

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) June 1, 1996

MITCHAM INDUSTRIES, INC.

(Exact name of registrant as specified in its Charter)

Texas

33-81164-D

76-0210849

(State or other Jurisdiction
of Incorporation)

(Commission File
Number)

(IRS Employer
Identification Number)

44000 Highway 75 South, Huntsville, Texas

77342

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(409) 291-2277

N/A

(Former address if changed since last report)

Total number of pages contained in the Form and Exhibits: 12

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ITEM 5. OTHER EVENTS.

Effective June 1, 1996, Mitcham Industries, Inc., a Texas corporation (the "Company") entered into an amendment of its Exclusive Lease Referral Agreement with Input/Output, Inc. ("I/O"), a leading designer and manufacturer of land-based 3-D seismic data acquisition equipment and systems.

BACKGROUND

The Company specializes in the leasing and sale of seismic equipment to the oil and gas industry. The Company provides short-term leasing of peripheral seismic equipment to meet a customer's requirements, as well as offering maintenance and support during the lease term. The Company leases its seismic equipment primarily to land-based seismic data acquisition companies and major oil and gas exploration companies conducting seismic data acquisition surveys in North and South America. The Company also sells and services new and used seismic data acquisition systems and peripheral equipment to companies engaged in oil and gas exploration.

Seismic data acquisition equipment is used in the identification and graphic definition of subsurface geologic structures and formations which potentially contain oil and gas. Since the mid-1980s, the oil and gas industry has evolved from utilizing seismic data using two-dimensional ("2-D") seismic surveys to utilizing three dimensional ("3-D") surveys. Three-dimensional seismic data, although more costly than 2-D data, is believed to provide greatly enhanced information regarding subsurface geology, resulting in improved drilling success rates and reduced exploration costs. The production of this enhanced information requires the use of a greater number of remote signal conditions, or "channel boxes," which collect and transmit seismic data, and of various other types of peripheral seismic equipment to support the additional channel boxes.

AMENDMENT AND EXTENSION OF EXCLUSIVE LEASE REFERRAL AGREEMENT WITH INPUT/OUTPUT, INC.

Effective June 1, 1996, the Company entered into an amendment of its Exclusive Lease Referral Agreement (the "I/O Agreement") with I/O. The I/O Agreement was entered into in February 1994, under which agreement the Company (i) was the exclusive third-party recipient of requests from I/O customers and others to lease I/O 3-D channel boxes in North and South America through December 1996; and (ii) was able to acquire 3-D channel boxes from I/O at favorable prices based upon the volume of channel boxes purchased. Subject to certain exceptions, I/O could not recommend or suggest any competitor of the Company as a potential lessor of I/O 3-D channel boxes in North and South America. As a manufacturer of complete data acquisition systems that are compatible only with I/O channel boxes, I/O typically receives significant inquiries to lease I/O 3-D channel boxes from customers desiring to expand the capacities of their systems on a short-term basis.

In order to receive the benefits of the I/O Agreement, the Company was required to purchase an aggregate of \$10.0 million of I/O 3-D channel boxes in stated installments over the term of the agreement, which was to terminate on December 31, 1996 (the "Termination Date"). As of the date of the Prospectus, the Company had purchased approximately \$7.9 million of

the required \$10.0 million of I/O 3-D channel boxes under the I/O Agreement, and was required to purchase an additional \$2.1 million of channel boxes on or before the Termination Date. The Company had proposed an extension of the I/O Agreement on substantially similar terms.

Under the I/O Agreement as amended, (i) the term has been extended until May 31, 2000; (ii) the seismic data acquisition equipment that I/O will sell to the Company and with respect to which I/O will recommend the Company as a potential lessor has been expanded; and (iii) the former aggregate minimum purchase requirement of \$10.0 million no longer applies. The other provisions of the I/O Agreement remain substantially the same.

In addition to I/O 3-D channel boxes that were the subject of the agreement before the amendment, the I/O Agreement now covers (i) ocean bottom cable systems, which collect seismic data in an ocean environment in depths of up to 200 meters; (ii) central electronics units, which act as the control center of and test all functions of complete data acquisition systems; and (iii) remote acquisition modules, field communication devices between channel boxes and central electronics units that allow more channel boxes to be employed in a seismic survey (all of the foregoing seismic equipment subject to the I/O Agreement referred to collectively as the "I/O Equipment").

In place of the former aggregate \$10.0 million of required purchases, Company has agreed to purchase an aggregate of \$3.0 million of I/O 3-D channel boxes after June 1, 1996 and before November 30, 1996 (the "Renewal Purchase"), with a minimum of \$1.5 million to be purchased by August 31, 1996. The Renewal Purchase is necessary in order for the Company to continue to receive the benefits of I/O Agreement, which will have no further force or effect if the Renewal Purchase is not timely made. As long as the Renewal Purchase is timely made, the Company will continue as I/O's exclusive recipient of seismic leasing requests I/O receives from its customers and others in North and South America and will be able to acquire channel boxes at favorable prices based upon the volume of I/O Equipment purchased.

Specifically, from January 1, 1997 through May 31, 1997, the Company must purchase at least an aggregate of \$1.25 million of I/O Equipment in order to receive favorable pricing with respect to such equipment. In each of the years from June 1, 1997 through May 31, 1998, June 1 through May 31, 1999 and June 1, 1999 through May 31, 2000, the Company must purchase at least an aggregate of \$3.0 million of I/O Equipment (or an aggregate additional \$10.25 million after the \$3.0 million Renewal Purchase is made) in order to receive favorable pricing on such equipment. The Company's failure to meet the minimum purchase requirements in any such period will not affect its ability to receive favorable pricing in a subsequent period.

The Company anticipates that the cash flow generated from the I/O 3-D channel boxes which it currently owns, the available portions of its \$1.0 million line of credit with a bank and its \$4.2 million term loan with a bank, and all or a portion of the approximately \$4.2 million aggregate proceeds it has received from the exercise of the Warrants, bridge warrants, and representative's warrants issued to the representative of the underwriters in the Company's IPO, will be used to fund \$1.5 million of the Renewal Purchase by August 15, 1996 and the remaining \$1.5 million of the Renewal Purchase by November 30, 1996. The Company anticipates that the foregoing sources will fund in part the remaining aggregate \$10.25 million of subsequent minimum purchases required over the term of the I/O Agreement in order to

receive favorable pricing on such equipment. However, the Company anticipates that it may require additional equipment loans in order to fully fund those minimum purchase requirements. There can be no assurance that the Company will be able to obtain such equipment financing loans on terms acceptable to the Company, if at all. Failure to meet the minimum purchase requirement in one or more years would mean the loss of favorable pricing provided for by the I/O Agreement, which would have a material adverse effect on the Company's future operations and profits.

ITEM 7.

FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

- (a) FINANCIAL STATEMENTS. NONE
- (b) PRO FORMA FINANCIAL INFORMATION. NONE
- (c) EXHIBITS.

Exhibit Number -----	Description -----
10	Fourth Amendment to Exclusive Lease Referral Agreement, effective June 1, 1996
99	Press Release dated June 13, 1996

SIGNATURES

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

MITCHAM INDUSTRIES, INC.

(Registrant)

DATED: July 18, 1996

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

Billy F. Mitcham, Jr.
Chairman of the Board,
Chief Executive Officer and President

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FOURTH AMENDMENT TO EXCLUSIVE
LEASE REFERRAL AGREEMENT

This Fourth Amendment ("Amendment") to Exclusive Lease Referral Agreement is made effective June 1st, 1996 ("Renewal Date") by and between Mitcham Industries, Inc. a Texas corporation ("Mitcham"), and Input/Output, Inc., a Delaware corporation ("I/O"), modifying by written agreement certain of the provisions of that certain Exclusive Lease Referral Agreement between Mitcham and I/O, dated February 22, 1994, as amended by the terms of that certain First Amendment thereto dated May 20, 1994, that certain Second Amendment thereto dated June 1, 1994 and that certain Third Amendment thereto dated August 26, 1994 (collectively referred to herein as the "Agreement").

WITNESSETH:

WHEREAS, Mitcham and I/O desire to extend, and modify certain terms of the Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Mitcham and I/O hereby agree as follows:

1. Part Five of the Agreement is amended through restatement, prospectively from the Renewal Date, as follows:

5. MINIMUM PURCHASE TO MAINTAIN EXCLUSIVITY; AGREEMENT TO SELL THE PRODUCTS. Mitcham agrees to purchase, and irrevocably orders from I/O, an aggregate of \$3 million of the Products after the Renewal Date and before November 30, 1996 with a minimum of \$1.5 million to be purchased by Aug. 31, 1996 and the balance by November 30, 1996 ("Renewal Purchase"). Mitcham's rights under this Agreement are contingent upon Mitcham timely consummating the Renewal Purchase. If for any reason Mitcham fails to timely consummate the Renewal Purchase then this Agreement shall automatically lapse and have no further force or effect. If the Renewal Purchase is timely made then I/O shall sell to Mitcham such of the Products as Mitcham shall order (an "Order") valued after giving effect to the discount(s) set forth on SCHEDULE 5. Mitcham shall receive the discounts set forth on SCHEDULE 5 attached hereto with regard to the Products ordered by Mitcham in each Order. In addition, Mitcham's acquisition of RSR channel boxes, parts and battery packs shall not entitle Mitcham to a discount thereon but any such purchase shall be counted for purposes of the Renewal Purchase and any other purchase requirement in this Amendment.

2. Part Nine of the Agreement is amended through restatement, prospectively from the Renewal Date, as follows:

9. DISCOUNTS ON CERTAIN PURCHASES. June 1 through May 31 is a "Contract Year." After December 31, 1996, Mitcham shall receive the annual Contract Year discounts set forth on SCHEDULE 5 attached hereto with regard to the full amount of any I/O invoice related to any Purchases by Mitcham of the Products. No discount shall apply to maintenance work performed by I/O for Mitcham or any purchases by Mitcham of other than the Products, unless otherwise agreed in writing. Annual Contract Year discounts will be calculated on a per Order basis taking into account the purchases of Products to date in the applicable Contract Year.

In clarification of the definition of "Products" in the Agreement, regardless of any prior course of dealings or understanding, "Products" shall mean only I/O's completely assembled (a) remote acquisition modules ALX and ALT; (b) central electronics systems, and (c) channel boxes RCS, RAX, RSX, MRX and BCX. For example, and not in limitation, battery packs, parts and service are not part of the Products.

3. SCHEDULE 5 of the Agreement is amended through restatement, prospectively from the Renewal Date as follows:

SCHEDULE 5

Renewal Date through DECEMBER 31, 1996 - 16.3% discount.

JANUARY 1, 1997 THROUGH MAY 31, 1997 - \$0-\$1,250,000 cumulative Orders of Products with 0% discounts; \$1,250,001 and above cumulative Orders with 10% discount; plus a one time \$125,000 credit, to purchase additional Products, that is usable before May 31, 1997 upon Orders reaching \$1,250,001 between January 1, 1997 and May 31, 1997.

ANNUAL DISCOUNT AFTER MAY 31, 1997

DOLLAR AMOUNT OF ORDERS CONTRACT YEAR TO DATE	DISCOUNT
\$0-\$3,000,000	0%
\$3,000,001 and up;	10%

plus a \$300,000 annual credit usable to purchase Products in that Contract Year upon reaching \$3,000,001 in Orders in that Contract Year.

NO DOUBLE DIPPING: Credits do not also receive a discount when used to purchase Products.

Contract Years run from June 1 to May 31.

4. Part Twelve of the Agreement is amended through restatement, prospectively from the Renewal Date, as follows:

The Agreement is extended from June 1, 1996 through May 31, 2000.

5. Except as amended in this Amendment, the Agreement is ratified and confirmed in all respects.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Amendment as of the date first written above.

Mitcham Industries, Inc.

Input/Output, Inc.

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

By: /s/ Gary D. Owens

Billy F. Mitcham, Jr.,
President

Gary D. Owens,
President

EXHIBIT 99

PRESS RELEASE

[LETTERHEAD]

[LOGO]

FOR IMMEDIATE RELEASE

MITCHAM INDUSTRIES AND INPUT/OUTPUT EXTEND EXCLUSIVE LEASE
REFERRAL AGREEMENT THROUGH MAY 31, 2000

ADDITIONAL EQUIPMENT COVERED UNDER NEW AGREEMENT

HUNTSVILLE, TX, June 13, 1996 -- Mitcham Industries, Inc. (NASDAQ:MIND), the leading independent company specializing in the leasing of 3-D seismic equipment to the oil and gas industry, today announced that its Exclusive Lease Referral Agreement with Input/Output, Inc. (NYSE: IO), a world leader in the design and manufacture of 3-D seismic data acquisition systems and related equipment, has been extended through May 31, 2000, and certain terms thereof amended. The original agreement, entered into by the two companies in February 1994, was scheduled to expire on December 31, 1996.

Under the agreement, Mitcham Industries has been the exclusive third-party recipient of requests from Input/Output customers to lease certain Input/Output 3-D equipment in North and South America. Pursuant to the amended agreement, Mitcham Industries must purchase an aggregate of \$3 million of Input/Output equipment between June 1 and November 31, 1996, with a minimum of \$1.5 million to be purchased by August 31, 1996. After December 31, 1996, discounts and credits will not be available unless certain minimum purchases are made. Since the signing of the agreement in February 1994, Mitcham Industries estimates that it has purchased approximately \$8.0 million of Input/Output equipment.

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Commenting, Billy F. Mitcham, Jr., Chairman, President and Chief Executive Officer of Mitcham Industries, said, "The I/O and Mitcham Industries association has been mutually rewarding, and as a result, I/O has agreed not only to extend the term of the Exclusive Lease Referral Agreement but has also added its bottom cable systems to the equipment covered under our agreement."

I/O's President and Chief Executive Officer, Gary D. Owens stated, "Mitcham Industries plays a vital role in the 3-D seismic technology market by providing equipment to geophysical contractors that must occasionally supplement existing equipment inventories for specific jobs. 3-D seismic technology provides the most accurate data available for identifying oil and gas deposits and is an invaluable tool for exploration companies striving to increase productivity and reduce exploration costs. In a capital constrained industry, Mitcham Industries makes this process more affordable."

Mitcham Industries, Inc. is the leading independent company specializing in the leasing of 3-D seismic equipment to the oil and gas exploration industry. Mitcham also sells new and "experienced" seismic equipment. The Company has sold and leased seismic equipment for over nine years.

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