INDUSTRIES, INC.

By: _____

Name: _____

Title: _____

OPTIONEE

**MITCHAM INDUSTRIES, INC.
PHANTOM STOCK AWARD AGREEMENT
(1998 STOCK AWARDS PLAN)**

THIS PHANTOM STOCK AWARD AGREEMENT (the "Agreement") is between Mitcham Industries, Inc., a Texas corporation (the "Company"), and (the "Employee").

1. Introduction. The Company has adopted the Mitcham Industries, Inc. 1998 Stock Awards Plan (the "Plan") to provide the employees upon whom the responsibilities of the successful administration and management of the Company rest additional incentive and reward opportunities designed to advance the Company's profitable growth. The Company, acting through the Committee, has determined that its interests will be advanced by issuing the Employee a Phantom Stock Award under the Plan. All capitalized terms in this Agreement not defined in this Agreement will have the meanings given to them in the Plan.

2. Grant of Award. The Company hereby grants to the Employee the right to receive Phantom Stock Units, **[contingent on the vesting schedule in Section 4 below and on the satisfaction of the "Performance Criteria" set forth in Exhibit A]** during the "Performance Period" set forth in Section 3. A "Phantom Stock Unit" is the right to receive one share of common stock, \$.01 par value (the "Stock") of the Company. The Company shall maintain an account for the Employee that reflects the current number of Phantom Stock Units maintained on his behalf at any time.

3. Performance Period. The Performance Period shall begin on _____, (the "Date of Grant") and end on _____, .

4. Vesting. The Phantom Stock Units will vest ("Vested Units") as determined by the number of full years of the Employee's employment with the Company or its Affiliates from the Date of Grant, as follows:

<u>Number of Full Years</u>	<u>Percentage Vested</u>
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5. Payment of Phantom Stock Units. The Company shall pay the Employee, within 30 days after the date on which the Phantom Stock Units would become fully Vested under Section 4 **[or, if sooner, in accordance with Exhibit A]**, an amount equal to the portion of the Vested Units to which the Employee is entitled. Such payment will be made, in the Committee's discretion, in (a) cash, (b) shares of Stock with a Fair Market Value equal to the amount of the payment, or (c) a combination of cash and shares of Stock, and shall be made either in one lump sum or in installments, in the Committee's discretion.

6. Termination of Employment. If the Employee ceases to be employed by the Company or its Affiliates before the expiration of the Performance Period for any reason, the Phantom Stock Units shall expire upon such termination of employment and the Employee shall have no right to receive any portion of the Phantom Stock Units. Notwithstanding anything in this Agreement to the contrary, the Committee, in its sole discretion, may waive the foregoing schedule of vesting and, upon written notice to the Employee, accelerate the earliest date or dates on which the Phantom Stock Units vest.

7. Extraordinary Corporate Transactions. Solely for purposes of the Plan and this Agreement, each Phantom Stock Unit has been equated with one share of Stock as constituted on the execution date of this Agreement. If, after the execution of this Agreement, the Company is recapitalized or otherwise changes its capital structure or the number of issued and outstanding shares of Stock as a result of a share dividend or a subdivision or consolidation of shares without receipt of consideration by the Company, the number of Phantom Stock Units previously granted to the Employee shall be appropriately adjusted as provided under this Plan. If there is a Change of Control, the Phantom Stock Units shall become fully Vested **[and all Performance Criteria set forth on Exhibit A shall no longer be required.]** The Phantom Stock Units shall be immediately payable to the Employee.

8. Requirements of Law. The granting of the Phantom Stock Units shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

9. Withholding of Tax. To the extent that the Phantom Stock Units result in compensation income to the Employee for federal or state income tax purposes, the Employee shall pay to the Company at the time of vesting or the Employee's recognition of income such amount of money as the Company may require to meet its obligations under applicable tax laws or regulations. If the Employee fails to do so, the Company is authorized to withhold any such tax from any cash remuneration then or thereafter payable to the Employee, or may otherwise refuse to issue or transfer any shares otherwise required to be issued or transferred under this Agreement.

10. No Right to Employment. The Employee shall be considered to be in the employment of the Company or its Affiliates as long as he remains employed on a full-time basis by the Company or its Affiliates, or any corporation to which substantially all of the assets and business of the Company are transferred. The Committee shall determine whether and when there has been a termination of the Employee's employment and the cause of such termination, and its determination shall be final. Nothing in this Agreement or the granting of the Phantom Stock Units shall confer on the Employee the right to continued employment by the Company or its Affiliates or affect in any way the right of the Company or its Affiliates to terminate such employment at any time.

11. Resolution of Disputes. As a condition of the granting of the Phantom Stock Units, the Employee and his heirs and successors agree that the Committee shall determine and resolve any dispute or disagreement that arises hereunder, and that any such determination and any resolution of the terms of this Agreement shall be final and shall be binding and conclusive upon the Company, the Employee, his heirs, personal representatives and successors.

12. Prohibition Against Assignment or Encumbrance. Except as provided in Section 13, no right, title, interest or benefit hereunder shall ever be transferable or liable for or charged with any of the torts or obligations of the Employee or any person claiming under the Employee, or be subject to seizure by any creditor of the Employee or any person claiming under the Employee. Neither the Employee nor any person claiming under the Employee may anticipate or dispose of any right, title, interest or benefit to be derived under this Agreement until the same is distributed under the terms of this Agreement.

13. Beneficiary Designation. The Employee may name, from time to time, any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Agreement is to be paid in the case of the death of the Employee before he receives any or all of such benefit. Each designation will revoke all prior designations by the Employee, shall be in a form prescribed by the Committee, and will be effective only when filed by the Employee in writing with the Committee during his lifetime. In the absence of any such designation, benefits remaining unpaid at the Employee's death shall be paid to his estate.

14. Notices. Every notice hereunder shall be in writing and shall be given by registered or certified mail. All notices required of the Employee shall be directed to Mitcham Industries, Inc., 44000 Highway 75 South, P. O. Box 1175, Huntsville, Texas 77342. Attention: Secretary. Any notice given by the Company to the Employee directed to him at his address on file with the Company shall be effective to bind him and any other person who shall acquire rights hereunder. The Company has no obligation to advise the Employee of the existence, maturity or termination of any of the Employee's rights hereunder. The Employee shall be deemed to have familiarized himself with all matters in this Agreement and in the Plan which may affect any of the Employee's rights or privileges hereunder.

15. Agreement Subject to Plan. This Agreement is subject to the Plan. The terms and provisions of the Plan (including any amendments thereto) are hereby incorporated in this Agreement by reference thereto. If there is a conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the terms and provisions of the Plan will govern.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Employee.

17. The Employee's Rights Unsecured. The right of the Employee to receive payment under this Agreement shall be an unsecured claim against the general assets of the Company. The Employee shall have no right in or against any assets of the Company.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

DATED _____, _____.

MITCHAM INDUSTRIES, INC.

By: _____

Name: _____

Title: _____

OPTIONEE

EXHIBIT A
PERFORMANCE CRITERIA

[To be established by the Committee]

A-i

MITCHAM INDUSTRIES, INC.
STOCK APPRECIATION RIGHTS AGREEMENT
(1998 STOCK AWARDS PLAN)

THIS STOCK APPRECIATION RIGHTS AGREEMENT (the "SAR Agreement") is between Mitcham Industries, Inc., a Texas corporation (the "Company"), and (the "Employee"), which parties agree as follows:

1. Introduction. The Company has adopted the Mitcham Industries, Inc. 1998 Stock Awards Plan (the "Plan") to provide employees upon whom the responsibilities of the successful administration and management of the Company rest additional incentive and reward opportunities designed to advance the Company's profitable growth. The Company, acting through the Committee, has determined that its interests will be advanced by issuing the Employee Stock Appreciation Rights under the Plan. All capitalized terms in this SAR Agreement not defined in this SAR Agreement will have the meanings given to them in the Plan.

2. Grant of Stock Appreciation Rights. The Company hereby irrevocably grants to the Employee Stock Appreciation Rights under the terms and conditions set forth herein and in the Plan. A "Stock Appreciation Right" is the right to receive a payment from the Company in an amount equal to the "Spread," which is defined as the excess of the Fair Market Value of one share of common stock, \$.01, par value (the "Stock") of the Company at the Exercise Date (defined in Section 5) over a specified price (the "Award Price") fixed by the Committee which is not less than 100% of the Fair Market Value of the Stock at the grant date of the Stock Appreciation Rights. If the Stock Appreciation Rights are granted in tandem with an Option, the Employee's exercise of the Stock Appreciation Rights will result in his exercise of the related option at the same time.

3. Award Price. The Award Price of the Stock Appreciation Rights to the Employee is \$ per Stock Appreciation Right.

4. Stock Appreciation Right Period. The Employee may exercise the Stock Appreciation Rights, in whole or in part, during a ten-year period beginning (the "Date of Grant") (the "SAR Period"), except that they may not be exercised (a) at any time before the expiration of the Date of Grant; or (b) for more than a percentage of the aggregate number of Stock Appreciation Rights granted by this SAR Agreement determined by the number of full years of the Employee's employment with the Company or its Affiliates from the Date of Grant to the Exercise Date (the "Vested SARs"), as follows:

Number of Full Years	Percentage Exercisable
_____	_____

Notwithstanding anything in this SAR Agreement to the contrary, the Committee, in its sole discretion, may waive the foregoing schedule of vesting and accelerate the earliest date or dates on which any of the Stock Appreciation Rights are exercisable.



5. Procedure for Exercise. The Employee may exercise Vested SARs by delivering written notice to the Secretary of the Company including the number of Vested SARs being exercised and the date on which such exercise is to be effective (“Exercise Date”). Upon the Employee’s exercise of Vested SARs under this SAR Agreement, the Company shall pay the Employee, within thirty (30) days of the Exercise Date, an amount equal to the product of (i) the number of Vested SARs exercised, multiplied by (ii) the Spread. Such payment will be made, in the Committee’s discretion, in (a) cash, (b) shares of Stock with a Fair Market Value equal to the amount of the payment, or (c) a combination of cash and shares of Stock.

6. Termination of Employment. If the Employee ceases to be employed by the Company or its Affiliates for any reason other than death or disability, all Stock Appreciation Rights, whether vested or not, granted to the Employee shall expire upon such termination of employment. However, the Committee may allow the Employee to exercise all or a portion of the Employee’s Vested SARs for a period of time after the Employee’s termination of employment hereunder.

7. Death or Disability. If the Employee dies or is determined to be disabled while employed by the Company or its Affiliates, then the Employee, the guardian of the Employee’s estate, the executor or administrator of the Employee’s estate or the person or persons to whom the Employee’s rights under this SAR Agreement pass by will or the laws of descent and distribution, may exercise all Vested SARs at any time and from time to time, within a one-year period after such death or determination of disability. However, the Vested SARs may not be exercised after the SAR Period. The Employee shall be deemed to be disabled if, in the opinion of a physician selected by the Committee, the Employee incapable of performing for the Company services of the kind he was performing at the time the disability occurred, due to any medically determinable physical or mental impairment that can be expected to result in death or to continue indefinitely. The date of determination of disability for purposes hereof shall be the date of such physician’s determination.

8. Expiration of Stock Appreciation Rights. Any Stock Appreciation Rights exercised under this Agreement shall expire automatically as of the Exercise Date. Stock Appreciation Rights shall also expire upon the Employee’s termination of employment with the Company or its Affiliates in accordance with Sections 6 and 7 above.

9. Extraordinary Corporate Transactions. Solely for purposes of the Plan and this SAR Agreement, each Stock Appreciation Right has been equated with one share of Stock as constituted on the execution date of this SAR Agreement. If, after the execution of this SAR Agreement, the Company is recapitalized or otherwise changes its capital structure or the number of issued and outstanding shares of Stock as a result of a share dividend or a subdivision or consolidation of shares without receipt of consideration by the Company, the number of Stock Appreciation Rights previously granted to the Employee shall be appropriately adjusted as provided under the Plan. If there is a “Change of Control” all Stock Appreciation Rights shall immediately vest and be fully exercisable.

10. Requirements of Law. The granting of Stock Appreciation Rights shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

11. Withholding of Tax. To the extent that the exercise or disposition of the Stock Appreciation Rights results in compensation income to the Employee for federal or state income tax purposes, the Employee shall pay to the Company at the time of such exercise or disposition such amount of money as the Company may require to meet its obligations under applicable tax laws or regulations. If the Employee fails to do so, the Company is authorized to withhold any such tax from any cash remuneration then or thereafter payable to the Employee, or may otherwise refuse to issue or transfer any shares otherwise required to be issued or transferred under this SAR Agreement.

12. No Right to Employment. The Employee shall be considered to be in the employment of the Company or its Affiliates as long as he remains employed on a full-time basis by the Company or its Affiliates, or any corporation to which substantially all of the assets and business of the Company are transferred. The Committee shall determine whether and when there has been a termination of the Employee's employment and the cause of such termination, and its determination shall be final. Nothing in this SAR Agreement or the granting of Stock Appreciation Rights shall confer on the Employee the right to continued employment by the Company or its Affiliates or affect in any way the right of the Company or its Affiliates to terminate such employment at any time.

13. Resolution of Disputes. As a condition of the granting of the Stock Appreciation Rights, the Employee and his heirs and successors agree that the Committee shall determine and resolve in its sole discretion and judgment, any dispute or disagreement that arises hereunder, and that any such determination and any resolution of the terms of this SAR Agreement shall be final, binding and conclusive upon the Company, the Employee, his heirs and personal representatives.

14. Prohibition Against Assignment or Encumbrance. Except as provided in Sections 7 and 15, no right, title, interest or benefit hereunder shall ever be transferable or liable for or charged with any of the torts or obligations of the Employee or any person claiming under the Employee, or be subject to seizure by any creditor of the Employee or any person claiming under the Employee. The Employee shall not nor any person claiming under the Employee anticipate or dispose of any right, title, interest or benefit hereunder in any manner until the same shall have been actually distributed free and clear under the terms of this SAR Agreement.

15. Beneficiary Designation. The Employee may name, from time to time, any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this SAR Agreement is to be paid in the case of the death of the Employee before he receives any or all of such benefit. Each designation will revoke all prior designations by the Employee, shall be in a form prescribed by the Committee, and will be effective only when filed by the Employee in writing with the Committee during his lifetime. In the absence of any such designation, benefits remaining unpaid at the Employee's death shall be paid to his estate.

16. Notices. Every notice hereunder shall be in writing and shall be given by registered or certified mail. All notices of the exercise of any Stock Appreciation Rights hereunder shall be directed to Mitcham Industries, Inc., 44000 Highway 75 South, P. O. Box 1175, Huntsville, Texas 77342. Attention: Secretary. Any notice given by the Company to the Employee directed to him at his address on file with the Company shall be effective to bind him

and any other person who shall acquire rights hereunder. The Company has no obligation to advise the Employee of the existence, maturity or termination of any of the Employee's rights hereunder. The Employee shall be deemed to have familiarized himself or herself with all matters contained in this SAR Agreement and in the Plan that may affect any of the Employee's rights or privileges hereunder.

17. SAR Agreement Subject to Plan. This SAR Agreement is subject to the Plan. The terms and provisions of the Plan (including any amendments thereto) are hereby incorporated in this SAR Agreement by reference thereto. If there is a conflict between any term or provision contained in this SAR Agreement and a term or provision of the Plan, the terms and provisions of the Plan will govern and prevail.

18. Binding Effect. This SAR Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under the Employee.

19. Employee Rights Unsecured. The right of the Employee to receive payment under this SAR Agreement shall be an unsecured claim against the general assets of the Company. The Employee shall have no right in or against any assets of the Company.

20. Governing Law. This SAR Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

DATED _____, _____.

MITCHAM INDUSTRIES, INC.

By: _____

Name: _____

Title: _____

THE EMPLOYEE

MITCHAM INDUSTRIES, INC.
INCENTIVE STOCK OPTION AGREEMENT
(2000 STOCK OPTION PLAN)

Mitcham Industries, Inc., a Texas corporation (the "Company"), has granted to _____ (the "Optionee"), an option ("Option") to purchase a total of _____ shares of Common Stock (the "Shares"), at the price set forth below and in all respects subject to the terms, definitions and provisions of the Company's 2000 Stock Option Plan (the "Plan") adopted by the Company, the terms of which are incorporated herein by reference. Capitalized terms used but not defined in this Option shall have the same meanings as are given to them in the Plan.

1. Nature of Option. This Option is intended by the Company and the Optionee to be an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. Exercise Price. The exercise price is (\$ _____) for each Share (the "Exercise Price"), which is at least 100% of the fair market value (as defined in the Plan) of a share of Common Stock on the date of grant.

3. Exercise of Option. This Option shall be exercisable as to 1/3 of the Shares on each of the first, second and third anniversary dates of this Option, subject to the provisions of Section 9 of the Plan and the provisions of this Option.

This Option is exercisable by written notice stating the election to exercise the Option, the number of Shares in respect of which this Option is being exercised, and such representations and agreements as to the holder's investment intent with respect to such Shares as may be required by the Company. Such written notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The written notice shall be accompanied by payment of the Exercise Price in full. This Option shall be deemed exercised upon receipt by the Company of such written notice accompanied by the Exercise Price.

No Shares will be issued on the exercise of this Option unless such issuance and such exercise complies with all relevant provisions of any applicable law including, without limitation, the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to approval of counsel for the Company with respect to such compliance. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to the Optionee on the date on which this Option is exercised with respect to such Shares.

4. Method of Payment. Payment of the exercise price shall be by any of the following, or a combination thereof, at the election of the Board:

(a) cash;

(b) certified or cashier's check; or

(c) surrender of other shares of Common Stock of the Company that (i) either have been owned by the Optionee for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company and (ii) have a fair market value on the date of surrender equal to the aggregate Exercise Price of the Shares as to which this Option is being exercised.

5. Restrictions on Exercise. This Option may not be exercised: (a) until the Plan has been approved by the shareholders of the Company or (b) if the issuance of such Shares upon such exercise or the method or payment of consideration for such Shares would constitute a violation of any applicable federal or state securities or other law or regulation. As a condition to the exercise of this Option, the Company may require the Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

6. Termination of Status as an Employee. In the event of termination of the Optionee's Continuous Status as an Employee, he may, but only for a period of time of no more than three months after the date of such termination (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), exercise this Option to the extent that he was entitled to exercise it as of the date of such termination. To the extent that he was not entitled to exercise this Option at the date of such termination, or if he does not exercise this Option within the time specified herein, this Option shall terminate with respect to all Shares whether vested or unvested.

7. Disability of the Optionee. Notwithstanding the provisions of Section 6 above, in the event of termination of the Optionee's Continuous Status as an Employee as a result of his total and permanent disability (as defined in Section 22(e)(3) of the Code), he may, but only within 12 months from the date of such termination (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), exercise this Option to the extent he was entitled to exercise it at the date of such termination. To the extent that he was not entitled to exercise this Option at the date of termination, or if he does not exercise such Option (which he was entitled to exercise) within the time specified herein, this Option shall terminate with respect to all Shares whether vested or unvested.

8. Death of the Optionee. If the Optionee dies:

(a) during the term of this Option and while an Employee and having been in Continuous Status as an Employee since the date of grant of this Option, this Option may be exercised at any time within 12 months after the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), by the personal representative of the Optionee's estate or by a person who acquired the right to exercise this Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had the Optionee continued living and remained in Continuous Status as an Employee 12 months after the date of death; or

(b) within 30 days after the termination of the Optionee's Continuous Status as an Employee, this Option may be exercised at any time within 11 months after the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), by the Optionee's estate or by a person who acquired the right to exercise this Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

9. Forfeitures. Notwithstanding any other provisions of this Option, if an Optionee is convicted of or pleads guilty or nolo contendere to any felony criminal offense or any civil offense involving either fraud or the unauthorized closure of confidential information of the Company, the Committee may then determine that all outstanding options of the Optionee that have not been exercised are forfeited.

10. Non-Transferability of Option. This Option may not be transferred in any manner other than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

11. Term of Option. This Option may not be exercised more than 10 years from the date of grant of this Option, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

DATE OF GRANT: _____, 20_____.

MITCHAM INDUSTRIES, INC.

By: _____

Billy F. Mitcham, Jr., Chief Executive Officer

THE OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO SECTION 3 HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE AT THE WILL OF THE COMPANY (NOT THROUGH THE ACTS OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). THE OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE COMPANY'S 2000 STOCK OPTION PLAN, WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON THE OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT OR CONSULTANCY WITH THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH HIS RIGHT OR THE COMPANY'S RIGHT TO TERMINATE HIS EMPLOYMENT AT ANY TIME, WITH OR WITHOUT CAUSE, UNLESS OTHERWISE PROVIDED IN A WRITTEN AGREEMENT WITH THE COMPANY.

The Optionee acknowledges receipt of a copy of the 2000 Stock Option Plan and represents that he is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. The Optionee has reviewed the 2000 Stock Option Plan and this Option in their entirety and fully understands all provisions of this Option. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the 2000 Stock Option Plan. The Optionee further agrees to notify the Company upon any change in the residence address indicated below:

Dated: _____, _____.

Residence Address:

MITCHAM INDUSTRIES, INC.

NONQUALIFIED STOCK OPTION AGREEMENT
(2000 STOCK OPTION PLAN)

Mitcham Industries, Inc., a Texas corporation (the "Company"), has granted to (the "Optionee"), an option ("Option") to purchase a total of shares of Common Stock (the "Shares"), at the price set forth below and in all respects subject to the terms, definitions and provisions of the Company's 2000 Stock Option Plan (the "Plan") adopted by the Company, the terms of which are incorporated herein by reference. Capitalized terms used but not defined in this Option shall have the same meanings as are given to them in the Plan.

1. Nature of Option. This Option is intended by the Company and the Optionee to be a Nonqualified Stock Option that does not qualify for any special tax benefits to the Optionee. This Option is not an Incentive Stock Option and is not subject to Section 5(b) of the Plan.

2. Exercise Price. The exercise price is (\$) for each Share (the "Exercise Price"), which is at least 100% of the fair market value (as defined in the Plan) of a share of Common Stock on the date of grant.

3. Exercise of Option. This Option shall be exercisable as to 1/3 of the Shares on each of the first, second and third anniversary dates of this Option, subject to the provisions of Section 9 of the Plan and the provisions of this Option.

This Option is exercisable by written notice stating the election to exercise the Option, the number of Shares in respect of which this Option is being exercised, and such representations and agreements as to the holder's investment intent with respect to such Shares as may be required by the Company. Such written notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The written notice shall be accompanied by payment of the Exercise Price in full. This Option shall be deemed exercised upon receipt by the Company of such written notice accompanied by the Exercise Price.

No Shares will be issued on the exercise of this Option unless such issuance and such exercise complies with all relevant provisions of any applicable law including, without limitation, the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to approval of counsel for the Company with respect to such compliance. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to the Optionee on the date on which this Option is exercised with respect to such Shares.

4. Method of Payment. Payment of the exercise price shall be by any of the following, or a combination thereof, at the election of the Board:

(a) cash;

(b) certified or cashier's check; or

(c) surrender of other shares of Common Stock of the Company that (i) either have been owned by the Optionee for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company and (ii) have a fair market value on the date of surrender equal to the aggregate Exercise Price of the Shares as to which this Option is being exercised.

5. Restrictions on Exercise. This Option may not be exercised: (a) until the Plan has been approved by the shareholders of the Company or (b) if the issuance of such Shares upon such exercise or the method or payment of consideration for such Shares would constitute a violation of any applicable federal or state securities or other law or regulation. As a condition to the exercise of this Option, the Company may require the Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation.

6. Termination of Status as an Employee or Non-Employee Director. In the event of termination of the Optionee's Continuous Status as an Employee or Non-Employee Director, he may, but only for a period of time of no more than three months after the date of such termination (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), exercise this Option to the extent that he was entitled to exercise it as of the date of such termination. To the extent that he was not entitled to exercise this Option at the date of such termination, or if he does not exercise this Option within the time specified herein, this Option shall terminate with respect to all Shares whether vested or unvested.

7. Disability of the Optionee. Notwithstanding the provisions of Section 6 above, in the event of termination of the Optionee's Continuous Status as an Employee as a result of his total and permanent disability (as defined in Section 22(e)(3) of the Code), he may, but only within 12 months from the date of such termination (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), exercise this Option to the extent he was entitled to exercise it at the date of such termination. To the extent that he was not entitled to exercise this Option at the date of termination, or if he does not exercise such Option (which he was entitled to exercise) within the time specified herein, this Option shall terminate with respect to all Shares whether vested or unvested.

8. Death of the Optionee. If the Optionee dies:

(a) during the term of this Option and while an Employee and having been in Continuous Status as an Employee since the date of grant of this Option, this Option may be exercised at any time within 12 months after the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), by the personal representative of the Optionee's estate or by a person who acquired the right to exercise this Option by bequest or inheritance, but only to the extent of the right to exercise that would have accrued had the Optionee continued living and remained in Continuous Status as an Employee 12 months after the date of death; or

(b) within 30 days after the termination of the Optionee's Continuous Status as an Employee, this Option may be exercised at any time within 11 months after the date of death (but in no event later than the date of expiration of the term of this Option as set forth in Section 11 below), by the Optionee's estate or by a person who acquired the right to exercise this Option by bequest or inheritance, but only to the extent of the right to exercise that had accrued at the date of termination.

9. Forfeitures. Notwithstanding any other provisions of this Option, if an Optionee is convicted of or pleads guilty or nolo contendere to any felony criminal offense or any civil offense involving either fraud or the unauthorized closure of confidential information of the Company, the Committee may then determine that all outstanding options of the Optionee that have not been exercised are forfeited.

10. Non-Transferability of Option. This Option may not be transferred in any manner other than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

11. Term of Option. This Option may not be exercised more than 10 years from the date of grant of this Option, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

DATE OF GRANT: _____, 20_____.

MITCHAM INDUSTRIES, INC.

By: _____

Billy F. Mitcham, Jr., Chief Executive Officer

THE OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO SECTION 3 HEREOF IS EARNED ONLY BY CONTINUING SERVICE AS AN EMPLOYEE OR A NON-EMPLOYEE DIRECTOR AT THE WILL OF THE COMPANY (NOT THROUGH THE ACTS OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). IF THE OPTIONEE IS AN EMPLOYEE, THE OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE COMPANY'S 2000 STOCK OPTION PLAN, WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON THE OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT OR CONSULTANCY WITH THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH HIS RIGHT OR THE COMPANY'S RIGHT TO TERMINATE HIS EMPLOYMENT AT ANY TIME, WITH OR WITHOUT CAUSE, UNLESS OTHERWISE PROVIDED IN A WRITTEN AGREEMENT WITH THE COMPANY.

The Optionee acknowledges receipt of a copy of the 2000 Stock Option Plan and represents that he is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. The Optionee has reviewed the 2000 Stock Option Plan and this Option in their entirety and fully understands all provisions of this Option. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under the 2000 Stock Option Plan. The Optionee further agrees to notify the Company upon any change in the residence address indicated below:

Dated: _____, _____.

Residence Address:
