UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED OCTOBER 31, 1999

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 001-13490

MITCHAM INDUSTRIES, INC.
(Name of registrant as specified in its charter)

TEXAS	76-0210849
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

44000 HIGHWAY 75 SOUTH
HUNTSVILLE, TEXAS 77340
(Address of principal executive offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 9,551,112 shares of Common Stock, $0.01 par value, were outstanding as of December 6, 1999.

MITCHAM INDUSTRIES, INC.
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

ASSETS	October 31, 1999	January 31, 1999
	(Unaudited)	
CURRENT ASSETS:		
Cash	$ 1,966	$ 2,525
Marketable securities, at market	15,121	17,335
Accounts receivable, net	4,894	7,880
Inventory	1,801	1,191
Income tax receivable	1,935	--
Deferred tax asset	483	483
Prepaid expenses and other current assets	294	88
Total current assets	26,494	29,502
Seismic equipment lease pool, property and equipment	69,182	65,116
Accumulated depreciation of seismic equipment lease pool, property and equipment	(36,465)	(31,472)
Deferred tax asset	3,382	4,028
Total assets	$ 62,593	$ 67,174

LIABILITIES AND SHAREHOLDERS' EQUITY

	October 31, 1999	January 31, 1999
CURRENT LIABILITIES:		
Accounts payable	$ 627	$ 668
Deferred revenue	1,120	131
Accrued liabilities and other current liabilities	262	806
Income taxes payable	--	817
Total current liabilities	2,009	2,422
SHAREHOLDERS' EQUITY:		
Preferred stock, $1.00 par value; 1,000,000 shares authorized; none issued and outstanding	--	--
Common stock, $0.01 par value; 20,000,000 shares authorized 9,551,112 and 9,545,658 shares, respectively, issued and outstanding	95	95
Additional paid-in capital	61,459	61,459
Retained earnings (deficit)	(159)	4,244
Accumulated other comprehensive income	(811)	(1,046)
Total shareholders' equity	60,584	64,752
Total liabilities and shareholders' equity	$ 62,593	$ 67,174

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

	THREE MONTHS ENDED OCTOBER 31,		NINE MONTHS ENDED OCTOBER 31,	
	1999	1998	1999	1998
REVENUES:				
Short-term leasing	$ 1,823	$ 5,539	$ 3,552	$ 15,382
Leasing under lease/purchase agreements	8	1,241	210	4,043
Equipment sales under lease/purchase agreements	--	324	--	8,975
Other equipment sales	603	2,678	942	4,498
Total revenues	2,434	9,782	4,704	32,898
COSTS AND EXPENSES:				
Direct costs	370	575	673	1,387
Cost of sales under lease/purchase agreements	3	550	14	9,894
Cost of other equipment sales	445	2,340	555	3,527
General and administrative	845	1,619	2,795	3,950
Provision for doubtful accounts	50	203	175	811
Depreciation	2,374	3,253	6,972	8,814
Total costs and expenses	4,087	8,540	11,184	28,383
OPERATING INCOME (LOSS)	(1,653)	1,242	(6,480)	4,515
Other income - net	168	263	478	894
INCOME (LOSS) BEFORE INCOME TAXES	(1,485)	1,505	(6,002)	5,409
PROVISION (BENEFIT) FOR INCOME TAXES	(415)	517	(1,598)	1,890
NET INCOME (LOSS)	$ (1,070)	$ 988	$ (4,404)	$ 3,519
Earnings (loss) per common share				
Basic	$ (0.11)	$ .10	$ (0.46)	$ .37
Diluted	$ (0.11)	$ .10	$ (0.46)	$ .36
Shares used in computing earnings per common share				
Basic	9,551,000	9,516,000	9,550,000	9,486,000
Dilutive effect of common stock equivalents	--	94,000	--	196,000
Diluted	9,551,000	9,610,000	9,550,000	9,682,000

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	NINE MONTHS ENDED OCTOBER 31,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (4,404)	$ 3,519
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation	6,972	8,814
Provision for doubtful accounts, net of charge offs	(465)	274
Deferred income taxes	--	108
Inventory	(26)	(1,072)
Trade accounts receivable	3,451	1,904
Federal income taxes	(2,107)	(477)
Accounts payable	(40)	(6,765)
Other assets	(206)	146
Accrued and other liabilities	486	(4,838)
Net cash provided by operating activities	3,661	1,613
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of seismic equipment held for lease	(6,823)	(30,176)
Purchases of property and equipment	(188)	(334)
Sale of marketable securities	2,214	13,976
Disposal of lease pool equipment	577	11,593
Disposal of property and equipment	--	12
Net cash used in investing activities	(4,220)	(4,929)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock upon exercise of warrants and options	--	134
Net cash provided by financing activities	--	134
NET DECREASE IN CASH	(559)	(3,182)
CASH, BEGINNING OF PERIOD	2,525	7,498
CASH, END OF PERIOD	$ 1,966	$ 4,316
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 28	$ 28
Income taxes	$ 500	$ 2,050
Equipment purchases in accounts payable	$ --	$ 1,136

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

MITCHAM INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The condensed consolidated financial statements of Mitcham Industries, Inc. ("the Company") have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report to Shareholders and the Annual Report on Form 10-K for the year ended January 31, 1999. In the opinion of the Company, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position as of October 31, 1999; the results of operations for the three and nine months ended October 31, 1999 and 1998; and cash flows for the nine months ended October 31, 1999 and 1998 have been included. The foregoing interim results are not necessarily indicative of the results of the operations for the full fiscal year ending January 31, 2000.

2. COMMITMENTS AND CONTINGENCIES

Supplier Agreements
Effective June 30, 1998, the Company and Input/Output, Inc. ("I/O") entered into a new Preferred Supplier Agreement (the "I/O Agreement"), replacing the parties' Exclusive Lease Referral Agreement, under which the Company had completely fulfilled its obligation. Under the I/O Agreement, the Company agreed to purchase a minimum of between $90 and $100 million of I/O products (after discounts) in stated increments over a five-year term. In addition, I/O agreed to refer rental inquiries from customers worldwide to the Company during the term of the agreement, and to not lease products covered by the I/O Agreement, except in limited circumstances. In a related transaction, I/O sold to the Company for $15 million a substantial portion of its subsidiary's equipment lease pool, some of which was subject to existing short-term lease agreements.

On April 26, 1999, the Company and I/O agreed to terminate the I/O Agreement, thereby releasing the Company from its obligation to make future minimum purchases. As a result of the termination, I/O is no longer obligated to refer rental inquiries to the Company and is free to enter the short-term leasing business.

Legal Proceedings
On or about April 23, 1998, several class action lawsuits were filed against the Company and its chief executive officer and then chief financial officer in the U.S. District Court for the Southern District of Texas, Houston Division. The first-filed complaint, styled Stanley Moskowitz v. Mitcham Industries, Inc., Billy F. Mitcham, Jr. and Roberto Rios, alleged violations of Section 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 and Sections 11 and 12(a)(2) of the Securities Act of 1933. On or about September 21, 1998, the complaints were consolidated into one action. On November 4, 1998, the plaintiffs filed a consolidated amended complaint ("CAC"), which seeks class action status on behalf of those who purchased the Company's common stock from June 4, 1997 through March 26, 1998, and damages in an unspecified amount plus costs and attorney's fees. The CAC alleges that the Company made materially false and misleading statements and omissions in public filings and announcements concerning its business and its allowance for doubtful accounts. On or about January 15, 1999, the Company filed a motion to dismiss the CAC. On September 29, 1999, the Court granted in part and denied in part the Company's motion to dismiss. The Court granted plaintiffs leave to amend on certain claims, and the Company awaits an amended complaint on those claims.

The Company is also involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

3. RECLASSIFICATIONS

Certain 1998 amounts have been reclassified to conform to 1999 presentation.

4. COMPREHENSIVE INCOME

Comprehensive income includes the following (in thousands):

	THREE MONTHS ENDED OCTOBER 31,		NINE MONTHS ENDED OCTOBER 31,	
	1999	1998	1999	1998
Net income (loss)	(1,070)	988	(4,404)	3,519
Other comprehensive income:				
Foreign currency translation adjustment	205	(465)	235	(415)
Total comprehensive income (loss)	(865)	523	(4,169)	3,104

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

OVERVIEW

The Company's sales are directly related to the level of worldwide oil and gas exploration activities and the profitability and cash flows of oil and gas companies and seismic contractors, which in turn are affected by expectations regarding the supply and demand for oil and natural gas, energy prices and finding and development costs. The Company believes that during the latter half of 1998, the exploration and production companies anticipated an extended period of low oil and gas prices and began to reduce their intended levels of expenditures for seismic data. Consolidation within the oil industry has also delayed seismic data acquisition projects.

The Company's financial results reflect continued low levels of industry capital spending and resulting reduced demand for the Company's seismic equipment. However, if the recent increase in commodity prices can be sustained, it is expected that exploration budgets in 2000 will increase. Declines in oil prices, or expectations that the recent improvement in oil prices will not hold, could cause the Company's customers to further reduce their spending and further adversely affect the Company's results of operations and financial condition.

The Company leases and sells seismic data acquisition equipment primarily to seismic data acquisition companies and oil and gas companies conducting land and transition zone seismic surveys worldwide. The Company provides short-term leasing of seismic equipment to meet a customer's requirements and offers maintenance and support during the lease term. The majority of leases at October 31, 1999 were for a term of one year or less. Seismic equipment held for lease is carried at cost, net of accumulated depreciation.

SEASONALITY

Historically, seismic equipment leasing has been somewhat susceptible to weather patterns in certain geographic regions. There is some seasonality to the Company's expected lease revenues from customers operating in Canada, where a significant percentage of seismic survey activity occurs in the winter months, from October through March. During the months in which the weather is warmer, certain areas are not accessible to trucks, earth vibrators and other equipment because of the unstable terrain. This seasonal leasing activity by the Company's

Canadian customers has historically resulted in increased lease revenues in the Company's first and fourth fiscal quarters. However, due to the continued reduced demand for the Company's services both in Canada and worldwide, the effect of the seasonal upturn will not be as significant as in prior years.

RESULTS OF OPERATIONS

For the three months ended October 31, 1999 and 1998

For the quarter ended October 31, 1999, total revenues decreased 75% to $2.4 million from $9.8 million in the corresponding period of the prior year. This decline reflects a significant decrease in all categories of revenues compared to total revenues for the same period of the prior year as a result of decreased capital expenditure budgets throughout the oil and gas industry. During the quarter, the Company recorded no revenues from the exercise of the purchase option of lease/purchase contracts.

Equipment sales and leasing revenues under lease/purchase agreements during the quarter ended October 31, 1999 were not significant due to the severe downturn in business activity. During the quarter ended October 31, 1999, other equipment sales generated a gross margin of 26% as compared to 13% for the same period in 1998. Gross margins on equipment sales may vary significantly between periods due to the mix of new versus older equipment being sold.

General and administrative expenses decreased $774,000 from the corresponding prior year period primarily due to a decrease in accounting and legal expenses, consulting fees, convention, travel and entertainment expenses partially offset by an increase in insurance, compensation and investor relations expenses.

Depreciation expense for the quarter ended October 31, 1999 decreased $879,000, or 27%, to $2.4 million from $3.3 million for the same period last year. The decrease is primarily the result of the lease pool asset impairment recorded in fiscal 1999.

The Company recorded a net loss for the quarter ended October 31, 1999 in the amount of $1,070,000 compared to net income of $988,000 for the same period of the previous year.

For the nine months ended October 31, 1999 and 1998

For the nine months ended October 31, 1999, total revenues decreased 86% to $4.7 million from $32.9 million in the corresponding period of the prior year. This decline reflects a significant decrease in all categories of revenues compared to total revenues for the same period of the prior year, as a result of decreased capital expenditure budgets throughout the oil and gas industry, coupled with a decrease in customers exercising the purchase option of lease/purchase contracts.

Equipment sales and leasing revenues under lease/purchase agreements during the nine months ended October 31, 1999 generated an aggregate gross margin of 93% compared to 24% for the corresponding period of the prior year. This increase in gross margin is because the Company had no equipment sales under lease/purchase agreements during the nine months ended October 31, 1999 as compared to $9.0 million in the same period of the prior year. The Company accounts for the lease portion and the sales portion of lease/purchase agreements separately, but believes the two aspects of the transaction must be considered together to reflect its economic substance. Under the Company's lease/purchase transactions, the lease generates a revenue stream before the customer exercises its purchase option, a percentage of which the customer may use to reduce the purchase price. Because the lease revenues that offset the purchase price are not included in equipment sales under lease/purchase agreements, management assesses the profitability of these transactions by combining lease and sales revenues.

During the nine months ended October 31, 1999, other equipment sales generated a gross margin of 41% as compared to 22% for the same period in 1998. Gross margins on equipment sales may vary significantly between periods due to the mix of new versus older equipment being sold.

General and administrative expenses decreased $1,155,000 from the corresponding prior year period primarily due to a decrease in advertising, convention, accounting and legal, compensation, travel and entertainment and consulting expenses, partially offset by an increase in insurance and investor relations expenses as well as expense related to a Texas sales tax audit.

Depreciation expense for the nine months ended October 31, 1999 decreased $1.8 million, or 21%, to $7.0 million from $8.8 million for the same period last year. The decrease is primarily the result of the $15.1 million lease pool asset impairment charge recorded in fiscal 1999. The Company's seismic equipment lease pool increased $1.0 million, on a cost basis, to $67.5 million at October 31, 1999, from $66.5 million at October 31, 1998.

The Company recorded a net loss for the nine months ended October 31, 1999 in the amount of $4,404,000 compared to net income of $3,519,000 for the same period of the previous year.

LIQUIDITY AND CAPITAL RESOURCES

As of October 31, 1999, the Company had net working capital of approximately $24.5 million as compared to net working capital of $27.1 million at January 31, 1999. Historically, the Company's principal liquidity requirements and uses of cash have been for capital expenditures and working capital and our principal sources of cash have been cash flows from operations and issuances of equity securities. Net cash provided by operating activities for the nine months ended October 31, 1999 was $3.7 million, as compared to $1.6 million for the nine months ended October 31, 1998.

At October 31, 1999, the Company had trade accounts receivable of $3.6 million that were more than 90 days past due. As of October 31, 1999, the Company's allowance for doubtful accounts was approximately $1.2 million, which management believes is sufficient to cover any losses in its trade accounts receivable, including any losses in its international customers' trade accounts.

On December 8, 1999 the Company's revolving line of credit expired. In light of the fact that the Company's working capital balances significantly exceed its expected needs for future capital expenditures, the Company did not pursue negotiations to renew or extend the line of credit.

Capital expenditures for the nine months ended October 31, 1999 totaled approximately $7.0 million compared to capital expenditures of $30.5 million for the corresponding period in the prior year. During the quarter ended October 31, 1999, the Company spent approximately $4.5 million to purchase additional lease pool equipment as part of a two-year lease it secured during the second fiscal quarter. Management believes that cash on hand and cash provided by future operations will be sufficient to fund its anticipated capital and liquidity needs over the next twelve months.

YEAR 2000 COMPLIANCE

The Year 2000 problem is the result of computer programs being written using two digits rather than four to define the applicable year. Any programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a major system failure or miscalculations. As a result, many companies may be forced to upgrade or completely replace existing hardware and software in order to be Year 2000 compliant.

State of Readiness

During 1998, the Company began evaluating its internal operating systems and software ("IT") and embedded manufacturing control technology ("Non-IT") in the equipment that it leases and sells. In its evaluation, vendors of the software and hardware the Company uses in its business have represented that such software and hardware are either Year 2000 compliant or compatible. Further testing of the operating systems and software has proven them to all be Year 2000 compliant. To assess risk associated with possible non-compliance of customers' and equipment suppliers' failure to be Year 2000 compliant, the Company prepared and mailed Year 2000 compliance questionnaires to its significant customers and equipment suppliers. Completed questionnaires the

Company has received to date indicate there are no known Year 2000 compliance issues that would negatively affect the Company's operations and business.

Costs to Address Year 2000 Issues

The Company has utilized internal resources in assessing the Year 2000 issue and has not employed outside consultants to assist. There have been no material expenditures related to identifying, assessing or remediating Year 2000 compliance issues, nor does the Company expect to incur any material expenditures related to this issue. The Company has identified lease pool equipment requiring approximately $15,000 of expenditures to become Year 2000 compatible.

Risks

Though the Company has a number of suppliers, two suppliers provide the vast majority of the Company's seismic equipment. In addition, the Company derives a large percentage of its revenues from a relatively small number of customers. Under a "most likely worst-case Year 2000 scenario," if one of the Company's significant suppliers or customers experienced a material business interruption or, if the Company lost a significant supplier or customer due to Year 2000 non-compliance issues, it could have a material adverse impact on the Company's operations, results of operations or financial position.

Contingency Plan

The Company has not developed a contingency plan related to Year 2000 compliance since no significant issues have been specifically identified. If a Year 2000 compliance issue arises, the Company will put forth its best efforts to remedy the issue and minimize its impact.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates to the extent that transactions are not denominated in U.S. dollars. The Company typically denominates the majority of its lease and sales contracts in U.S. dollars to mitigate the exposure to fluctuations in foreign currencies, but some of its transactions with Canadian customers are denominated in Canadian dollars. The Company does not engage in currency hedging activities.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain information contained in this Quarterly Report on Form 10-Q (including statements contained in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in Part II, Item 1. "Legal Proceedings"), as well as other written and oral statements made or incorporated by reference from time to time by the Company and its representatives in other reports, filings with the Securities and Exchange Commission, press releases, conferences, or otherwise, may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. This information includes, without limitation, statements concerning the Company's future financial position and results of operations; planned capital expenditures; business strategy and other plans for future operations; the future mix of revenues and business; commitments and contingent liabilities; Year 2000 issues; and future demand for the Company's services and predicted improvement in energy industry and seismic service industry conditions. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. When used in this report, the words "anticipate," "believe," "estimate," "expect," "may," and similar expressions, as they relate to the Company and its management, identify forward-looking statements. The actual results of future events described in such forward-looking statements could differ materially from the results described in the forward-looking statements due to the risks and uncertainties set forth below and within this Quarterly Report on Form 10-Q generally.

CONTINUING DOWNTURN OF OIL AND GAS INDUSTRY AND REDUCED DEMAND FOR SERVICES

Demand for the Company's services depends on the level of spending by oil and gas companies for exploration, production and development activities, as well as on the number of crews conducting land and transition zone seismic data acquisition worldwide, and especially in North America. The continuing downturn in the energy services sector has resulted in a sharp decline in demand for the Company's services. Recent increases in the price of oil have not yet countered decreased demand. As such, the seismic equipment sector may lag other sectors of the energy services industry in its turnaround. Any future fluctuations in the price of oil and gas in response to relatively minor changes in the supply and demand for oil and gas will continue to have a major effect on exploration, production and development activities and thus, on the demand for the Company's services.

LOSS OF SIGNIFICANT CUSTOMERS WILL ADVERSELY AFFECT THE COMPANY

The Company typically leases and sells significant amounts of seismic equipment to a relatively small number of customers, the composition of which changes from year to year as leases are initiated and concluded and as customers' equipment needs vary. Therefore, at any one time, a large portion of the Company's revenues may be derived from a limited number of customers. In the fiscal years ended January 31, 1997, 1998 and 1999, the single largest customer accounted for approximately 15%, 20% and 36%, respectively, of the Company's total revenues. Because the Company's customer base is relatively small, the loss of one or more customers for any reason could adversely affect the Company's results of operations.

SIGNIFICANT DEFAULTS OF PAST-DUE CUSTOMER ACCOUNTS WOULD ADVERSELY AFFECT THE COMPANY'S RESULTS OF OPERATIONS

The Company has over $3.6 million of past-due customer accounts receivable with an allowance of $1.2 million to cover losses in those accounts. Significant payment defaults by those customers would have a material adverse effect on the Company's financial position and results of operations.

DEPENDENCE ON ADDITIONAL LEASE CONTRACTS

The Company's seismic equipment leases typically have a term of three to nine months and provide gross revenues that recover only a portion of the Company's capital investment. The Company's ability to generate lease revenues and profits is dependent on obtaining additional lease contracts after the termination of an original lease. However, lessees are under no obligation to, and frequently do not, continue to lease seismic equipment after the expiration of a lease. Although the Company has been successful in obtaining additional lease contracts with other lessees after the termination of the original leases, there can be no assurance that it will continue to do so. The Company's failure to obtain additional or extended leases beyond the initial term would have a material adverse effect on its operations and financial condition.

DEPENDENCE ON KEY PERSONNEL

The Company's success is dependent on, among other things, the services of certain key personnel, including specifically Billy F. Mitcham, Jr., Chairman of the Board, President and Chief Executive Officer of the Company. Mr. Mitcham's employment agreement has an initial term through January 15, 2002, and is automatically extended on a year-to-year basis until terminated by either party giving 30 days notice prior to the end of the current term (subject to earlier termination on certain stated events). The agreement prohibits Mr. Mitcham from engaging in any business activities that are competitive with the Company's business and from diverting any of the Company's customers to a competitor for two years after the termination of his employment. The Company has obtained a $1.0 million key employee life insurance policy payable to the Company in the event of Mr. Mitcham's death. The loss of the services of Mr. Mitcham could have a material adverse effect on the Company. In particular, the Exclusive Equipment Lease Agreement with Sercel is terminable at such time as he is no longer employed by the Company in a senior management capacity.

TECHNOLOGICAL OBSOLESCENCE

The Company has a substantial capital investment in seismic data acquisition equipment. The development by manufacturers of seismic equipment of newer technology systems or component parts that have significant competitive advantages over seismic systems and component parts now in use could have an adverse effect on the Company's ability to profitably lease and sell its existing seismic equipment.

During the fiscal year ended January 31, 1999, the Company recorded a pretax asset impairment charge of $15.1 million. Included in this charge is a $900,000 lower of cost or market adjustment related to certain seismic equipment assets classified as inventory. The non-cash asset impairment charge was recorded in accordance with

SFAS No. 121, which requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The severity as well as the duration of the current oil and gas industry downturn is such an event. The Company's review of its long-lived assets indicated that the carrying value of certain of the Company's seismic equipment lease pool and inventory assets was more than the estimated undiscounted future net cash flows. As such, under SFAS No. 121, the Company wrote down those assets to their estimated fair market value based on discounted cash flows using an effective rate of 8.0%. Undiscounted future net cash flows were calculated based on individual types of seismic equipment using projected future utilization and lease rates over the estimated remaining useful lives of the assets. The Company's seismic equipment assets have been historically depreciated over 3-10 years. The impairment was recorded based on certain estimates and projections as stipulated in SFAS No. 121. There can be no assurance that the Company will not record asset impairment charges under SFAS No. 121 in the future.

VULNERABILITY TO WEATHER CONDITIONS AND SEASONAL RESULTS

The first and fourth quarters of the Company's fiscal year have historically accounted for a greater portion of the Company's revenues than do the second and third quarters of its fiscal year. This seasonality in revenues is primarily due to the increased seismic survey activity in Canada from October through March, which affects the Company due to its significant Canadian operations. This seasonal pattern may cause the Company's results of operations to vary significantly from quarter to quarter. However, due to the significant decrease in world oil prices in 1998, demand for the Company's services both in Canada and worldwide declined dramatically in the fourth quarter of fiscal 1999 and has remained at historically low levels throughout the third quarter of fiscal 2000. Accordingly, period-to-period comparisons are not necessarily meaningful and should not be relied on as indicative of future results.

DEPENDENCE ON KEY SUPPLIERS

The Company has and continues to rely on purchase agreements with the Sercel subsidiaries of Compagnie Generale de Geophysique and Pelton Company, Inc. To a lesser extent, the Company also relies on its suppliers for lease referrals. The termination of these agreements for any reason could materially adversely affect the Company's business. While the Company does not anticipate any difficulty in obtaining seismic equipment from its suppliers based on past experience, any such occurrence could have a material adverse effect on the Company's business, financial condition and results of operations.

COMPETITION

Competition in the leasing of seismic equipment is fragmented, and the Company is aware of several companies that engage in seismic equipment leasing. The Company believes that its competitors, in general, do not have as extensive a seismic equipment lease pool as does the Company. The Company also believes that its competitors do not have similar exclusive lease referral agreements with suppliers. Competition exists to a lesser extent from seismic data acquisition contractors that may lease equipment that is temporarily idle.

The Company has several competitors engaged in seismic equipment leasing and sales, including seismic equipment manufacturers, companies providing seismic surveys and oil and gas exploration companies that use seismic equipment, many of which have substantially greater financial resources than the Company. There are also several smaller competitors who, in the aggregate, generate significant revenue from the sale of seismic survey equipment.

VOLATILE STOCK PRICES AND NO PAYMENT OF DIVIDENDS

Due to current energy industry conditions, energy and energy service company stock prices, including the Company's stock price, have been extremely volatile. Such stock price volatility could adversely affect the Company's business operations by, among other things, impeding its ability to attract and retain qualified personnel and to obtain additional financing if such financing is ever needed. The Company has historically not paid dividends on its common stock and does not anticipate paying dividends in the foreseeable future.

POSSIBLE ADVERSE EFFECT OF ANTI-TAKEOVER PROVISIONS; POTENTIAL ISSUANCE OF PREFERRED STOCK

Certain provisions of the Company's Articles of Incorporation and the Texas Business Corporation Act may tend to delay, defer or prevent a potential unsolicited offer or takeover attempt that is not approved by the Board of Directors but that the Company's shareholders might consider to be in their best interest, including an attempt that might result in shareholders receiving a premium over the market price for their shares. Because the Board of Directors is authorized to issue preferred stock with such preferences and rights as it determines, it may afford the holders of any series of preferred stock preferences, rights or voting powers superior to those of the holders of common stock. Although the Company has no shares of preferred stock outstanding and no present intention to issue any shares of its preferred stock, there can be no assurance that the Company will not do so in the future.

LIMITATION ON DIRECTORS' LIABILITY

The Company's Articles of Incorporation provide, as permitted by governing Texas law, that a director of the Company shall not be personally liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director, with certain exceptions. These provisions may discourage shareholders from bringing suit against a director for breach of fiduciary duty and may reduce the likelihood of derivative litigation brought by shareholders on behalf of the Company against a director.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On or about April 23, 1998, several class action lawsuits were filed against the Company and its chief executive officer and then chief financial officer in the U.S. District Court for the Southern District of Texas, Houston Division. The first-filed complaint, styled Stanley Moskowitz V. Mitcham Industries, Inc., Billy F. Mitcham, Jr. and Roberto Rios, alleged violations of Section 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 and Sections 11 and 12(a)(2) of the Securities Act of 1933. On or about September 21, 1998, the complaints were consolidated into one action. On November 4, 1998, the plaintiffs filed a consolidated amended complaint ("CAC"), which seeks class action status on behalf of those who purchased the Company's common stock from June 4, 1997 through March 26, 1998, and damages in an unspecified amount plus costs and attorney's fees. The CAC alleges that the Company made materially false and misleading statements and omissions in public filings and announcements concerning its business and its allowance for doubtful accounts. On or about January 15, 1999, the Company filed a motion to dismiss the CAC. On September 29, 1999, the Court granted in part and denied in part the Company's motion to dismiss. The Court granted plaintiffs leave to amend on certain claims, and the Company awaits an amended complaint on those claims

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) REPORTS ON FORM 8-K
None.

(b) EXHIBITS

11 - Statement Re Computation of Earnings Per Share
27 - Financial Data Schedule

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 thereunto duly authorized.

MITCHAM INDUSTRIES, INC.

Date: December 8, 1999 /s/ P. BLAKE DUPUIS

P. BLAKE DUPUIS,
CHIEF FINANCIAL OFFICER
(AUTHORIZED OFFICER AND PRINCIPAL
ACCOUNTING OFFICER)

INDEX TO EXHIBITS

EXHIBIT NO.		DESCRIPTION
11	-	Statement Re Computation of Earnings Per Share
27	-	Financial Data Schedule

EXHIBIT 11

MITCHAM INDUSTRIES, INC.
STATEMENT RE COMPUTATION OF EARNINGS
PER SHARE
(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

	THREE MONTHS ENDED OCTOBER 31,		NINE MONTHS ENDED OCTOBER 31,	
	1999	1998	1999	1998
COMPUTATION OF BASIC EARNINGS PER COMMON SHARE:				
Net income (loss)	$ (1,070)	$ 988	$ (4,404)	$ 3,519
Weighted average number of common shares outstanding	9,551,000	9,516,000	9,550,000	9,486,000
Earnings per common share	$ (0.11)	$ 0.10	$ (0.46)	$ 0.37
COMPUTATION OF EARNINGS PER COMMON SHARE ASSUMING DILUTION:				
Net income (loss)	$ (1,070)	$ 988	$ (4,404)	$ 3,519
Weighted average number of common shares outstanding	9,551,000	9,516,000	9,550,000	9,486,000
Net effect of dilutive stock options and warrants based on the treasury stock method, using the average market price	--	94,000	--	196,000
Common shares outstanding assuming dilution	9,551,000	9,610,000	9,550,000	9,682,000
Earnings per common share assuming dilution	$ (0.11)	$ 0.10	$ (0.46)	$ 0.36

5
1,000

9-MOS
JAN-31-2000
FEB-01-1999
OCT-31-1999
1,966
15,121
6,054
1,160
1,801
26,494
69,182
36,465
62,593
2,009
0
0
0
95
60,489
62,593
942
4,704
569
11,184
10,440
175
0
(6,002)
(1,598)
(4,404)
0
0
0
(4,404)
(.46)
(.46)