SEITEL INC
Form S-4
December 21, 2004
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As filed with the Securities and Exchange Commission on December 21, 2004

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Seitel, Inc.

Additional Registrants Are Listed on the Following Page

(Exact name of registrant as specified in its charter)

Delaware	1382	76-0025431
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

10811 S. Westview Circle

Building C, Suite 100

Houston, Texas 77043

(713) 881-8900

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Robert D. Monson

President and Chief Executive Officer

Seitel, Inc.

10811 S. Westview Circle

Building C, Suite 100

Houston, Texas 77043

(713) 881-8900

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Kathy L. Tedore

Porter & Hedges, L.L.P.

700 Louisiana, 35th Floor

Houston, Texas 77002

Telephone: (713) 226-0659

Telecopy: (713) 226-0259

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date hereof.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨ __________

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨ __________

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
11 3/4% Senior Notes due 2011	$193,000,000	100%	$193,000,000	$22,717
Guarantees by certain of Seitel, Inc. s subsidiaries				(2)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) under the Securities Act of 1933.
(2) Pursuant to Rule 457(n) no separate fee for the guarantees is payable because the guarantees relate to other securities that are being registered concurrently.

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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TABLE OF ADDITIONAL REGISTRANTS[1]

The following subsidiaries of Seitel, Inc. are co-registrants under this registration statement.

Name	Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number
Datatel, Inc.	Delaware	76-0378479
DDD Energy, Inc.	Delaware	76-0397770
Matrix Geophysical, Inc.	Delaware	76-0460633
N360X, L.L.C.	Texas	76-0681063
SEIC, Inc.	Delaware	51-0396493
Seitel Canada Holdings, Inc.	Delaware	76-0564332
Seitel Data Corp.[2]	Delaware	76-0390382
Seitel Data, Ltd.	Texas LP	76-0488359
Seitel Delaware, Inc.	Delaware	76-0488429
Seitel IP Holdings, LLC	Delaware	76-0690011
Seitel Management, Inc.	Delaware	76-0490279
Seitel Offshore Corp.	Delaware	76-0309662
Seitel Solutions, Inc.	Delaware	76-0672862
Seitel Solutions, L.L.C.	Delaware	74-2993547
Seitel Solutions, Ltd.	Texas LP	76-0655577
Seitel Solutions Holdings, LLC	Delaware	76-0690009
SI Holdings, G.P.	Delaware	76-0690013

(1) Except as otherwise noted, the address for each of the co-registrants is c/o Seitel, Inc., 10811 S. Westview Circle, Building C, Suite 100, Houston, Texas 77043, Telephone: (713) 881-8900.
(2) The address for Seitel Data Corp. is 900 Market Street, Wilmington, DE 19801, Telephone: (302) 654-7584.

The name and address, including zip code, of the agent for service for each of the co-registrants, with the exception of Seitel Data Corp., is Robert D. Monson, President and Chief Executive Officer of Seitel, Inc., 10811 S. Westview Circle, Building C, Suite 100, Houston, Texas 77043. The telephone number, including area code, for this agent for service is (713) 881-8900.

The name and address, including zip code, of the agent for service Seitel Data Corp. is Darryl E. Smith, c/o Delaware Trust Capital Management, 900 Market Street, Wilmington, DE 19801. The telephone number, including area code, for this agent for service is (302) 654-7584, x361.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 21, 2004

PROSPECTUS

Seitel, Inc.

Offer to Exchange New

$193,000,000 of 11 3/4% Senior Notes due 2011

for

All Outstanding

$193,000,000 of 11 3/4% Senior Notes due 2011

Material Terms of the Exchange Offer

We are offering to exchange any and all of our outstanding 11 3/4% Senior Notes due 2011 for new 11 3/4% Senior Notes. In this prospectus we refer to the outstanding notes and our new notes, together, as the notes. The form and terms of the new notes are identical in all material respects to the form and terms of the outstanding notes, except for transfer restrictions and registration rights provisions relating only to the outstanding

notes. We do not intend to apply to have any notes listed on any securities exchange or automated quotation system, and there may be no active trading market for them.

The exchange offer expires at 5:00 p.m., New York City time, on , 2005, unless extended. We do not currently intend to extend the exchange offer.

We will exchange all outstanding notes that you validly tender and do not validly withdraw before the exchange offer expires for an equal principal amount of new notes.

Tenders of outstanding notes may be withdrawn at any time prior to the expiration of the exchange offer.

The exchange of outstanding notes for new notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any cash proceeds from the exchange offer.

PLEASE READ RISK FACTORS BEGINNING ON PAGE 18 FOR A DISCUSSION OF FACTORS YOU SHOULD CONSIDER BEFORE PARTICIPATING IN THE EXCHANGE OFFER.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2004.

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Each broker-dealer that receives new notes for its own account in the exchange offer must deliver a prospectus in connection with any resale of such new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. Seitel has agreed that for up to 180 days after the effective date of the registration statement on Form S-4, it will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. The information in this prospectus is accurate as of the date on the front cover. Our business, financial condition, results of operations and prospects may have changed since this date and may change again.

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Forward-Looking Statements

This prospectus contains forward-looking statements. Statements contained in this prospectus about Seitel s future outlook, prospects and plans, including those that express belief, expectation, estimates or intentions, as well as those that are not statements of historical fact, are forward looking. Terminology such as may, will, should, could, might, although there can be no assurance, expect, plan, anticipate, beli predict, potential or continue, the negative of such terms or other comparable and analogous or synonymous terminology are intended to identify forward-looking statements. Forward-looking statements represent our reasonable present belief and are based on our current expectations and assumptions with respect to future events. While we believe our expectations and assumptions are reasonable, they involve risks and uncertainties beyond our control that could cause the actual results or outcome to differ materially from the expected results or outcome. Such factors include, without limitation:

- our ability to comply with the terms of our final judgment of permanent injunction by the Securities & Exchange Commission (the SEC);
- the impact on our results of operations of our significant amount of debt and interest expense;
- our significant amount of debt service;
- our ability to obtain and maintain normal terms with our vendors and service providers;
- our ability to maintain contracts that are critical to our operations;
- any significant change in the oil and gas industry or the economy generally;
- changes in the exploration budgets of our seismic data and related services customers;
- actual customer demand for our seismic data and related services;
- the timing and extent of changes in commodity prices for natural gas, crude oil and condensate and natural gas liquids and conditions in the capital markets and equity markets during the periods covered by the forward-looking statements;
- our ability to obtain alternate debt or equity financing on satisfactory terms if internally generated funds are insufficient to fund our capital needs; and
- all of the factors in this prospectus appearing under the caption Risk Factors Risks Related to our Business.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or any other reason. Also note that we provide a cautionary discussion of risks and uncertainties under Risk Factors, beginning on page 18 of this prospectus. All forward-looking statements attributable to Seitel or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this prospectus. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus may not occur.

The information in this prospectus is not a complete description of our business or the risks associated with an investment in our securities. There can be no assurance that other factors will not affect the accuracy of these forward-looking statements or that our actual results will not differ materially from the results anticipated in such forward-looking statements. While it is impossible to identify all such factors, factors which could cause actual results to differ materially from those estimated by us include, but are not limited to, those factors or conditions described under Risk Factors.

Market and Industry Data

Market data and other statistical information used throughout this prospectus are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some data are also based on our good faith estimates, which are derived from our review of internal surveys, as well as the independent sources listed above. Although we believe these sources are reliable, we have not independently verified the information or any of the data or analyses underlying such information and cannot guarantee its accuracy and completeness in any respect.

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Prospectus Summary

This summary may not contain all the information that may be important to you. You should read this entire prospectus carefully, including the section entitled Risk Factors and the financial data and related notes, before you decide to participate in the exchange offer. Industry information used in this prospectus was obtained from industry sources that we believe reliable, but such information has not been independently verified and we assume no responsibility for the accuracy thereof and undertake no obligation to update such information. In addition, certain statements include forward-looking information, which involves risks and uncertainties. Please read Forward-Looking Statements. Unless this prospectus otherwise indicates or the context otherwise requires, the terms we, our, us, Seitel or the Company as used in this prospectus refer to Seitel, Inc. and its subsidiaries.

Unless otherwise expressly set forth in this prospectus and as the context otherwise requires:

The Plan as used in this prospectus refers to Seitel s Third Amended Joint Plan of Reorganization, as modified, supplemented or amended, confirmed by order of the U.S. bankruptcy court on March 18, 2004.

As used throughout this prospectus, the Guaranty Performance Date occurred on August 12, 2004, and the effective date of the Plan occurred on July 2, 2004. Certain financial data and capitalization information in this prospectus give effect to the payment of allowed creditors claims required under the Plan.

The Unaudited Pro Forma Consolidated Financial Data contained in this prospectus have been prepared to give effect to the Plan and related financings, as if these transactions had been consummated on January 1, 2003, in the case of the unaudited pro forma consolidated income statements.

The historical financial information and accompanying financial statements and corresponding notes thereto, and Management s Discussion and Analysis of Financial Condition and Results of Operations, as contained herein, reflect the actual historical results of operations and financial condition of Seitel and, therefore, do not give effect to the Plan or any of the transactions contemplated thereby, other than as of September 30, 2004.

Seitel, Inc.

We are a leading provider of seismic data and related geophysical services to the oil and gas industry in North America. Our products and services are used by oil and gas companies to assist in the exploration for and development and management of oil and gas reserves. We have ownership in an extensive library of proprietary onshore and offshore seismic data that we have accumulated since 1982 and that we offer for license to a wide range of oil and gas companies. Our customers utilize this data, in part, to assist their identification of new geographical areas where subsurface conditions are favorable for oil and gas exploration, to determine the size, depth and geophysical structure of previously identified oil and gas fields, and to optimize the development and production of oil and gas reserves.

We believe that our library of onshore seismic data is one of the largest available for licensing in the United States and Canada. We also have ownership in a library of offshore data covering parts of the U.S. Gulf of Mexico shelf and certain deep water areas in the western and central U.S. Gulf of Mexico. We regularly add to the size of our seismic data library by conducting new seismic data creation programs funded (or underwritten) substantially by our customers in exchange for a license granting exclusive access to newly acquired data for a limited period of time. We also acquire entire seismic libraries from oil and gas companies which have discontinued their exploration and production focus in a

particular geographical area and no longer require ownership of the library or which have determined to sell their library for financial purposes. These acquisitions

are sometimes funded with cash, but typically are structured as non-monetary exchanges of seismic data, whereby we acquire ownership of existing data from customers in exchange for an assignment of a non-exclusive license to use data from our library. We also create new value-added products by applying advanced seismic data processing or other quantitative analytical techniques to selected portions of our library.

Our seismic data library includes both onshore and offshore three-dimensional (3D) and two-dimensional (2D) data and offshore multi-component data. We have ownership in over 33,000 square miles of 3D and approximately 1.1 million linear miles of 2D seismic data concentrated primarily in the major North American oil and gas producing regions. The majority of our seismic data library covers onshore regions within North America, with a geographic concentration on the onshore and transition zone of the U.S. Gulf Coast extending from Texas to Florida, western Canada, Mississippi, eastern Texas, the Rocky Mountain region and northern Louisiana. Most of our remaining seismic data library covers the offshore Gulf of Mexico and eastern Canada. We conduct our seismic data creation and licensing business through two wholly owned subsidiaries, Seitel Data, Ltd. in the United States and Olympic Seismic Ltd. in Canada.

To support our seismic data licensing business, we maintain warehouse and electronic storage facilities at our Houston, Texas headquarters and our Calgary, Alberta location. Through our wholly owned subsidiaries, Seitel Solutions Ltd. and Seitel Solutions Canada Ltd. (collectively, Solutions), we offer the ability to access and interact with the seismic data we own and market via a standard web browser and the Internet.

Refocused Operations

Because our historical success was built around our seismic expertise and the quality of our library, we have refocused our operations on our core competency of seismic data licensing. In 2002, we sold substantially all of our assets which engaged in the exploration for and development, production and sale of natural gas and oil, and we are marketing what little amount remains of such assets for sale. By exiting the exploration and production sector, we believe we have refocused our operations and are well-positioned to achieve success in the future.

Industry Conditions

The overall demand for seismic data and related geophysical services is dependent upon spending by oil and gas companies for exploration, production, development and field management activities which, in turn, is driven largely by present and expected future prices for crude oil and natural gas. This is impacted by global events and economic, tax and environmental considerations. Weak global economic conditions combined with an oversupply of oil and gas led to a weak commodity price environment in the latter half of 2001, which led to a decrease in capital spending by our customers on seismic data and geophysical services in late 2001 and the first half of 2002. Since then, however, the relative strengthening of economic conditions, the global political environment and colder weather in the United States have resulted in dramatic price increases. As of December 17, 2004, oil and gas prices were $46.28 per barrel and $7.30 per mcf, respectively, or 74% and 88% above their five-year average.

In addition to commodity prices, the U.S. and Canadian onshore rig counts have also increased significantly since 2002, reaching an average onshore rig count of 1,417 rigs for the nine months ended September 30, 2004, well above the five-year average onshore rig count of 1,097 rigs.

The attractive commodity price environment has been a catalyst for the increase in exploration and production spending in both the U.S. and Canada. Since the end of 1999, U.S. exploration and production annual spending increased from $22.0 billion to $50.5 billion, and Canadian

exploration and production annual spending increased from $9.2 billion to $14.2 billion, representing average annual increases of 23% and 11%, respectively. The recent level of high commodity prices has resulted in many oil and gas companies focusing their efforts on development drilling to produce existing reserves rather than expending time and capital on exploration. As a

result, we believe some exploration spending in the industry has been postponed. We do not believe this recent situation represents a long-term trend. Industry analysts estimate oil and gas reserves are being depleted at a rate of 5% to 10% per year for the major oil and gas operators. As a result, there is an increasing need in the oil and gas industry to continue exploration activity and replace such reserves.

Another factor which we believe is an indication of the improved condition of the oil and gas industry is the equity performance of publicly traded exploration and production companies. Over the past five years, the S&P small-cap and mid-cap exploration and production indices have increased an average of 19% and 21% per year, respectively. This performance is a result of increased commodity prices as well as the companies abilities to gain attractive returns on their increased capital spending. To maintain their success, these companies will have to continue to find new and exploit existing oil and gas reserves, which will require significant amounts of capital spending. Many of these companies are our clients and are representative of the types of clients we target for our products and services.

Attractive commodity pricing, strong rig counts, the need to replace oil and gas reserves, and the favorable performance of oil and gas companies are expected to continue. Barring unforeseen world events and economic conditions, we anticipate improved seismic industry market conditions.

Our Current Strategies

During the past two years, we implemented a plan to refocus our activities, both functionally and geographically, on areas in which we have historically experienced meaningful success or in which we believe we can achieve significant growth in the future. As a result, we made some changes to our operating philosophy, including:

- discontinuation of our oil and gas exploration and production activities and disposal of substantially all of our oil and gas assets and properties;
- discontinuation of cash investments for recording new data in the offshore U.S. seismic market, which is dominated by competitors who deploy their own marine vessels and field equipment to service their own data libraries;
- discontinuation of additional capital investments in seismic data in geographical areas such as Alabama, Michigan and North Dakota because we do not believe these areas have sufficient revenue producing potential; and
- reduction of the mission for our Solutions division to focus on internal requirements with a very limited participation in the external market in the near term.

To complement the fundamental changes made to our operating philosophy, management implemented cost reduction measures in the second half of 2002, including reductions in our work force, the consolidation of our Houston office location (resulting in the relocation of our headquarters), the reduction of office space used in our Calgary operations, an overhaul of our compensation structure, and the imposition of strict controls on all spending.

In addition to the significant operating changes we made, we are guided by operating philosophies that are fundamental to the success of our business and that we believe make us unique compared with our largest competitors:

We intend to continue to grow our seismic data library using a combination of recording new data, cash purchases, non-monetary exchanges and creating new value-added products from our existing data.

We do not own or maintain seismic data gathering or field equipment and crews. Instead, we outsource these services, which gives us the flexibility to respond appropriately to changing market conditions, and renders our cash flows less susceptible to volatility. We believe this also enables us to select

vendors with the best price, equipment and skill sets for a particular environment, geographical location or geophysical objective, and provides us with access to state-of-the-art equipment and emerging technologies.

We leverage our strong geophysical, technical and field operating management with our third-party outsourcing to align our interests with those of our underwriting customers. We believe this has allowed us to become a leading provider in certain core areas where local expertise is important. We believe we have developed expertise in certain areas of southern Louisiana, Gulf Coast Texas, Alberta and northeast British Columbia, and that there are opportunities to continue expansion in these areas and to repeat these experiences in the U.S. Rocky Mountain region, northern Louisiana and certain selected areas of the market outside North America.

We will not participate in speculative seismic data shoots. Instead, we seek significant underwriting levels before undertaking new acquisition projects, which is crucial to our success. Our goal is to attain 70% underwriting levels for our new seismic acquisition projects.

We will only pursue new acquisition projects if we are reasonably confident that conditions exist for repeated licensing of the same data over an extended period. Inherent in our rationale for creating new 3D survey additions to our library is the proximity to 3D surveys already in the library. We believe that there is greater value in contiguous data, or reasonably close concentrations of surveys in a single area.

We pursue an aggressive marketing strategy to licensing our seismic data library.

We intend to maintain an extremely disciplined approach to making operating and capital expenditures.

Our Competitive Strengths

We believe that we have the following competitive strengths:

Leading Market Position. Within our industry, we are considered to be one of the leading providers of seismic data in North America. We believe our library of onshore 3D seismic data is one of the largest available for licensing in the U.S. and Canada. We have ownership of over 33,000 square miles of 3D seismic data, the majority of which is concentrated primarily in the onshore Gulf Coast of Texas, Louisiana and Mississippi, western Canada and the offshore Gulf of Mexico. In addition, we have ownership in 1.1 million linear miles of 2D seismic data, which we believe makes us one of the largest providers of 2D data in North America.

Data Ownership Provides the Opportunity to Realize Long-Term Revenue Streams. We own our seismic data and are able to license the data an unlimited number of times, allowing for a lengthened life of our seismic data library. The ability to license the seismic data multiple times, as well as the commercial longevity of our seismic data, is a result of many factors, including multiple interpretations of the same data set, changes in ownership of mineral interests, new discoveries of hydrocarbons, advances in drilling and production technology, creation of oil and gas distribution infrastructures, and the advent of new seismic processing techniques. Most of our data is expected to generate revenues for 10 years or more. In some instances, samples of our older 2D data are still being licensed after 25 years. The current weighted average of our 3D onshore data library is 3.5 years. We believe there is minimal obsolescence risk regarding our seismic library.

Low Cost Business Model. In order to remain profitable in volatile business cycles, we believe it is essential to have a low cost operating structure. We strive to maintain an efficient base of assets and employees with which to conduct our operations. We do not own seismic

acquisition equipment or employ seismic acquisition crews, but rather, engage third-party contractors with qualified equipment on an as-required basis to shoot new data. We believe our decision to engage third party contractors on an as-required basis results in substantially less volatility in our cash flows by allowing us to respond more quickly to changes in the demand for our products and services and minimizing our ongoing capital requirements. We do not participate in speculative seismic shoots and impose strict capital investment thresholds with targeted underwriting levels.

Leading Provider in Dominant Areas. Onshore seismic data collection requires a high degree of technical expertise, extensive permitting and geographical knowledge. Over the past 20 years, our personnel have developed a strong reputation for having these necessary skills. We believe our vast experience, combined with our large and contiguous database, encourages customers looking to acquire data in our area of operations to select us as their provider. We also believe that our experience and relationships with the relevant permitting agencies give us an advantage over our competitors.

Diversified Customer Base. We market our seismic data to over 1,300 customers in the oil and gas industry, and we have license arrangements with in excess of 1,000 customers. In 2003, four of our top ten customers were rated investment grade by Standard & Poor s, none of our customers accounted for more than 10% of total revenues, and our top 10 customers accounted for approximately 40% of total revenues. We have been providing seismic data to several of our largest customers for over 10 years.

Our Plan of Reorganization

In February 2002, we determined that it was appropriate to change our revenue recognition policies for seismic data licensing and certain data creation contracts. As a result, we restated our results of operations for the nine months ended September 30, 2001, and for our fiscal year ended December 31, 2000. The restatement, coupled with poor first quarter 2002 financial results, caused our covenant default on our $255 million principal amount of senior unsecured notes (referred to in this prospectus as the old notes). After such default, we and substantially all of our United States subsidiaries negotiated a series of standstill agreements with the initial holders of the old notes while the parties attempted to negotiate a restructuring. Our negotiations with the holders of the old notes were not successful and on June 6, 2003, certain of the holders of the old notes filed, under Chapter 11 of the United States Bankruptcy Code, involuntary petitions against us and sixteen of our subsidiaries that guaranteed the old notes. On July 22, 2003, we filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. The involuntary cases were dismissed on July 25, 2003. The Bankruptcy Court confirmed our Plan on March 18, 2004 and it became effective as of July 2, 2004. Upon effectiveness of the Plan, we consummated the private placement of the outstanding notes and on August 12 and 13, 2004, paid all allowed pre-petition claims, including repayment of the old notes. See The Plan of Reorganization.

Other Information

We were incorporated in the State of Delaware in 1982. Our principal executive offices are located at 10811 South Westview Circle Drive, Suite 100, Building C, Houston, Texas 77043, and our telephone number at that address is (713) 881-8900. Our website is located at *www.seitel.com*. Information contained on our website is not a part of this prospectus.

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The Exchange Offer

On July 2, 2004, we completed a private offering of the outstanding notes. We sold the outstanding notes in transactions that were exempt from or not subject to the registration requirements under the Securities Act of 1933, as amended (the Securities Act). Accordingly, the outstanding notes are subject to transfer restrictions. In general, you may not offer or sell the outstanding notes unless either they are registered under the Securities Act or the offer or sale is exempt from or not subject to registration under the Securities Act and applicable state securities laws.

In connection with the sale of the outstanding notes, we entered into an registration rights agreement with the initial purchasers of the outstanding notes. We agreed to use our reasonable best efforts to complete the exchange offer on or before February 8, 2005. In the exchange offer, you are entitled to exchange your outstanding notes for new notes with substantially identical terms, except that the existing transfer restrictions will be removed. The exchange offer is intended to satisfy your rights under the registration rights agreement. This prospectus and the accompanying documents contain detailed information about us, the new notes and the exchange offer. Please read the discussion under the heading The Exchange Offer for further information regarding the exchange offer and resale of the new notes.

Exchange Offer	We are offering to issue to you new registered 11 3/4% senior notes due 2011 without transfer restrictions or registration rights in exchange for your outstanding unregistered 11 3/4% senior notes due 2011. In order to be exchanged, an outstanding note must be properly tendered and accepted. We will issue new notes promptly after the expiration of the exchange offer.
Expiration Date	The exchange offer will expire at 5:00 p.m. New York City time, on , 2005, unless we decide to extend it.
Conditions to the Exchange Offer	We will not be required to accept outstanding notes for exchange if the exchange offer would violate applicable law, public policy or any applicable interpretation of the staff of the SEC, or if any action or proceeding has been instituted or threatened that might materially impair our ability to proceed with the exchange offer, or if we have not obtained all necessary governmental approvals.
Procedures for Tendering Outstanding Notes	If you wish to participate in the exchange offer, you must complete, sign and date the letter of transmittal that we are providing with this prospectus and mail or deliver the letter of transmittal, together with your outstanding notes and any other documentation required by the letter of transmittal, to the exchange agent on or prior to the expiration date. If your outstanding notes are held through The Depository Trust Company, or DTC, you may deliver your outstanding notes by confirmed book-entry transfer.
	In the alternative, if your outstanding notes are held through DTC and you wish to participate in the exchange offer, you may do so through the automated tender offer program of DTC. If you tender under this electronic program, you will agree to be bound by the letter of transmittal as though you had physically completed and delivered the letter of transmittal.

	By signing or agreeing to be bound by the letter of transmittal, you will represent to us, among other things, that: any new notes you receive will be acquired in the ordinary course of your business; you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the outstanding notes or the new notes; you are not our affiliate, as defined in Rule 405 of the Securities Act, or, if you are our affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable; if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, the distribution of the new notes; and if you are a broker-dealer, you will receive new notes for your own account in exchange for outstanding notes that you acquired as a result of market-making activities or other trading activities, and you will deliver a prospectus in connection with any resale of such new notes. See The Exchange Offer Procedures for Tendering Outstanding Notes.
Withdrawal Rights	You may withdraw outstanding notes that have been tendered at any time prior to 5:00 p.m., New York City time, on the expiration date by sending a written or facsimile withdrawal notice to the exchange agent.
Procedures for Beneficial Owners	If you beneficially own outstanding notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your outstanding notes in the exchange offer, you should promptly contact the registered holder and instruct it to tender the outstanding notes on your behalf. If you wish to tender your outstanding notes on your own behalf, you must either arrange to have your outstanding notes registered in your name or obtain a properly completed bond power from the registered holder before completing and executing the letter of transmittal and delivering your outstanding notes. The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.
Guaranteed Delivery Procedures	If you wish to tender your outstanding notes and cannot comply before the expiration date with the requirement to deliver the letter of transmittal and notes or use the applicable procedures under the Automated Tender Offer Program of DTC, you must tender your outstanding notes according to the guaranteed delivery procedures. If you tender using the guaranteed delivery procedures, the exchange agent must receive the properly completed and executed letter of transmittal or facsimile thereof, together with your outstanding notes

	or a book-entry confirmation and any other documents required by the letter of transmittal, within three business days after the expiration date. See The Exchange Offer Guaranteed Delivery Procedures.
Consequences of Failure to Exchange	If you do not exchange your outstanding notes in the exchange offer, the existing transfer restrictions will remain in effect and, in most cases, you will no longer be entitled to registration rights. You will not be able to offer or sell the outstanding notes unless they are later registered, sold pursuant to an exemption from registration or sold in a transaction not subject to the Securities Act or state securities laws. Other than in connection with the exchange offer or as specified in the registration rights agreement, we are not obligated to, nor do we currently anticipate that we will register the outstanding notes under the Securities Act. See The Exchange Offer Consequences of Failure to Exchange.
U.S. Federal Income Tax Considerations	The exchange of new notes for outstanding notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Considerations.
Use of Proceeds	We will not receive any cash proceeds from the issuance of new notes in the exchange offer.
Plan of Distribution	Each broker-dealer who receives new notes for its own account in the exchange offer has a prospectus delivery obligation.
	Based on SEC no-action letters, broker-dealers who acquired the outstanding notes as a result of market-making or other trading activities may use this exchange offer prospectus, as supplemented or amended, in connection with the resales of the new notes. We have agreed to make this prospectus available to any broker-dealer delivering a prospectus as required by law in connection with resales of the notes for up to 180 days after the effective date of the registration statement to which this prospectus is a part, unless extended under certain circumstances. See Plan of Distribution.
Risk Factors	See Risk Factors beginning on page 18 of this prospectus for discussion of factors you should carefully consider before deciding to participate in the exchange offer.

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The Exchange Agent

LaSalle Bank National Association is the exchange agent. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent. If you are not tendering under the DTC s Automated Tender Offer Program, you should send all tendered outstanding notes, executed letters of transmittal and any other required documents to the exchange agent as follows:

LaSalle Bank	*Telephone:* (312) 904-5619
National Association	
Corporate Trust Services	*Facsimile:* (312) 904-2236
135 S. LaSalle Street	
Suite 1960	
Chicago, IL 60603	
Attention: Victoria Douyan	

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Description of New Notes

The following summary is not intended to be complete. For a more detailed description, see Description of New Notes.

Issuer	Seitel, Inc.
New Notes Offered	$193,000,000 aggregate principal amount at maturity of 11 3/4% Senior Notes due 2011.
Interest	January 15 and July 15, starting on January 15, 2005.
Maturity Date	July 15, 2011.
Redemption From Equity Offering Proceeds	From time to time on or before July 15, 2007, we may redeem up to 35% of the aggregate principal amount of the new notes issued under the indenture with the net proceeds of qualified equity offerings (as defined in the indenture) at a redemption price equal to 111.75% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, provided that: at least 65% of the aggregate principal amount of the new notes issued under the indenture remains outstanding immediately after each such redemption; and each such redemption occurs not later than 90 days after the date of the consummation of the relevant qualified equity offering. See Description of New Notes Redemption with Proceeds from Equity Offerings.
Excess Cash Flow Offer	Subject to certain conditions, if at the end of each fiscal year we have excess cash flow (as defined in the indenture) in excess of $5 million, we will be required to use 50% of excess cash flow to fund an offer to repurchase the new notes on a pro rata basis at 100% of the principal amount of such new notes plus accrued and unpaid interest to the repurchase date. If we have less than $5 million in excess cash flow at the end of any fiscal year, such excess cash flow will be carried forward to succeeding years, and such repurchase offer will be required to be made in the first year in which the cumulative excess cash flow for all years in which there has not been an offer is at least $5 million. Such repurchase offer will be required only if there is no event of default under our new revolving credit facility prior to and after giving effect to the repurchase payment.
Change of Control	Upon a change of control (as defined in the indenture), each holder of new notes will have the right to require us to offer to purchase all of such holder s new notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the change of control purchase date. See Description of New Notes Change of Control.

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Ranking; Guarantees	The new notes will be our general unsecured obligations and will rank *pari passu* with all of our exiting and future unsecured and unsubordinated obligations. Certain of our existing and future restricted U.S. subsidiaries will guarantee the new notes. These guarantees will be unsecured and will rank *pari passu* with all of the existing and future unsecured and unsubordinated obligations of our guarantor subsidiaries. The new notes and the guarantees will be senior in right of payment to our existing and future obligations and the obligations of our guarantors that, by their terms, are expressly subordinated in right of payment to the notes and the guarantees. The new notes and each guarantee thereof will be effectively subordinated to all of our and our guarantor subsidiaries secured indebtedness to the extent of the value of the assets and other collateral securing such indebtedness. The new notes will be structurally subordinated to all existing and future indebtedness and obligations of our non-guarantor subsidiaries (primarily our non-U.S. subsidiaries.) As of September 30, 2004, we and the guarantors had approximately $191.8 million of total indebtedness, including $2.8 million of secured indebtedness. In addition, as of such date, we and the guarantors had $30 million of additional secured borrowing availability under our new revolving credit facility. In addition, our non-guarantor subsidiaries had $2.8 million of indebtedness as of September 30, 2004.
Certain Covenants	The indenture governing the new notes contains covenants that will limit our ability and the ability of our restricted subsidiaries to, among other things: incur certain additional indebtedness; incur indebtedness that is subordinate to any other indebtedness unless such indebtedness is expressly subordinate to the new notes and the guarantees; make capital expenditures in excess of specified amounts; pay cash dividends or make other cash distributions on or repurchase or redeem for cash our capital stock; make certain investments; sell assets without using the net proceeds thereof as set forth in the indenture; grant and permit certain liens;

enter into sale-leaseback transactions;

- enter into agreements affecting the ability of our restricted subsidiaries to pay dividends;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets.

These covenants are subject to very important and detailed exceptions and qualifications, which are described under the heading Description of New Notes Certain Covenants in this prospectus.

Absence of a Public Market	The new notes are a new issue of securities and there currently is no established market for them. Accordingly, there can be no assurance as to the development or liquidity of any market for the new notes. The initial purchasers have advised us that they currently intend to make a market for the new notes as permitted by applicable laws and regulations. However, they are not obligated to do so and may discontinue any such market making activities at any time without notice. We expect that the new notes will be eligible for trading in The PORTAL Market, a subsidiary of The Nasdaq Stock Market, Inc.

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Summary Historical and Pro Forma Consolidated Financial Data

The following is a summary of our historical consolidated financial data as of and for each of our fiscal years ended December 31, 2001, 2002 and 2003, and as of and for the nine months ended September 30, 2003 and 2004. The following also sets forth unaudited summary pro forma consolidated financial data illustrating the estimated effects of the Plan, including the financings required by the Plan, as if they had occurred on January 1, 2003, in the case of the unaudited pro forma consolidated income statements.

Our consolidated balance sheets after September 30, 2004, and our consolidated statements of operations for the periods after September 30, 2004, will not be comparable to our historical consolidated financial statements published before the effective date of the Plan and included elsewhere in this prospectus. Among other things, our consolidated statement of operations for future periods will include numerous adjustments required by the Plan, including substantially less professional expenses related to our reorganization proceedings.

The consolidated balance sheet data and the consolidated statement of operations data presented below as of December 31, 2001, 2002 and 2003, and for each of the years in the three-year period ended December 31, 2003, have been derived from our consolidated financial statements, which have been audited by Ernst & Young LLP, independent registered public accounting firm (Ernst & Young). The auditors report issued by Ernst & Young with respect to their audit of our financial statements for the years ended December 31, 2003 and 2002 included an explanatory paragraph relating to our ability to continue as a going concern. The consolidated balance sheet data and the consolidated statement of operations data presented below as of and for the nine-month periods ended September 30, 2003 and 2004, respectively, are unaudited. However, we believe that this information contains all adjustments, consisting only of normal recurring adjustments, which are necessary to present fairly our consolidated financial position and results of operations for those periods. The consolidated balance sheet data as of September 30, 2004, and the consolidated statement of operations data presented for the nine-month period ended September 30, 2004, are not necessarily indicative of the results that may be expected for the fiscal year. Certain reclassifications have been made to the amounts in the prior years financial statements to conform to the current year s presentation.

The Unaudited Pro Forma Consolidated Financial Data do not purport to be indicative of the financial position that would actually have been reported had such transactions in fact been consummated on such dates or of the financial position that may be reported by us in the future. The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The Unaudited Pro Forma Consolidated Financial Data do not include the effects of the fresh start accounting provisions of AICPA Statement of Position 90-7, Financial Reporting by Entities in Reorganization under the Bankruptcy Code, because the criteria for fresh start reporting were not met.

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All of the information presented below should be read in conjunction with Selected Historical Consolidated Financial Data, Unaudited Pro Forma Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations, as well as our audited and unaudited consolidated financial statements and their accompanying notes, all of which are included elsewhere in this prospectus.

	Year Ended December 31,			Nine Months Ended September 30,		Pro Forma Nine Months Ended, September 30,
	2001	2002	2003	2003	2004	2004
				(unaudited)	(unaudited)	(unaudited)
Statement of Operations Data:						
(In thousands)						
Revenue	$ 115,238	$ 149,795	$ 131,465	$ 101,296	$ 103,764	$ 103,764
Expenses and Costs:						
Depreciation and amortization	49,448	129,856	82,638	61,506	139,193	139,193
Cost of sales	1,196	928	815	510	261	261
Selling, general and administrative	34,490	71,857	33,814	24,571	23,287	23,287
Impairment of seismic data library		82,964	29,959	13,354		
	85,134	285,605	147,226	99,941	162,741	162,741
Income (loss) from operations	30,104	(135,810)	(15,761)	1,355	(58,977)	(58,977)
Interest expense, net	(13,461)	(20,856)	(19,950)	(15,072)	(18,415)	(18,310)
Loss on sale of marketable securities		(332)				
Foreign currency exchange gains (losses)	(315)	125	4,136	3,358	953	953
Gain on extinguishment of liabilities			681	681		
Reorganization items			(5,984)	(1,675)	(12,415)	(12,415)
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principle	16,328	(156,873)	(36,878)	(11,353)	(88,854)	(88,749)
Provision (benefit) for income taxes	6,748	(18,304)	2,199	621	(2,272)	(2,272)
Income (loss) from continuing operations before cumulative effect of change in accounting principle	9,580	(138,569)	(39,077)	(11,974)	(86,582)	(86,477)
Income (loss) from discontinued operations, net of tax	(24,573)	(62,709)	1,139	(179)	133	133
Cumulative effect of change in accounting principle, net of tax		(11,162)				
Net loss (1)	$ (14,993)	$ (212,440)	$ (37,938)	$ (12,153)	$ (86,449)	$ (86,344)
Earnings (loss) per share:						
Basic:						
Income (loss) from continuing operations	$ .38	$ (5.48)	$ (1.54)	$ (.47)	$ (1.65)	$ (.58)
Income (loss) from discontinued operations	(.98)	(2.48)	.04	(.01)		.01
Cumulative effect of accounting change		(.44)				
Net loss	$ (.60)	$ (8.40)	$ (1.50)	$ (.48)	$ (1.65)	$ (.57)
Diluted:						
Income (loss) from continuing operations	$ .37	$ (5.48)	$ (1.54)	$ (.47)	$ (1.65)	$ (.58)
Income (loss) from discontinued operations	(.95)	(2.48)	.04	(.01)		.01
Cumulative effect of accounting change		(.44)				
Net loss	$ (.58)	$ (8.40)	$ (1.50)	$ (.48)	$ (1.65)	$ (.57)

Weighted average shares (in thousands):						
Basic	24,986	25,300	25,376	25,376	52,544	150,376
Diluted	25,692	25,300	25,376	25,376	52,544	150,376
Other Financial Data:						
(In thousands)						
Cash Operating Income(2)(3)	$ 64,157	$ 19,843	$ 85,400	$ 60,249	$ 61,525	$ 61,525
EBITDA(3)	79,237	76,803	95,669	78,579	68,754	68,754
Cash flows provided by operating activities of continuing operations	30,767	21,716	80,314	61,798	21,694	n/a
Cash flows used in investing activities of continuing operations(4)	(79,565)	(49,358)	(48,668)	(29,884)	(39,684)	n/a
Cash flows provided by (used in) financing activities of continuing operations	61,255	(2,630)	(5,646)	(4,786)	(8,890)	n/a
Financial Ratios:						
Cash Operating Income(2)/Interest Expense, net	4.8	1.0	4.3	4.0	3.3	3.4
EBITDA(3)/Interest Expense, net	5.9	3.7	4.8	5.2	3.7	3.8
Net Debt(4)/Cash Operating Income(2)	3.8	12.6	2.6	n/a	n/a	n/a
Net Debt(4)/EBITDA(3)	3.1	3.3	2.3	n/a	n/a	n/a
Net Debt(4)/Total Net Book Capitalization	50.0%	87.1%	98.4%	88.7%	106.8%	106.8%
Ratio of Earnings to Fixed Charges(5)	1.8					

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In the second quarter of 2002, we changed our accounting policy for amortizing our created seismic data library from the income forecast method to the greater of the income forecast method or the straight-line method over the data s useful life and reported the adoption of the new method as a cumulative effect of a change in accounting principle retroactive to January 1, 2002. Pro forma net loss for the year ended December 31, 2001, assuming the new seismic data amortization policy had been applied retroactively, was as follows (in thousands, except per share amounts):

Income from continuing operations before cumulative effect of change in accounting principle	$ 5,178
Income from continuing operations before cumulative effect of change in accounting principle per share:	
Basic	$ .21
Diluted	.20
Net loss	$ (19,395)
Net loss per share:	
Basic	$ (.78)
Diluted	(.75)

	As of December 31,			As of September 30,	
	2001	2002	2003	2003	2004
				(unaudited)	(unaudited)
Balance Sheet Data:					
(In thousands)					
Cash and cash equivalents	$ 25,223	$ 21,517	$ 44,362	$ 45,739	$ 17,924
Seismic data library, net	455,845	284,396	247,541	259,461	165,393
Total assets	661,469	398,136	367,089	371,345	259,060
Total debt(6)	268,350	272,061	267,434	268,210	194,612
Stockholders equity (deficit)	243,587	37,036	3,722	28,334	(11,218)
Book value per common share outstanding	$ 9.71	$ 1.46	$ .15	$ 1.12	$ (0.07)
Common shares outstanding	25,075	25,376	25,376	25,376	150,414

(1) In the fourth quarter of 2002, we reevaluated our estimate of the useful life of our seismic data library and reduced the estimated useful life of offshore data from ten to five years and onshore data from ten to seven years. The effect from this change on reported results was a reduction in net income of $58.8 million for the year ended December 31, 2002. In the third quarter of 2004, we further evaluated our estimate of the useful life of our seismic data library and reduced the estimated useful life to four years from five years for offshore data and from seven years for onshore data. The effect on reported results was a reduction in net income of $66.6 million for the nine months ended September 30, 2004.

(2) Cash operating income is defined as cash revenue (derived primarily from seismic data acquisition revenue, cash library licensing revenue, and Solutions revenue) less cost of sales and SG&A. Cash operating income is a non-GAAP financial measure which should not be construed as an alternative to operating income (loss) (as determined in accordance with U.S. generally accepted accounting principles (GAAP)) as an indication of our operating performance, or to cash flows from operating activities (as determined in accordance with GAAP) as a measure of liquidity. Included in cash operating income are a number of special items that are not necessarily indicative of our core operations or our future prospects, and impact comparability between years. Cash operating income for the year ended December 31, 2001 included $1.3 million for charges related to former executives. Cash operating income for the year ended December 31, 2002 included $28.5 million of costs and expenses related to our restructuring efforts, various litigation, severance costs, the acceleration of certain lease obligations, allowances for doubtful accounts and certain

other accruals. Cash operating income for the year ended December 31, 2003 included $5.5 million of costs and expenses related to our restructuring efforts, bankruptcy proceedings and various litigation, net of reduction in litigation accruals. Cash operating income for the nine months ended September 30, 2003 included $3.5 million of costs and expenses related to our restructuring efforts and various litigation, net of reduction in litigation accruals. Cash operating income for the nine months ended September 30, 2004 included $1.5 million of costs and expenses related to various litigation and severance costs. Cash operating income for the pro forma nine months ended September 30, 2004, included $1.5 million costs and expenses related to our various litigation and severance costs. We believe that cash operating income is a useful measure in evaluating our performance because of our revenue recognition policies. We believe that, in addition to operating income, cash flows from operating activities and EBITDA, cash operating income is a useful financial performance measurement reflecting our ability to incur and service debt and to fund capital expenditures.

(3) EBITDA is defined as earnings from continuing operations before income taxes (benefit), interest expense, net, impairment of seismic data, and depreciation and amortization. EBITDA is a non-GAAP financial measure, which should not be construed as an alternative to operating income (loss) (as determined in accordance with GAAP) as an indicator of our operating performance or to cash flows from operating activities (as determined in accordance with GAAP) as a measure of liquidity. Our method of calculating EBITDA may differ from methods used by other companies and, as a result, EBITDA measures disclosed herein might not be comparable to other similarly titled measures used by other companies. Included in earnings and EBITDA are a number of special items that are not necessarily indicative of our core operations or our future prospects, and impact comparability between years. EBITDA for the year ended December 31, 2001 included $1.3 million for charges related to former executives. EBITDA for the year ended December 31, 2002 included $28.5 million of costs and expenses related to our restructuring efforts, various litigation, severance costs, the acceleration of certain lease obligations, allowances for doubtful accounts and certain other accruals. EBITDA for the year ended December 31, 2003 included $11.5 million of costs and expenses related to our restructuring efforts, bankruptcy proceedings and various litigation, net of reduction in litigation accruals. EBITDA for the nine months ended September 30, 2003 included $5.2 million of costs and expenses related to our restructuring efforts, bankruptcy proceedings and various litigation, net of reduction litigation accruals. EBITDA for the nine months ended September 30, 2004 included $13.9 million of costs and expenses related to our restructuring efforts, bankruptcy proceedings, various litigation and severance costs. EBITDA for the pro forma nine months ended September 30, 2004 included $13.9 million of costs and expenses related to our restructuring efforts, bankruptcy proceedings, various litigation and severance costs. We believe that, in addition to cash flow from operating activities and net earnings (loss), EBITDA is a useful financial performance measurement for assessing operating performance since it provides an additional basis to evaluate our ability to incur and service debt and to fund capital expenditures. To evaluate EBITDA, the components of EBITDA such as revenue and SG&A and the variability of such components over time also should be considered.

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The following table reconciles our cash operating income to EBITDA and EBITDA to income (loss) from continuing operations determined in accordance with GAAP (in thousands):

	Year Ended December 31,			Nine Months Ended September 30,		Pro Forma Nine Months Ended September 30,
	2001	2002	2003	2003	2004	2004
				(unaudited)	(unaudited)	(unaudited)
Cash operating income	$ 64,157	$ 19,843	$ 85,400	$ 60,249	$ 61,525	$ 61,525
Add (subtract) other revenue components not included in cash operating income:						
Acquisition underwriting from non-monetary exchanges			624		1,870	1,870
Non-monetary exchanges	57,045	13,551	10,630	9,218	10,470	10,470
Deferral of revenue	(89,764)	(38,366)	(51,421)	(35,685)	(31,639)	(31,639)
Selections of data	48,114	81,982	51,603	42,433	37,990	37,990
Less:						
Loss on sale of marketable securities		(332)				
Foreign currency exchange gains (losses)	(315)	125	4,136	3,358	953	953
Gain on extinguishment of liabilities			681	681		
Reorganization items			(5,984)	(1,675)	(12,415)	(12,415)
EBITDA	79,237	76,803	95,669	78,579	68,754	68,754
Less:						
Interest expense, net	(13,461)	(20,856)	(19,950)	(15,072)	(18,415)	(18,310)
Taxes	(6,748)	18,304	(2,199)	(621)	2,272	2,272
Impairment of seismic data library		(82,964)	(29,959)	(13,354)		
Depreciation and amortization	(49,448)	(129,856)	(82,638)	(61,506)	(139,193)	(139,193)
Income (loss) from continuing operations before cumulative effect of change in accounting principle	$ 9,580	$ (138,569)	$ (39,077)	$ (11,974)	$ (86,582)	$ (86,477)

(4) Net debt reflects total debt less cash and cash equivalents.
(5) See Ratio of Earnings to Fixed Charges.
(6) Total debt includes capital lease obligations.

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Risk Factors

In considering whether to participate in the exchange offer, we urge you to carefully consider all of the information we have included in this prospectus and any prospectus supplement. In particular, we urge you to carefully consider the risk factors described below and other information contained in this prospectus. In addition, we urge you to read Forward-Looking Statements, where we describe additional uncertainties associated with our business and forward-looking statements in this prospectus.

Risks Related to the Exchange Offer and the New Notes

If you do not properly tender your outstanding notes, you will continue to hold unregistered outstanding notes and your ability to transfer outstanding notes will be adversely affected.

We will only issue new notes in exchange for outstanding notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the outstanding notes and you should carefully follow the instructions on how to tender your outstanding notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of outstanding notes.

If you do not exchange your outstanding notes for new notes pursuant to the exchange offer, the outstanding notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the outstanding notes except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register outstanding notes under the Securities Act unless our exchange and registration rights agreement with the initial purchasers of the outstanding notes requires us to do so. Further, if you continue to hold any outstanding notes after the exchange offer is consummated, you may have trouble selling them because there will be fewer such notes outstanding.

Our substantial level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations on the new notes.

We have a significant amount of leverage and interest expense resulting from new indebtedness incurred in the financing and other transactions completed in connection with the Plan, indebtedness of our Canadian subsidiaries, and other indebtedness in respect of certain capital lease obligations. Subject to certain restrictions and limitations in the indenture and in our new revolving credit facility, we may incur additional indebtedness.

On the effective date of the Plan, we completed the sale of the outstanding notes, which were issued at an original issue discount. These proceeds were used to partially fund payments of allowed creditors claims required under the Plan. On April 16, 2004, we entered into a new revolving credit facility with Wells Fargo Foothill, Inc. (WFF) pursuant to which a revolving loan commitment of $30 million, subject to borrowing base limitations, was made available to us for borrowing on the effective date of the Plan. Permitted borrowings under the new revolving credit facility will be used by us from time to time to fund our working capital requirements. Accordingly, while the principal amount of our indebtedness has been reduced, our annual interest expense is higher than it was prior to the effective date of the Plan and our total annual debt service requirements continue to be substantial. The funds required to satisfy these requirements, which will derive principally from our operating cash flows, will not be available for working capital or to make investments in the future growth and development of our business. See Description of The New Revolving Credit Facility for a discussion of the interest rates of our new revolving credit facility.

As of September 30, 2004, we and the guarantors had approximately $191.8 million of total indebtedness, including $2.8 million of secured indebtedness, and our consolidated annual debt service requirements together with the guarantors aggregated approximately $24.7 million, which is approximately $4.2 million higher than our historical annual debt service. Although we issued $193 million aggregate principal amount at maturity of outstanding notes, such notes were issued at a discount of 2.325% resulting in gross proceeds to us of approximately $188.5 million. Thus, while not receiving gross proceeds equal to the principal amount of the

outstanding notes, we are obligated to repay the full principal amount thereof at maturity and, except as set forth under Description of New Notes Redemption with Proceeds from Equity Offerings, we may not optionally redeem the new notes prior to maturity.

Our high level of indebtedness and annual debt service requirements could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations on the new notes;
- require us to dedicate a substantial portion of our cash flow from operations to interest and principal payments on our indebtedness, thereby reducing the availability of our operating cash flows for other purposes, such as capital expenditures, funding seismic data acquisitions and working capital;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- increase our vulnerability to general adverse economic and industry conditions;
- place us at a disadvantage compared to our competitors that have less debt;
- expose us to fluctuations in the interest rate environment because the new revolving credit facility is at a variable rate of interest; and
- limit our ability to borrow additional funds.

Our ability to make required payments of principal and interest on borrowings under our new revolving credit facility and in respect of the new notes, incur additional indebtedness, and comply with our various debt covenants, will depend primarily on our ability to generate substantial operating cash flows. We expect to obtain the funds necessary to pay our operating and other expenses and principal and interest on the new notes, borrowings under our new revolving credit facility and our other indebtedness, from our operating cash flows and, if required, from additional borrowings (to the extent available under our new revolving credit facility and otherwise subject to our borrowing base). Our ability to satisfy our payment obligations, therefore, depends substantially on our future operating and financial performance, which necessarily will be affected by, and subject to, industry, market, economic and other factors. We will not be able to predict or control many of these factors, such as economic conditions in the markets where we operate and competitive pressures.

If, for any reason, we do not have sufficient funds from operating cash flows, cash and cash equivalents on hand, and borrowings available under our new revolving credit facility to pay principal and interest, when due, on the notes and on our other outstanding debt obligations (including borrowings under the new revolving credit facility), we will be required to seek to refinance all or a portion of our existing debt, sell assets or seek to borrow additional funds or raise additional equity capital. We cannot guarantee that we would be able to complete any of the aforementioned refinancing transactions on terms that are commercially reasonable or otherwise acceptable to us, if at all. In addition, the terms of our agreements governing our indebtedness, including our new revolving credit facility and the indenture governing the new notes, presently restrict us from implementing such refinancing transactions. The failure to generate sufficient operating cash flows could significantly and adversely affect the value of the new notes and our ability to pay principal of and interest on the new notes.

Our new revolving credit facility contains covenants requiring us to achieve and maintain certain financial results, and restricts, among other things, the amount of our capital expenditures and our ability to borrow money, grant additional liens on our assets, make particular types of

investments and restricted payments, sell our assets, and merge or consolidate. Additionally, the indenture governing the new notes contains covenants that, among other things, limit our ability to incur certain additional indebtedness, incur indebtedness that is subordinate to any other indebtedness unless such indebtedness is expressly subordinate to the new notes and the guarantees, pay cash dividends or make other cash distributions on or repurchase or redeem for cash our capital stock, make certain investments, sell assets without using the net proceeds thereof as set forth in the indenture, make certain capital expenditures in excess of $65 million plus unused excess cash flow (as defined in the

indenture) in any fiscal year, grant and permit certain liens, enter into sale-leaseback transactions, enter into agreements affecting the ability of our restricted subsidiaries to pay dividends, enter into transactions with affiliates, merge, consolidate or sell all or substantially all of our assets, and grant security interests or liens on our assets. In addition, the indenture governing the new notes provides that subject to certain conditions, if, at the end of each fiscal year we have excess cash flow (as defined) in excess of $5 million, we will be required to use 50% of excess cash flow to fund an offer to repurchase the new notes on a pro rata basis at 100% of the principal amount of such notes plus accrued and unpaid interest to the repurchase date. If such future repurchase offers are accepted, the funds expended would not otherwise be available to be used by us for other corporate purposes. Borrowings under the new revolving credit facility are secured by a first priority, perfected security interest in, and lien on, all of our U.S. tangible and intangible assets, and we have pledged to WFF all of the issued and outstanding capital stock of our U.S. subsidiaries. Any default in respect of these covenants could materially and adversely affect our ability to conduct our business in the ordinary course, enter into business transactions and impair our rights under our other commercial agreements.

The new notes are unsecured debt obligations.

The new notes are not secured by any of our or our subsidiaries assets or other collateral. The indenture governing the new notes permits us and our subsidiaries to incur secured indebtedness, including pursuant to our new revolving credit facility, purchase money instruments and other forms of secured indebtedness. As a result, the new notes and the guarantees are effectively subordinated to all of our and our guarantor subsidiaries secured obligations to the extent of the value of the collateral and other assets securing such indebtedness. The new notes are also structurally subordinated to all existing and future indebtedness and obligations of our non-guarantor subsidiaries (primarily our non-U.S. subsidiaries). As of September 30, 2004, we had $5.6 million of secured indebtedness.

If we or the subsidiary guarantors were to become insolvent or otherwise fail to make payment on the new notes or under the guarantees, holders of any of our and our subsidiary guarantors secured obligations would be entitled to be paid first and in full and would receive payments from the assets securing their loans to us before the holders of the new notes would receive any payments. You may therefore not be fully repaid if we or the subsidiary guarantors become insolvent or otherwise fail to make payment on the new notes.

Our Canadian subsidiaries and our other future foreign subsidiaries are not guarantors, and claims in respect of your new notes and your loan of funds to us evidenced by your new notes are structurally subordinated to the claims of all creditors of our non-guarantor subsidiaries.

Not all of our subsidiaries guarantee the new notes. Unrestricted Subsidiaries and Foreign Subsidiaries (as defined in the indenture) are not guarantors. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor subsidiaries, these non-guarantor subsidiaries will be required to pay the holders of their debts and their trade creditors before they will be able to distribute any of their assets to us. The non-guarantor subsidiaries generated 27% of our consolidated cash operating income for the nine-month period ended September 30, 2004 and owned 27% of our combined assets as of September 30, 2004. As of September 30, 2004, our non-guarantor subsidiaries had $2.8 million of indebtedness.

We may not be able to satisfy our obligations to holders of the new notes upon a change of control.

Upon the occurrence of a change of control (as defined in the indenture), each holder of the new notes will have the right to require us to offer to purchase all of such holder s notes tendered to us at a price equal to 101% of the principal amount thereof, together with accrued and unpaid interest, if any, on the change of control purchase date. Our failure to purchase or provide notice of purchase of the new notes would constitute a default under the indenture governing the new notes, which, in turn, would result in a cross-default under our new revolving credit facility. In

addition, a change of control would constitute an event of default under our new revolving credit facility. A default under our new revolving credit facility would result in an event of default

under the indenture if the lenders accelerate the maturity date and repayment of all borrowings outstanding under our new revolving credit facility.

If a change of control occurs, we may not have sufficient assets to repay our outstanding borrowings under our new revolving credit facility and the new notes. Upon the occurrence of a change of control, we could seek to refinance the indebtedness under our new revolving credit facility and the new notes, or obtain a waiver from the lenders or you as a holder of the new notes. We cannot assure you, however, that we would be able to obtain such waivers or refinance our indebtedness on commercially reasonable or other terms acceptable to us, if at all.

There is no established trading market for the new notes, and you may not be able to sell them quickly, at any particular time you select, or at the price that you originally paid.

Like the outstanding notes, there is no established trading market for the new notes. We do not intend to apply for the new notes or any exchange notes to be listed on any national securities exchange or to arrange for their quotation on any U.S. automated inter-dealer quotation system of a registered national securities association. We have applied for trading eligibility for the new notes in The PORTAL Market. Each initial purchaser has advised us that it intends to make a market in the new notes, but no initial purchaser is obligated to do so. The initial purchasers may discontinue making any market in the new notes at any time, in their sole discretion. As a result, we cannot assure you as to the liquidity of any trading market for the new notes.

We also cannot assure you that you will be able to sell your new notes at any particular time you may select or that the prices that you receive when you attempt to sell your new notes will be greater than or equal to the 100% principal (stated face) amount of the new notes. We also cannot assure you as to the availability of any willing purchasers of the new notes following the exchange offer. Future trading prices and the liquidity in any market for the new notes, to the extent such a market ever develops, will depend on many factors, including:

- our reputation, competitive position, operating performance and financial condition;
- the completion of the exchange offer;
- the interest of securities dealers in making a market for the new notes; and
- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused a high degree of volatility in prices. It is possible that any market for the new notes will be subject to such disruptions. Any disruptions would likely have a negative effect on noteholders, regardless of our prospects, operating performance and financial condition.

The guarantees of the new notes by our subsidiaries may be voidable, unenforceable, subordinated or limited in scope under various federal, state and foreign laws governing fraudulent transfers and insolvency.

Under federal and foreign bankruptcy laws and comparable provisions of state and foreign fraudulent transfer laws, a guarantee of the new notes by a guarantor could be voided, if, among other things, at the time the guarantor issued its guarantee, such guarantor:

- intended to hinder, delay or defraud any present or future creditor; or
- received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness; and:
  - was insolvent or rendered insolvent by reason of such incurrence;
  - was engaged in a business or transaction for which such guarantor s remaining assets constituted unreasonably small capital; or
  - intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

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The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, a guarantor in the U.S. would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

Risks Related to our Business

Failure to comply with the SEC s final judgment of permanent injunction entered on consent against us could adversely affect our business, and could subject us to further SEC investigations, enforcement action, criminal prosecution and significant penalties.

Seitel was the subject of a formal investigation by the SEC s Division of Enforcement. Seitel cooperated fully with the SEC during the course of its investigation, and reached a consensual resolution of the SEC s civil complaint resulting in its consent to a final judgment of permanent injunction (the SEC Injunction) being entered on June 16, 2003 in the United States District Court for the Southern District of Texas, Houston Division. The agreement for the entry of the SEC Injunction was without admitting or denying the allegations in the SEC s complaint, which had alleged violations of the reporting, books and records, internal controls and proxy statement provisions of the Securities Exchange Act of 1934, as amended (the Exchange Act) and rules and regulations adopted under the Exchange Act. Seitel s chief executive officer and chief financial officer at the time of the events giving rise to the SEC s complaint have been replaced.

The SEC Injunction, by its terms, permanently restrains and enjoins us from, among other things: (1) filing with the SEC any annual report under the Exchange Act that contains any untrue statement of a material fact, which omits to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or that omits to disclose any information required to be disclosed, (2) failing to make and keep accurate books, records and accounts, (3) failing to devise and maintain an adequate system of internal accounting controls and procedures, or (4) soliciting any proxy or consent or authorization in respect of any security registered under Section 12 of the Exchange Act in contravention of the SEC s proxy rules, or making any solicitation by means of any proxy statement, form of proxy, notice of meeting or other communication subject to the SEC s proxy rules which, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

If we fail to comply with any of the provisions of the SEC Injunction, such failure could adversely affect us, and the market price of our common stock and the notes could significantly decline.

Limitations on our ability to utilize net operating losses and other tax benefits may result in future net operating income being taxable income.

Companies, which have had a change in ownership as defined by the Internal Revenue Code, are subject to limitations on certain tax attributes. The testing period for ownership changes is a three-year moving period. We have had significant ownership changes since the effective date of the Plan, but do not yet know whether there has been a change in ownership as defined by the Internal Revenue Code. In any event, we do not expect a significant impact to our financial position or results of operation because we have a full valuation allowance against the tax attributes subject to these limitations.

Our internal controls for financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur. Internal controls for financial reporting and disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system s objective will be met.

Each quarter, our chief executive officer and chief financial officer evaluate our internal controls for financial reporting and our disclosure controls and procedures, which includes a review of the objectives, design, implementation and effect of the controls in respect of the information generated for use in our periodic reports. In the course of our controls evaluation, we seek to identify data errors, control problems and to confirm that appropriate corrective action, including process improvements, were being undertaken. The overall goals of these various evaluation activities are to monitor our internal controls for financial reporting and our disclosure controls and procedures and to make modifications as necessary. Our intent in this regard is that our internal controls for financial reporting and our disclosure controls and procedures will be maintained as dynamic systems that change (including with improvements and corrections) as conditions warrant.

In connection with the post-December 31, 2003 audit procedures conducted by Ernst & Young, we identified, and Ernst & Young concurred, that a material weakness existed with our internal controls for financial reporting which arose from our Plan having been confirmed on March 18, 2004, thereby requiring the expensing of an item carried by us as a prepaid expense and reduction of certain disputed pre-bankruptcy petition claims which had a partial offsetting effect. We accordingly amended our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system s objectives will be satisfied. Our management has concluded that our internal controls for financial reporting and our disclosure controls and procedures are designed to give a reasonable assurance that they are effective to achieve their objectives. We cannot provide absolute assurance that all possible future control issues within our company have been detected. These inherent limitations include the real world possibility that judgments in our decision-making could be faulty, and that isolated breakdowns could occur because of simple human error or mistake. The design of our system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed absolutely in achieving our stated goals under all potential future or unforeseeable conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error could occur and not be detected.

Our business could be adversely affected by low exploration and development spending by oil and gas companies and by low oil and gas prices.

Our business depends upon exploration and development spending by oil and gas companies. Capital expenditures by oil and gas companies depend upon several factors, including actual and forecasted petroleum commodity prices and the companies own short-term and strategic plans. These capital expenditures may also be affected by worldwide economic conditions. While we anticipate continued attractive commodity pricing, there can be no assurance that oil and gas prices will not decline in the future. Low oil and gas prices could result in decreased exploration and development spending by oil and gas companies, which could affect our seismic data business. Any future decline in oil and gas prices or sustained periods of reduced capital expenditures by oil and gas companies could result in a material adverse effect on our results of operations and cash flow.

A downturn in the availability of private equity could have a negative impact on the ability of our customers to raise capital necessary to purchase our seismic data.

Many of our customers consist of independent oil and gas companies and private prospect-generating companies that rely primarily on private equity capital to fund their exploration, production, development and field management activities. A significant downturn in the availability of

private equity capital could have a material adverse impact on the ability of such companies to obtain funding necessary to purchase our seismic data which, in turn, could have a material adverse effect on our results of operations and cash flow.

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We invest significant amounts of money in acquiring and processing seismic data for our data library with only partial underwriting of the costs by customers.

We invest significant amounts of money in acquiring and processing new seismic data to add to our data library. A portion of these investments is funded by customer underwriters or sponsors, while the remainder is sought to be recovered through future data licensing fees. The amounts of underwriting and sponsorship and of these future data licensing fees are uncertain and depend on a variety of factors, including the market prices of oil and gas, customer demand for seismic data in our library, availability of similar data from competitors and governmental regulations affecting oil and gas exploration. We may not be able to recover all of the costs of or earn any return on such investments. In periods where sales do not meet original expectations, we may be required to record additional amortization and/or impairment charges to reduce the carrying value of our data library, which charges may be material to operating results in any period. In addition, timing of the receipt of license fees can vary greatly from period to period. Technological or regulatory changes or other developments could also adversely affect the value of the data.

Because our business is concentrated in the U.S. Gulf Coast and Canada, it could be adversely affected by developments in the oil and gas business that affect these areas.

While we have seismic surveys in other areas, most of the seismic data in our library covers areas along the U.S. Gulf Coast, offshore in the U.S. Gulf of Mexico and in Canada. Because of this geographic concentration, our results of operations and our cash flow could be materially and adversely affected by events relating primarily to one of these regions even if conditions in the oil and gas industry worldwide were favorable.

The amounts we amortize from our data library each period have fluctuated in the past, and these fluctuations may result in future material impairment charges.

We amortize the cost of our seismic data library based, in part, on our estimates of future cash sales of data, excluding non-monetary exchanges and deferred revenue. Changes in estimates of future sales could result in impairment charges. Substantial changes in amortization rates can have a significant effect on our reported results of operations. Additionally, our accounting policy requires that we record amortization of our seismic data library based on the greater of the income forecast method or the straight-line method over the data s useful life. In the fourth quarter of 2002, we revised the estimated useful life of our seismic data library from ten years to five years for offshore data and from ten years to seven years for onshore data, resulting in additional amortization charges of $45.7 million in the fourth quarter of 2002. In the third quarter of 2004, we further revised the estimated useful life of our seismic data library from five years to four years for offshore data and from seven years to four years for onshore data, resulting in additional amortization charges of $59.1 million in the third quarter of 2004.

During 2003 and 2002, Seitel recorded impairment charges of $30 million and $83 million, respectively, related to several different components of our data library. Additional impairment charges may also be required in the future based on industry conditions and our results of operations.

Extensive governmental regulation of our business affects our operations.

Our operations are subject to a variety of federal, provincial, state, foreign and local laws and regulations, including environmental laws. We invest financial and managerial resources to comply with these laws and related permit requirements. Failure to timely obtain required permits may result in delays in acquiring new data for the data library or cause operating losses. Because these laws and our business may change from time to time, we cannot predict the future cost of complying with these laws, and expenditures to ensure our compliance could be material in the

future. Modification of existing laws or regulations or adoption of new laws or regulations limiting exploration or production activities by oil and gas companies could adversely affect us by reducing the demand for our seismic data.

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Our competitors may have certain advantages.

Competition among geophysical service providers historically has been, and will continue to be, intense. Certain competitors have significantly greater financial and other resources than we do. These larger and better-financed operators could enjoy an advantage over us in a competitive environment for contract awards and data sales and in the development of new technologies.

Our operating results may vary due to circumstances beyond our control.

Our operating results and available cash flow may, in the future, vary in material respects from quarter to quarter. Factors that could cause variations include (1) timing of the receipt and commencement of contracts for data acquisition, (2) our customers budgetary cycles and their effect on the demand for geophysical activities, (3) seasonal factors and (4) the timing of sales and selections of significant geophysical data from our data library, which are not typically made in a linear or consistent pattern. Reduced actual or estimated future sales may result in a requirement to record impairment charges to reduce the carrying value of our data library. Such charges, if required, could be material to operating results in the periods in which they are recorded. For purposes of evaluating potential impairment losses, we estimate the future cash flows attributable to a library component by evaluating historical revenue trends, oil and gas prospectivity in particular regions, general economic conditions affecting our customer base, expected changes in technology and other factors that we deem relevant. The estimation of future cash flows is highly subjective, inherently imprecise and could change materially from period to period based on the factors described in the immediately preceding sentence, among others. Accordingly, if conditions change in the future, we may record further impairment losses relative to our seismic data library, which could be material to our results of operations in any particular reporting period.

We may face risks associated with our foreign revenue generating activities.

Portions of our revenues are derived from our Canadian activities and operations and, as a result, are denominated in Canadian dollars. We are subject to foreign currency exchange rate risk on cash flows related to sales, expenses, financing and investing transactions in currencies other than the U.S. dollar. Foreign currency fluctuations could result in a material adverse affect our results of operations.

We may be unable to attract and retain key employees.

Our success depends upon attracting and retaining highly skilled geophysical professionals and other technical personnel. A failure to continue to attract and retain such individuals could adversely affect our ability to compete in the geophysical services industry. We may confront significant and potentially adverse competition for key personnel, particularly during periods of increased demand for geophysical services. Our success also will depend to a significant extent upon the abilities and efforts of members of our senior management, the loss of whom could adversely affect our business. Moreover, certain of our senior executive officers have a very limited history of working together and may not be able to develop an effective working relationship. Our president and chief executive officer was appointed in December 2004, after serving as our chief financial officer since May 2004. Currently, we are working to fill our chief financial officer position. The failure of our executive officers and management personnel to develop an effective or sustained working relationship could require us to incur additional expenses and devote substantial senior management time and resources to identify qualified replacement personnel.

Only our president and chief executive officer has an employment or other retention agreement with us. We cannot be certain that our senior executives will continue to be employed by us for an indefinite period of time and, if they do, how long they will remain so employed. Our

inability to attract and retain key personnel could have a material adverse effect on our ability to manage our business properly.

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Mellon HBV and ValueAct Capital Partners, L.P. each own a large percentage of our common stock, which would enable them to influence the election of our directors and other matters requiring the vote of our stockholders.

Mellon HBV Alternative Strategies, LLC (Mellon HBV) and its affiliates have represented to us that they beneficially own 36,518,051 shares (or 21.9%) of our outstanding common stock on a fully diluted basis. ValueAct Capital Partners, L.P. (ValueAct) and its affiliates have represented to us that they own 20,330,063 shares (or 13.3%) of our outstanding common stock. This substantial ownership of our common stock enables Mellon HBV and ValueAct to significantly influence the election of our directors, with respect to which there is cumulative voting, and possibly other corporate matters and transactions that require stockholder approval.

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The Exchange Offer

Purpose And Effect; Registration Rights

On July 2, 2004 (the issue date), we sold $193 million of our 1¾% Senior Notes due 2011 in a private placement. The outstanding notes were resold under an offering memorandum dated June 28, 2004, in reliance on Rule 144A and other available exemptions under the Securities Act. On July 2, 2004, we, the guarantors and the initial purchaser also entered into a registration rights agreement pursuant to which each of us and the guarantors agreed that we would, at our expense, for the benefit of the holders of the outstanding notes, subject to certain exceptions:

- file a registration statement (the exchange offer registration statement) with the SEC with respect to an offer to exchange the outstanding notes for the new notes having terms substantially identical in all material respects to the outstanding notes (except that the new notes will not contain restrictive legends, terms with respect to transfer restrictions, penalty interest upon certain events or other rights under the registration rights agreement);
- use our reasonable best efforts to cause the exchange offer registration statement to be declared effective under the Securities Act;
- use our reasonable best efforts to consummate the offer to exchange the new notes for surrender of the outstanding notes within 180 days after the Guaranty Performance Date; and
- keep the exchange offer open for not less than 20 business days (or longer if required by applicable law) after the date notice of the exchange offer is first mailed, sent or given to the holders of the outstanding notes.

For each outstanding note tendered to us pursuant to the exchange offer, we will issue to the holder of such outstanding note a new note having a principal amount equal to that of the surrendered outstanding note. Interest on each new note will accrue from the last interest payment date on which interest was paid on the outstanding note surrendered in exchange therefor, or, if no interest has been paid on such outstanding note, from the date of its original issue.

Under existing SEC interpretations, the new notes will be freely transferable by holders, other than our affiliates, after the exchange offer without further registration under the Securities Act if the holder of the new notes represents to us in the exchange offer that it is acquiring the new notes in the ordinary course of its business, that it has no arrangement or understanding with any person to participate in the distribution of the new notes and that it is not an affiliate of Seitel, or, if it is such an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable (as such terms are interpreted by the SEC); provided, however, that broker-dealers receiving new notes in the exchange offer will have a prospectus delivery requirement with respect to resales of such new notes. The SEC has taken the position that a broker-dealer that elects to exchange the outstanding notes that were acquired by that broker-dealer for its own account as a result of market-making or other trading activities for new notes in the exchange offer, or participating broker-dealers, may fulfill its prospectus delivery requirements with respect to new notes (other than a resale of an unsold allotment from the original sale of the outstanding notes) with the prospectus contained in the exchange offer registration statement.

Under the registration rights agreement, we are required to allow participating broker-dealers to use the prospectus contained in the exchange offer registration statement in connection with the resale of such new notes for up to 180 days following the effective date of such exchange offer registration statement, unless extended because use of the prospectus has been suspended.

A holder of outstanding notes (other than certain specified holders) who wishes to exchange such outstanding notes for new notes in the exchange offer will be required to represent that any new notes to be received by it will be acquired in the ordinary course of its business and that at the time of the commencement of the exchange offer it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the new notes and that it is not an affiliate of Seitel or the guarantors, as defined in Rule 405 of the Securities Act, or if it is an affiliate, that it will comply with the

registration and prospectus delivery requirements of the Securities Act to the extent applicable. The holders will also be required to represent that if such holder is not a broker-dealer, it is not engaged in, and does not intend to engage in, a distribution of the new notes and if such holder is a broker-dealer that will receive new notes for its own account in exchange for outstanding notes that were acquired as a result of market-making or other trading activities, it will deliver a prospectus in connection with any resale of the new notes.

In the event that:

- applicable law, public policy or interpretations of the staff of the SEC do not permit us to effect the exchange offer;
- for any other reason we do not consummate the exchange offer on or before February 8, 2005;
- a holder of the outstanding notes shall notify us prior to the 30th day following consummation of the exchange offer that it is prohibited by law or applicable interpretations of the staff of the SEC from participating in the exchange offer;
- any holder of outstanding notes who participates in the exchange offer but does not receive new notes on the date of the exchange that may be sold without restrictions under state and federal securities laws (other than due solely to the status of that holder as an affiliate of Seitel or the guarantors); or
- the initial purchaser so requests with respect to outstanding notes that have or that are reasonably likely to be determined to have that status of unsold allotments in the initial distribution,

then, we will, subject to certain exceptions:

- file a shelf registration statement with the SEC covering resales of the outstanding notes or, in certain circumstances, the new notes;
- use our best efforts to cause the shelf registration statement to be declared effective under the Securities Act on or prior to the 120th day after such filing obligation arises; and
- keep the shelf registration statement effective until the earlier of August 12, 2006, and the date on which all outstanding notes registered thereunder are disposed of in accordance therewith (the shelf registration period).

We will, in the event a shelf registration statement is filed, among other things, provide to each holder for whom such shelf registration statement was filed copies of the prospectus which is a part of the shelf registration statement, notify each such holder when the shelf registration statement has become effective and take certain other actions as are required to permit unrestricted resales of the outstanding notes or the new notes, as the case may be. A holder selling such outstanding notes or new notes pursuant to the shelf registration statement generally would be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement that are applicable to such holder (including certain indemnification obligations).

Subject to certain exception, we will pay additional cash interest on the applicable outstanding notes if any of the following registration defaults occur:

- if we fail to consummate the exchange offer on or before February 8, 2005;
- if we are obligated to file a shelf registration statement and the shelf registration statement is not declared effective on or prior to the 120th day after the filing obligation arises; or
- after a shelf registration statement is declared effective, such registration statement thereafter ceases to be effective or usable during the shelf registration period (subject to certain exceptions).

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Such additional interest will accrue from and including the date on which any such registration default shall occur to, but excluding the date on which all registration defaults have been cured. The rate of the additional interest will be 0.25% per annum for the first 90-day period immediately following the occurrence of a registration default, and such rate will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all registration defaults have been cured, up to a maximum additional interest rate of 1.0% per annum. We will pay such additional interest on regular interest payment dates. Such additional interest will be in addition to any other interest payable from time to time with respect to the outstanding notes and the new notes.

Expiration Date; Extensions

The expiration date of the exchange offer is [ ], 2005 at 5:00 p.m., New York City time. If we extend the exchange offer, the expiration date will be the latest date and time to which the exchange offer is extended. We will notify the exchange agent of any extension and will make a public announcement of the extension no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

We expressly reserve the right, in our sole and absolute discretion:

- to delay accepting any outstanding notes;
- to extend the exchange offer;
- to terminate the exchange offer if any of the conditions under Conditions of the Exchange Offer have not been satisfied; and
- to waive any condition or otherwise amend the terms of the exchange offer in any manner.

If the exchange offer is amended in a manner we deem to constitute a material change, we will promptly disclose the amendment by means of a prospectus supplement that will be distributed to the holders of the outstanding notes. Any delay in acceptance, extension, termination or amendment will be followed promptly by notice of the event to the exchange agent. We will also make a public announcement of the event. Without limiting the manner in which we may choose to make any public announcement and subject to applicable law, we have no obligation to publish, advertise or otherwise communicate any public announcement other than by issuing a release to a national news service.

Terms Of The Exchange Offer

We are offering, upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, to exchange $1,000 in principal amount of new notes for each $1,000 in principal amount of the outstanding notes. We will accept for exchange any and all outstanding notes that are validly tendered on or before 5:00 p.m., New York City time, on the expiration date. Tenders of the outstanding notes may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date. The exchange offer is not conditioned upon any minimum principal amount of outstanding notes being tendered for exchange. However, the exchange offer is subject to the terms of the registration rights agreement and the satisfaction of the conditions described under Conditions of the Exchange Offer. Outstanding notes may be tendered only in multiples of $1,000. Holders of outstanding notes may tender less than the aggregate principal amount represented by their outstanding notes if they appropriately indicate this fact on the letter of transmittal accompanying the tendered

outstanding notes or indicate this fact under the procedures for book-entry transfer described below.

As of the date of this prospectus, $193 million in aggregate principal amount of the outstanding notes were outstanding. Solely for reasons of administration, we have fixed the close of business on December , 2004 as the record date for purposes of determining the persons to whom this prospectus and the letter of transmittal will be mailed initially. There will be no fixed record date for determining the eligible holders of the outstanding notes who are entitled to participate in the exchange offer.

We will be deemed to have accepted validly tendered outstanding notes when, as and if we give notice of our acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders of outstanding notes and for purposes of receiving the new notes from us. If any tendered outstanding notes are not accepted for exchange because of an invalid tender or otherwise, certificates for the unaccepted outstanding notes will be returned, without expense, to the tendering holder promptly after the expiration date.

Holders of outstanding notes do not have appraisal or dissenters rights under applicable law or the indenture as a result of the exchange offer. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations under the Exchange Act, including Rule 14e-1.

Holders who tender their outstanding notes in the exchange offer will not be required to pay brokerage commissions or fees or, following the instructions in the letter of transmittal, transfer taxes with respect to the exchange of outstanding notes under the exchange offer. We will pay all charges and expenses in connection with the exchange offer. See Fees and Expenses for more information about the costs of the exchange offer.

We do not make any recommendation to holders of outstanding notes as to whether they should tender any of their outstanding notes under the exchange offer. In addition, no one has been authorized to make any recommendation. Holders of outstanding notes must make their own decision whether to participate in the exchange offer and, if the holder chooses to participate in the exchange offer, the aggregate principal amount of outstanding notes to tender, after reading carefully this prospectus and the letter of transmittal and consulting with their advisors, if any, based on their own financial position and requirements.

Conditions Of The Exchange Offer

You must tender your outstanding notes in accordance with the requirements of this prospectus and the letter of transmittal in order to participate in the exchange offer.

Notwithstanding any other provision of the exchange offer, or any extension of the exchange offer, we will not be required to accept for exchange any outstanding notes, and we may terminate or amend the exchange offer, if we are not permitted to effect the exchange offer under applicable law, public policy or any interpretation of applicable law by the staff of the SEC. We will also not be required to accept for exchange any outstanding notes or new notes, and we may terminate or amend the exchange offer, if any action or proceeding is instituted or threatened in any court or by any governmental agency which might materially impair our ability to proceed with the exchange offer or if any material adverse development shall have occurred in our actions or proceedings that existed on the issue date or if governmental approvals that are necessary for the consummation of the exchange offer are not obtained. If any of these events or conditions occur, we may, subject to applicable law, terminate the exchange offer and return all outstanding notes tendered for exchange or we may waive any condition or amend the terms of the exchange offer.

We expect that the above conditions will be satisfied. The above conditions, other than those involving governmental approval, are for our sole benefit and may be waived by us at any time in our sole discretion. Our failure at any time to exercise any of the above rights will not be a waiver of those rights and each right will be deemed an ongoing right that may be asserted at any time, provided that all conditions to the exchange offer, other than any involving governmental approval, must be satisfied or waived before the expiration of the exchange offer.

Interest

Each new note will bear interest from the most recent date to which interest has been paid or duly provided for on the outstanding note surrendered in exchange for the new note or, if no interest has been paid or duly provided for on the outstanding note, from July 2, 2004. Holders of the outstanding notes whose outstanding

notes are accepted for exchange will not receive accrued interest on their outstanding notes for any period from and after the last interest payment date to which interest has been paid or duly provided for on their outstanding notes prior to the original issue date of the new notes or, if no interest has been paid or duly provided for, will not receive any accrued interest on their outstanding notes, and will be deemed to have waived the right to receive any such interest.

Procedures For Tendering Outstanding Notes

The tender of a holder s outstanding notes and our acceptance of outstanding notes will constitute a binding agreement between the tendering holder and us upon the terms and conditions of this prospectus and the letter of transmittal. Unless a holder tenders outstanding notes according to the guaranteed delivery procedures or the book-entry procedures described below, the holder must transmit the outstanding notes, together with a properly completed and executed letter of transmittal and all other documents required by the letter of transmittal, to the exchange agent at its address before 5:00 p.m., New York City time, on the expiration date. The method of delivery of outstanding notes, letters of transmittal and all other required documents is at the election and risk of the tendering holder. If delivery is by mail, we recommend delivery by registered mail, properly insured, with return receipt requested. Instead of delivery by mail, we recommend that each holder of outstanding notes use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure timely delivery to the exchange agent.

Any beneficial owner of the outstanding notes whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender outstanding notes in the exchange offer should contact that registered holder promptly and instruct that registered holder to tender on its behalf. If the beneficial owner wishes to tender directly, it must, prior to completing and executing the letter of transmittal and tendering outstanding notes, make appropriate arrangements to register ownership of the outstanding notes in its name. Beneficial owners should be aware that the transfer of registered ownership may take considerable time.

Any financial institution that is a participant in DTC s Book-Entry Transfer Facility system may make book-entry delivery of the outstanding notes by causing DTC to transfer the outstanding notes into the exchange agent s account in accordance with DTC s procedures for the transfer. To be timely, book-entry delivery of outstanding notes requires receipt of a confirmation of a book-entry transfer before the expiration date. Although delivery of the outstanding notes may be effected through book-entry transfer into the exchange agent s account at DTC, unless an agent s message is received by the exchange agent in compliance with the Automated Tender Offer Program of DTC, as described below, the letter of transmittal, properly completed and executed, with any required signature guarantees and any other required documents or an agent s message, as described below, must in any case be delivered to and received by the exchange agent at its address on or before the expiration date, or the guaranteed delivery procedure set forth below must be complied with. Delivery of documents to DTC does not constitute delivery to the exchange agent.

DTC has confirmed that the exchange offer is eligible for DTC s Automated Tender Offer Program. Accordingly, participants in DTC s Automated Tender Offer Program may, instead of physically completing and signing the applicable letter of transmittal and delivering it to the exchange agent, electronically transmit their acceptance of the exchange offer by causing DTC to transfer outstanding notes to the exchange agent in accordance with DTC s Automated Tender Offer Program procedures for transfer. DTC will then send an agent s message to the exchange agent.

The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, which states that DTC has received an express acknowledgment from a participant in DTC s Automated Tender Offer Program that is tendering outstanding notes that are the subject of the book-entry confirmation; that the participant has received and agrees to be bound by the terms of the applicable letter of transmittal or, in the case of an agent s message relating to guaranteed delivery, that the participant has received and agrees to be bound by the applicable notice of guaranteed delivery; and that we may enforce the agreement against that participant.

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Each signature on a letter of transmittal or a notice of withdrawal must be guaranteed unless the outstanding notes are tendered:

- by a holder who has not completed the Special Issuance Instructions or the Special Delivery Instructions; or
- for the account of an eligible institution, as described below.

If a signature on a letter of transmittal or a notice of withdrawal is required to be guaranteed, the signature must be guaranteed by a participant in a recognized medallion signature program. If the letter of transmittal is signed by a person other than the holder of the outstanding notes, the outstanding notes surrendered for exchange must be endorsed by the holder and a separate bond power must be transmitted, with the signature guaranteed by a medallion signature guarantor. If any letter of transmittal, endorsement, bond power, power of attorney or any other document required by the letter of transmittal is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, that person should sign in that capacity when signing. The person must submit to us evidence satisfactory, in our sole discretion, of his or her authority to so act unless we waive the requirement.

As used in this prospectus with respect to the outstanding notes, a holder is any person in whose name the outstanding notes are registered on the books of the registrar, or a participant in DTC whose name appears on a security position listing as the owner of the outstanding notes. An eligible institution is a firm that is a member of a registered national securities exchange, the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or any other eligible guarantor institution as such term is defined in Rule 17Ad-15 under the Exchange Act.

We will determine in our sole discretion all questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of outstanding notes tendered for exchange. Our determination will be final and binding. We reserve the absolute right to reject outstanding notes not properly tendered and to reject any outstanding notes if acceptance might, in our judgment or our counsel s judgment, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to particular outstanding notes at any time, including the right to waive the ineligibility of any holder who seeks to tender outstanding notes in the exchange offer.

Our interpretation of the terms and conditions of the exchange offer, including the letter of transmittal and its instructions, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of outstanding notes for exchange must be cured within the period of time as we determine. Neither we nor the exchange agent is under any duty to give notification of defects in the tenders nor will we or the exchange agent incur any liability for failure to give the notification. The exchange agent will use reasonable efforts to give notification of defects or irregularities with respect to tenders of outstanding notes for exchange but will not incur any liability for failure to give the notification. Tenders of outstanding notes will not be deemed to have been made until the irregularities have been cured or waived.

By tendering, you represent to us that, among other things:

- you will acquire the new notes in the ordinary course of your business;
- you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate in the distribution of the new notes;

you are not our affiliate, as defined in Rule 405 under the Securities Act, or, if you are such an affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

you are not a broker-dealer that acquired your outstanding notes directly from us in order to resell them in reliance on Rule 144A of the Securities Act or any other available exemption under the Securities Act; and

if you are a broker-dealer that acquired your outstanding notes as a result of market-making or other trading activities, you will deliver a prospectus in connection with any resale of the new notes.

In connection with a book-entry transfer, each participant will confirm that it makes the representations and warranties contained in the letter of transmittal.

Guaranteed Delivery Procedures

If you wish to tender your outstanding notes and:

- your outstanding notes are not immediately available;
- you are unable to timely deliver your outstanding notes or any other document that you are required to deliver to the exchange agent; or
- you cannot complete the procedures for delivery by book-entry transfer on time,

you may tender your outstanding notes according to the guaranteed delivery procedures described in the letter of transmittal. Those procedures require that:

- tender must be made by or through an eligible institution and a notice of guaranteed delivery must be signed by the holder;
- on or before the expiration date, the exchange agent must receive from the holder and the eligible institution a properly completed and executed notice of guaranteed delivery (by facsimile, mail or hand delivery) or a properly transmitted agent s message containing the name and address of the holder, the certificate number or numbers of the tendered outstanding notes, the principal amount of tendered outstanding notes, a statement that the tender is being made, and a guarantee that within three business days after the expiration date, the certificates representing the outstanding notes in proper form for transfer or a book-entry confirmation and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and
- properly completed and executed letter of transmittal (or an agent s message in lieu thereof) and the tendered outstanding notes in proper form for transfer or confirmation of a book-entry transfer of the outstanding notes into the exchange agent s account at DTC, and all other required documents must be received by the exchange agent within three business days after the expiration date of the exchange offer.

Any holder who wishes to tender outstanding notes under the guaranteed delivery procedures must ensure that the exchange agent receives the notice of guaranteed delivery and letter of transmittal relating to the outstanding notes before 5:00 p.m., New York City time, on the expiration date.

Acceptance Of Outstanding Notes For Exchange; Delivery Of New Notes

Upon satisfaction or waiver of all the conditions of the exchange offer, we will accept outstanding notes that are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date. Upon cancellation of the outstanding notes, after the expiration date, the new notes will be promptly delivered. For purposes of the exchange offer, we will be deemed to have accepted validly tendered outstanding notes when, as and if we have given notice to the exchange agent.

Withdrawal Rights

Tenders of the outstanding notes may be withdrawn by delivery of a written or facsimile transmission notice to the exchange agent at its address set forth under The Exchange Agent; Assistance at any time before 5:00 p.m., New York City time, on the expiration date. Any such notice of withdrawal must:

- specify the name of the person having deposited the outstanding notes to be withdrawn;
- identity the outstanding notes to be withdrawn, including the certificate number or numbers and principal amount of the outstanding notes, or, in the case of outstanding notes transferred by book-entry transfer, the name and number of the account at DTC to be credited;

be signed by the holder in the same manner as the original signature on the letter of transmittal by which outstanding notes were tendered, including any required signature guarantees, or be accompanied by a bond power in the name of the person withdrawing the tender, in satisfactory form as determined by us in our sole discretion, executed by the holder, with the signature guaranteed by a medallion signature guarantor, together with the other documents required upon transfer by the indenture; and

specify the name in which the outstanding notes are to be re-registered, if different from the person who deposited the outstanding notes.

All questions as to the validity, form and eligibility, including time of receipt, of the notices will be determined by us, in our sole discretion. Any outstanding notes withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer and will be returned to the holder without cost promptly after withdrawal. Properly withdrawn outstanding notes may be retendered following the procedures described under Procedures for Tendering Outstanding Notes at any time on or before the expiration date.

The Exchange Agent; Assistance

LaSalle Bank National Association is the exchange agent. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal and requests for notice of guaranteed delivery to the exchange agent. If you are not tendering under DTC s Automated Tender Offer Program, you should send all tendered outstanding notes, executed letters of transmittal and other required documents to the exchange agent as follows:

LaSalle Bank National Association	*Facsimile:* (312) 904-2236
Corporate Trust Services	
135 S. LaSalle Street	*Telephone:* (312) 904-5619
Suite 1960	
Chicago, IL 60603	
Attention: Victoria Douyan	

Fees And Expenses

We will bear the expenses of soliciting outstanding notes for exchange. The principal solicitation is being made by mail by the exchange agent. Additional solicitation may be made by telephone, facsimile or in person by officers and regular employees of ours and our affiliates and by persons so engaged by the exchange agent.

We will pay the exchange agent reasonable and customary fees for its services and will reimburse the exchange agent for its reasonable out-of-pocket expenses in connection with its services and pay other registration expenses, including fees and expenses of the trustee under the indenture, filing fees, attorneys fees, accountants fees, blue sky fees and printing and distribution expenses.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to brokers, dealers or others soliciting acceptance of the exchange offer.

We will pay all transfer taxes, if any, applicable to the exchange of outstanding notes under the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of outstanding notes under the exchange offer, then the amount of those transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of those taxes or exemption is not submitted with the letter of transmittal, the amount of those transfer taxes will be billed directly to the tendering holder and the Exchange Agent will retain the corresponding face amount of New Notes pending receipt of such tax amounts.

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Accounting Treatment

The new notes will be recorded at the same carrying value as the outstanding notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will recognize no gain or loss for accounting purposes. The expenses of the exchange offer will be amortized over the term of the new notes.

Consequences Of Failure To Exchange

Upon completion of the exchange offer, we will have fulfilled most of our obligations under the registration rights agreement. Holders who do not tender their outstanding notes, except for limited instances involving holders of outstanding notes who are not eligible to participate in the exchange offer or who do not receive freely transferable new notes under the exchange offer, will not have any further registration rights under the registration rights agreement or otherwise, and will not have rights to receive additional interest. Accordingly, any holder who does not exchange its outstanding notes for new notes will continue to hold the untendered outstanding notes and will be entitled to all the rights and subject to all the limitations applicable under the indenture, except to the extent that the rights or limitations, by their terms, terminate or cease to have further effectiveness as a result of the exchange offer.

Any outstanding notes that are not exchanged for new notes under the exchange offer will remain restricted securities within the meaning of the Securities Act. In general, the outstanding notes may be resold only:

- to us or any of our subsidiaries;
- inside the United States to a qualified institutional buyer in compliance with Rule 144A under the Securities Act;
- inside the United States to an institutional accredited investor, as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act;
- outside the United States in compliance with Rule 904 under the Securities Act;
- in reliance on the exemption from registration provided by Rule 144 under the Securities Act, if available; or
- under an effective registration statement under the Securities Act.

Resales Of The New Notes

We are making the exchange offer in reliance on the position of the staff of the SEC as set forth in interpretive letters addressed to third parties in other transactions. However, we have not sought our own interpretive letter. Although there has been no indication of any change in the staff s position, we cannot assure you that the staff of the SEC would make a similar determination with respect to the exchange offer as it has in its interpretive letters to third parties. Based on these interpretations by the staff, and except as provided below, we believe that new notes may be offered for resale, resold and otherwise transferred by a holder who participates in the exchange offer and is not a broker-dealer without further

compliance with the registration and prospectus delivery provisions of the Securities Act. In order to receive new notes that are freely tradable, a holder must acquire the new notes in the ordinary course of its business and may not participate, or have any arrangement or understanding with any person to participate, in the distribution, within the meaning of the Securities Act, of the new notes. Holders wishing to participate in the exchange offer must make the representations described in Procedures for Tendering Outstanding Notes above.

Any holder of outstanding notes:

- who is our affiliate, as defined in Rule 405 under the Securities Act;
- who did not acquire the new notes in the ordinary course of its business;

who is a broker-dealer that purchased outstanding notes from us to resell them under Rule 144A of the Securities Act or any other available exemption under the Securities Act; or

who intends to participate in the exchange offer for the purpose of distributing, within the meaning of the Securities Act, new notes,

will be subject to separate restrictions. Each holder in any of the above categories:

will not be able to rely on the interpretations of the staff of the SEC in the above-mentioned interpretive letters;

may not be permitted or entitled to tender outstanding notes in the exchange offer; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or other transfer of outstanding notes, unless the sale is made under an exemption from such requirements.

In addition, if you are a broker-dealer holding outstanding notes acquired for your own account, you must deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of your new notes. Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it acquired the outstanding notes for its own account as a result of market-making activities or other trading activities and must agree that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those new notes. See Plan of Distribution.

RATIO OF EARNINGS TO FIXED CHARGES

Our consolidated ratio of earnings to fixed charges for each of the periods indicated are as follows:

	Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002(1)	2003(1)	2003(1)	2004(1)
Ratio of earnings to fixed charges	1.7	1.7	1.8				

(1) During the years ended December 31, 2002 and 2003 and the nine months ended September 30, 2003 and 2004, earnings were insufficient to cover fixed charges by $157.5 million, $36.9 million, $11.4 million and $88.9 million, respectively. On a pro forma basis for the year ended December 31, 2003 and the nine months ended September 30, 2004, earnings were insufficient to cover fixed charges by $41.8 million and $88.8 million, respectively.

The ratio of earnings to fixed charges has been computed by dividing earnings available for fixed charges (earnings from continuing operations before income taxes and cumulative effect of change in accounting principle plus fixed charges less capitalized interest) by fixed charges (interest expense, capitalized interest and the estimated interest component of rental expense).

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The Plan of Reorganization

Events Preceding Our Chapter 11 Cases

In 2002, we determined that it was appropriate to change our revenue recognition policies for transactions for seismic data licensing and for certain data creation contracts. As a result, we restated our results of operations for the nine months ended September 30, 2001 and for our fiscal year ended December 31, 2000. The restatement reduced our previously reported revenue by $42.7 million and our net income by $14.4 million for the nine months ended September 30, 2001, and reduced our previously reported revenue by $25.5 million and our net income by $22.9 million for our fiscal year ended December 31, 2000. See Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

The restatement resulted in the commencement against us and certain of our current and former senior executive officers and directors of securities class actions and stockholder derivative actions. The restatement, coupled with poor financial results in the first quarter of 2002, resulted in our covenant default in respect of $255 million principal amount of our old notes. The old notes were issued by us between 1995 to 2001 to various institutions (principally national insurance companies) and were guaranteed by 16 of our direct and indirect subsidiaries.

After such default, we and substantially all of our U.S. subsidiaries (collectively, the debtors) negotiated a series of standstill agreements with the initial holders of the old notes while the parties attempted to negotiate to a restructuring. While these negotiations were pending, we designed and implemented enhanced internal controls, procedures and processes. Our board of directors named a new, independent director in the second quarter of 2002. Subsequently, our then chief executive officer and chief financial officer were terminated for cause, and new senior executive management was appointed by our then-standing board.

In December 2002, after allegations arose regarding the actions of certain of our former officers, we became the subject of a formal investigation by the SEC s Division of Enforcement (the Enforcement Division). We also were notified by the Enforcement Division that it intended to recommend that the SEC initiate enforcement proceedings against us for alleged books and records and internal control violations. We cooperated fully with the SEC during the course of its investigation, and on May 16, 2003, we reached a consensual resolution of the SEC s civil complaint, resulting in its consent to a final judgment of permanent injunction being entered against us on June 16, 2003, in the United States District Court for the Southern District of Texas, Houston Division. The agreement for the entry of the SEC Injunction was without admission or denial of the allegations in the SEC complaint, which had alleged violations of the reporting, books and records, internal controls and proxy statement sections and regulations of and under the Exchange Act. In determining to enter into the agreement, the SEC took into consideration the fact that we promptly had undertaken remedial action and cooperated fully with the SEC staff.

We and the initial holders of the old notes, through their steering committee, engaged in months of negotiations over the proposed terms of a financial restructuring of the old notes. In late May 2003, several of the initial holders sold their old notes at a substantial discount to Ranch Capital L.L.C. (Ranch) and Berkshire Hathaway Inc. (Berkshire). Following these transactions, the negotiations deteriorated and we determined as of May 30, 2003, not to seek a further extension of the standstill agreement previously entered into with the initial holders.

On June 6, 2003, certain of the remaining initial holders of the old notes filed involuntary chapter 11 petitions against us and 16 of our direct and indirect subsidiaries that guaranteed the old notes. After the involuntary cases were commenced, each of the petitioning creditors sold its old notes to Ranch and Berkshire. As a result of purchases of the old notes from the initial holders in May and June of 2003, Ranch and Berkshire owned all $255 million outstanding principal amount of the old notes (representing more than 99% of such outstanding securities), as well as most of the unsecured claims in the involuntary chapter 11 cases.

As successor to the petitioning creditors, Ranch, Berkshire and the debtors agreed that pursuit of a reorganization through the chapter 11 cases was preferable to continuing the involuntary cases. The debtors, Ranch and Berkshire filed a joint motion to dismiss the involuntary cases, which was granted by the bankruptcy court on July 25, 2003.

Commencement of the Chapter 11 Cases

On July 21, 2003 (the petition date), the debtors filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (Chapter 11 Case No. 03-12227 (PJW) (Jointly Administered)), and on July 22, 2003 filed their initial joint plan of reorganization. Following the petition date, the debtors continued to operate their businesses and manage their properties as debtors-in-possession under Sections 1107(a) and 1108 of the Bankruptcy Code, and we continued to timely file all periodic reports and other information prescribed by the Bankruptcy Code and the Exchange Act. A trustee was not appointed in the chapter 11 cases.

On the petition date, the debtors sought, and thereafter obtained, authority to take a broad range of actions, including to honor and perform their pre-petition customer data agreements and to promote a business as usual atmosphere with customers and employees. This relief was essential to minimize disruptions to the debtors businesses and to assure their customers that the data license agreements for selection of seismic data would be honored pending confirmation of a plan.

On August 11, 2003, the United States trustee appointed the Official Equity Committee to represent and protect the economic and other interests of our common stockholders in connection with the negotiation and formulation of a chapter 11 plan of reorganization.

On October 6, 2003, the debtors filed their first amended joint plan of reorganization, which superseded their initial joint plan of reorganization. In October 2003, our stockholders voted to reject the first amended joint plan of reorganization. On October 27, 2003, the Official Equity Committee moved the bankruptcy court to terminate the debtors statutory exclusivity period. Following a hearing, the bankruptcy court ordered the termination of the debtors exclusivity period and, on November 6, 2003, the Official Equity Committee filed with the bankruptcy court its own proposed initial plan of reorganization (the Committee Plan). The debtors and the holders of the old notes objected to the Committee Plan on the basis, among others, that the Committee Plan was not feasible within the meaning of Section 1129 of the Bankruptcy Code.

The Plan

The debtors continued to pursue confirmation of their first amended joint plan of reorganization and filed a motion in the bankruptcy court on December 4, 2003, to implement auction procedures in support of such confirmation. At or about that time, the debtors, the holders of the old notes and the Official Equity Committee commenced discussions with respect to the formulation and implementation of an alternative, consensual chapter 11 plan of reorganization intended to result in a transaction that would satisfy and address the claims and equity interests of all the debtors creditors and stockholders.

On January 17, 2004, following months of negotiations among all relevant parties-in-interest and plan financing sources, the debtors filed with the bankruptcy court the Plan, which subsequently was amended on February 6, 2004. The Official Equity Committee agreed to the Plan and furnished its written recommendation to all of our common stock holders to vote to accept the Plan. Similarly, Berkshire and Ranch, the holders of $255 million aggregate outstanding principal amount of the old notes (and Seitel s largest creditors), agreed to vote for, support, and not take action inconsistent with, the Plan. In addition to Berkshire and Ranch, the Plan was accepted by the holders of more than 99.6% of the shares of

Seitel s common stock which voted on the Plan. On March 18, 2004, the bankruptcy court entered an order confirming the Plan and it became effective on July 2, 2004.

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The Plan provided for a sequence of interdependent corporate and securities transactions, including the sale of the notes offered hereby. The Plan provided that as of July 2, 2004:

- All 25,375,683 outstanding shares of our common stock were cancelled and, without any action on the part of the holders of such shares, such shares automatically were converted into the right to receive and be exchanged for:
  - 25,375,683 shares of our reorganized common stock, representing all of our outstanding shares of reorganized common stock on the effective date of the Plan; and
  - Warrants to purchase 125,000,000 shares of our reorganized common stock (the Stockholder Warrants).
- To the extent the Stockholder Warrants were not exercised in full, Mellon HBV agreed (for itself and on behalf of certain of its affiliated funds and managed accounts, collectively the Standby Purchasers) to purchase all shares of reorganized common stock not purchased upon the exercise of the Stockholder Warrants.
- As compensation for Mellon HBV s obligation to act as Standby Purchasers, the Company agreed to issue to them warrants to purchase 15,037,568 shares of the Company s reorganized common stock (the Standby Purchaser Warrants).
- Net proceeds of approximately $182.9 million from the sale of the outstanding notes were placed in escrow, together with additional cash sufficient in the aggregate to effect the special mandatory redemption of the outstanding notes, if any, pending the release from escrow of such funds on the Guaranty Performance Date.
- A revolving loan commitment of $30 million, subject to borrowing base limitations, under our new revolving credit facility with WFF was made available to us for borrowing.
- We were required to have cash and cash equivalents of not less than $35 million available to pay allowed creditors claims required under the Plan, to the extent necessary.

Treatment of Pre-Petition Claims

Pursuant to the Plan, in July and August 2004 all of our outstanding allowed pre-petition claims were fully paid, in cash, together with post-petition interest thereon totalling $291.0 million. Claims reinstated under the Plan in the amount of $1.2 million were not paid under the Plan. The face amount of claims asserted in the chapter 11 cases and currently subject to objection (i.e., disputed claims) total approximately $0.7 million. These disputed claims, including claims filed without asserting a liquidated claim amount, will not be paid until an order of the bankruptcy court determines their allowance or disallowance, and if allowed, sets the amount and classification thereof. We are currently in the process of litigating certain disputed claims and attempting to resolve such disputed claims for amounts less than the face amount filed with the bankruptcy court. Payments of allowed pre-petition claims under the Plan were funded utilizing the following:

- net cash payments received by us upon exercise of the Stockholder Warrants and, the net proceeds from the sale of shares of our common stock to the Standby Purchasers;

- the release from escrow of the net proceeds of $182.9 million from the sale of the outstanding notes; and
- available cash and cash equivalents on hand.

Please see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

The Stockholder Warrant Public Offering

On the effective date of the Plan, holders of record of our common stock as of June 25, 2004 received Stockholder Warrants, each representing the right to purchase 4.926 shares of our reorganized common stock, at

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an exercise price of 60 cents per share. The Stockholder Warrants were exercisable for only 30 days and expired by their terms on August 2, 2004. We received $71.5 million in cash, before deducting certain expenses of the Stockholder Warrant Public Offering payable by us of $3.6 million.

The Standby Purchase Guaranty

To ensure that we received gross cash proceeds of $75 million to the extent the Stockholder Warrants were not exercised in full, the Standby Purchasers purchased on the Guaranty Performance Date, at 60 cents per share, all shares of reorganized common stock not purchased upon the exercise of the Stockholder Warrants. We received $3.5 million as a result.

As compensation for their obligation to act as Standby Purchasers, we issued to them on the Guaranty Performance Date the Standby Purchaser Warrants. The Standby Purchaser Warrants are exercisable until August 12, 2011, at an initial exercise price of 72 cents per share, subject to adjustment upon the occurrence of certain events.

We filed a registration statement on Form S-1 (No. 333-113446) with the SEC for the registration under the Securities Act of our issuance and distribution to record holders as of the Record Date of our common stock of 25,375,683 Stockholder Warrants to purchase 125,000,000 shares of our reorganized common stock. We have also included in the registration statement, to the extent the Stockholder Warrants were not exercised prior to their expiration, our sale to the Standby Purchasers on the Guaranty Performance Date of all shares of our reorganized common stock not sold upon such exercise. The registration statement was declared effective by the SEC on June 9, 2004. All of the securities of our company that the Standby Purchasers received under the terms of the Plan are subject to restrictions on transfer under the Securities Act. We have provided the Standby Purchasers with certain registration rights to enable them to transfer and sell their securities.

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Use of Proceeds

We will not receive any proceeds from the exchange offer. In consideration for issuing the new notes, we will receive our outstanding notes in like original principal amount. All old notes received in the exchange offer will be cancelled. Because we are exchanging the new notes for the old notes, which have substantially identical terms, the issuance of the new notes will not result in any increase in our indebtedness. The exchange offer is intended to satisfy our obligations under the registration rights agreement.

Gross proceeds from the issuance and sale of the outstanding notes were $188.5 million, net of the 2.325% discount. The net proceeds from the issuance of the outstanding notes were approximately $181.0 million, after deducting the discounts and commissions to the initial purchasers and certain offering expenses. The entire net proceeds from the issuance of the outstanding notes was used to partially fund on the Guaranty Performance Date payments of allowed creditors claims required under the Plan.

Capitalization

The following table sets forth our consolidated debt and capitalization at September 30, 2004. This information should be read in conjunction with Selected Historical Consolidated Financial Data and Management s Discussion and Analysis of Financial Conditions and Results of Operations, as well as our audited and unaudited consolidated financial statements and their accompanying notes, all of which are included elsewhere in this prospectus.

	September 30, 2004 (in thousands)
Cash and cash equivalents	$ 17,924
Debt, including lease obligations:	
New revolving credit facility (1)	$
Other long-term debt	424
Notes	188,618
Subtotal	189,042
Capital lease obligations	5,570
Total debt	194,612
Stockholders deficit	(11,218)
Total capitalization	$ 183,394

(1) Revolving loan commitment of $30 million, subject to borrowing base limitations (see Description of Certain Other Indebtedness The New Revolving Credit Facility).

Unaudited Pro Forma Consolidated Financial Data

The following unaudited pro forma consolidated financial data was prepared to illustrate the estimated effects of the Plan, including the financings required by the Plan. The unaudited pro forma consolidated statements of income assume the Plan and related financings took place on January 1, 2003. The unaudited consolidated balance sheet at September 30, 2004 reflects the Plan, including the financings required by the Plan; therefore, no pro forma consolidated balance sheet is presented.

The unaudited pro forma consolidated financial data do not purport to be indicative of the financial position that would actually have been reported had such transactions in fact been consummated on such dates or of the financial position that may be reported by Seitel in the future. The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma consolidated financial data do not include the effects of the fresh start accounting provisions of AICPA Statement of Position 90-7, Financial Reporting by Entities in Reorganization under the Bankruptcy Code, because the criteria for fresh start reporting were not met. All of the information presented below should be read in conjunction with the information in the sections in this prospectus entitled Selected Historical Consolidated Financial Data including the notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations, as well as our audited and unaudited consolidated financial statements and their accompanying notes, all of which are included elsewhere in this prospectus.

Unaudited Pro Forma Consolidated Statement of Loss

For the Nine Months Ended September 30, 2004

(In thousands, except per share amounts)

	Historical	Pro Forma Adjustments	Pro Forma
Revenue	$ 103,764	$	$ 103,764
Costs and Expenses			
Depreciation and amortization	139,193		139,193
Cost of sales	261		261
Selling, general and administrative expenses	23,287		23,287
	162,741		162,741
Loss from operations	(58,977)		(58,977)
Interest expense, net	(18,415)	12,373(AA)	(18,310)
		(12,173)(BB)	
		(95)(CC)	
Foreign currency exchange gain	953		953
Reorganization items	(12,415)		(12,415)
Loss from continuing operations before income taxes	(88,854)	105	(88,749)
Income tax benefit	(2,272)		(2,272)
Loss from continuing operations	$ (86,582)	$ 105	$ (86,477)

Basic and diluted loss from continuing operations per share	$ (1.65)		$ (.58)
Weighted average number of common and common equivalent shares basic and diluted	52,544	97,832(DD)	150,376

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Unaudited Pro Forma Consolidated Statement of Loss

For the Nine Months Ended September 30, 2003

(In thousands, except per share amounts)

	Historical	Pro Forma Adjustments	Pro Forma
Revenue	$ 101,296	$	$ 101,296
Costs and Expenses			
Depreciation and amortization	61,506		61,506
Cost of sales	510		510
Selling, general and administrative expenses	24,571		24,571
Impairment of seismic data library	13,354		13,354
	99,941		99,941
Income from operations	1,355		1,355
Interest expense, net	(15,072)	14,641 (AA)	(18,719)
		(18,146)(BB)	
		(142)(CC)	
Gain on extinguishment of debt	681		681
Foreign currency exchange gain	3,358		3,358
Reorganization items	(1,675)		(1,675)
Loss from continuing operations before income taxes	(11,353)	(3,647)	(15,000)
Provision for income taxes	621		621
Loss from continuing operations	$ (11,974)	$ (3,647)(EE)	$ (15,621)
Basic and diluted loss from continuing operations per share	$ (.47)		$ (.10)
Weighted average number of common and common equivalent shares basic and diluted	25,376	125,000 (DD)	150,376

Unaudited Pro Forma Consolidated Statement of Loss

For the Year Ended December 31, 2003

(In thousands, except per share amounts)

	Historical	Pro Forma Adjustments	Pro Forma
Revenue	$ 131,465	$	$ 131,465
Costs and Expenses			

Depreciation and amortization	82,638		82,638
Cost of sales	815		815
Selling, general and administrative expenses	33,814		33,814
Impairment of seismic data library	29,959		29,959
	147,226		147,226
Loss from operations	(15,761)		(15,761)
Interest expense, net	(19,950)	19,512(AA)	(24,822)
		(24,195)(BB)	
		(189)(CC)	
Gain on extinguishment of liabilities	681		681
Foreign currency exchange gain	4,136		4,136
Reorganization items	(5,984)		(5,984)
Loss from continuing operations before income taxes	(36,878)	(4,872)	(41,750)
Provision for income taxes	2,199		2,199
Loss from continuing operations	$ (39,077)	$ (4,872)(EE)	$ (43,949)
Basic and diluted loss from continuing operations per share	$ (1.54)		$ (0.29)
Weighted average number of common and common equivalent shares basic and diluted	25,376	125,000(DD)	150,376

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Notes to Unaudited Pro Forma Consolidated Financial Data

Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements are based on adjustments to our historical consolidated financial statements to give effect to the Plan, including the financings required by the Plan. In our financial statements as of and for the nine months ended September 30, 2004 and 2003 and for the year ended December 31, 2003, we reported our former oil and gas operations as a discontinued operation under SFAS No. 144. Pursuant to the SEC s rules and regulations regarding the preparation of pro forma financial statements, the accompanying unaudited pro forma consolidated statements of loss do not include the income (loss) from discontinued operations related to our former oil and gas operations.

Certain information and notes normally included in financial statements prepared in accordance with U.S. GAAP have been omitted or condensed pursuant to the rules and regulations of the SEC. All of the information presented below should be read in conjunction with the information in the sections in this prospectus entitled Selected Historical Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations, as well as our audited and unaudited consolidated financial statements and their accompanying notes, all of which are included elsewhere in this prospectus.

Pro Forma Adjustments

The following is a summary of pro forma adjustments:

Unaudited Pro Forma Consolidated Income Statement for the Nine Months Ended September 30, 2004

(AA) Reflects elimination of interest expense and amortization of deferred issuance costs associated with (a) $255 million of our old senior unsecured notes ($12.0 million), (b) $5.4 million note payable to Harney Investment Trust ($121,000), and (c) DIP Facility with WFF ($218,000).

(BB) Reflects additional interest expense associated with $193 million aggregate principal amount at maturity of the notes, at a 11 3/4% interest rate and additional amortization of deferred issuance costs of $7.5 million over that reflected in the actual results as the debt was issued on July 2, 2004.

(CC) Reflects additional amortization of deferred issuance costs of $568,000 associated with our new revolving credit facility, with a 3-year term over that reflected in the actual results as the credit facility was effective July 2, 2004.

(DD) Reflects the sale of 125,000,000 shares of reorganized common stock from the combination of (x) the exercise of the Stockholder Warrants at an exercise price of 60 cents per share and (y) to the extent the Stockholder Warrants were not exercised, in full, our sale to the Standby Purchasers on the Guaranty Performance Date, at 60 cents per share, of all shares of our reorganized common stock not sold upon such exercise. The sale occurred in August 2004; therefore the adjustment for the September 30, 2004 period represents the incremental shares not reflected in the actual results. The Standby Purchaser Warrants issued to the Standby Purchasers on the Guaranty Performance Date are not considered in the diluted share calculation as the effect of the issuance would be antidilutive.

Unaudited Pro Forma Consolidated Income Statement for the Nine Months Ended September 30, 2003

(AA) Reflects elimination of interest expense and amortization of deferred issuance costs associated with (a) $255 million of our old senior unsecured notes ($14.4 million), (b) $5.4 million note payable to Harney Investment Trust ($194,000), and (c) DIP Facility with WFF ($84,000).

(BB) Reflects interest expense associated with $193 million aggregate principal amount at maturity of the notes at a 11 3/4% interest rate and amortization of deferred issuance costs of $7.5 million.

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(CC) Reflects amortization of deferred issuance costs of $568,000 associated with our new revolving credit facility, with a 3-year term.

(DD) Reflects the sale of 125,000,000 shares of reorganized common stock from the combination of (x) the exercise of the Stockholder Warrants at an exercise price of 60 cents per share and (y) to the extent the Stockholder Warrants were not exercised, in full, our sale to the Standby Purchasers on the Guaranty Performance Date, at 60 cents per share, of all shares of our reorganized common stock not sold upon such exercise. The Standby Purchaser Warrants issued to the Standby Purchasers on the Guaranty Performance Date are not considered in the diluted share calculation as the effect of the issuance would be antidilutive.

(EE) Does not include adjustments related to the payment of financial advisor fees totaling $4 million that were paid upon completion of the Plan.

Unaudited Pro Forma Consolidated Income Statement for the Year Ended December 31, 2003

(AA) Reflects elimination of interest expense and amortization of deferred issuance costs associated with (a) $255 million of our old senior unsecured notes ($19.1 million), (b) $5.4 million note payable to Harney Investment Trust ($251,000), and (c) DIP Facility with WFF ($200,000).

(BB) Reflects interest expense associated with $193 million aggregate principal amount at maturity of the notes at a 11 $^{3}/4$% interest rate and amortization of deferred issuance costs of $7.5 million.

(CC) Reflects amortization of deferred issuance costs of $568,000 associated with our new revolving credit facility, with a 3-year term.

(DD) Reflects the sale of 125,000,000 shares of reorganized common stock from the combination (x) of the exercise of the Stockholder Warrants at an exercise price of 60 cents per share and (y) to the extent the Stockholder Warrants were not exercised, in full, our sale to the Standby Purchasers on the Guaranty Performance Date, at 60 cents per share, of all shares of our reorganized common stock not sold upon such exercise. The Standby Purchaser Warrants to be issued to the Standby Purchasers on the Guaranty Performance Date are not considered in the diluted share calculation as the effect of the issuance would be antidilutive.

(EE) Does not include adjustments related to the payment of financial advisor fees totaling $4 million that were paid upon completion of the Plan.

Selected Historical Consolidated Financial Data

The following sets forth our selected historical consolidated financial data as of and for the years ended December 31, 1999, 2000, 2001, 2002 and 2003, and as of and for the nine months ended September 30, 2003 and 2004.

Our consolidated balance sheets after September 30, 2004 and our consolidated statements of operations for the periods after September 30, 2004 will not be comparable to our historical consolidated financial statements published before the effective date of the Plan and included elsewhere in this prospectus. Among other things, our consolidated statement of operations for future periods will include numerous adjustments required by the Plan, including changes in interest expense and substantially less professional expenses related to our reorganization proceedings.

The consolidated balance sheet data and the consolidated statement of operations data presented below as of December 31, 2000, 2001, 2002 and 2003, and for each of the years in the four-year period ended December 31, 2003, have been derived from our consolidated financial statements, which have been audited by Ernst & Young. The auditors report issued by Ernst & Young with respect to their audit of our financial statements for the years ended December 31, 2003 and 2002 included an explanatory paragraph relating to our ability to continue as a going concern. The consolidated balance sheet data and the consolidated statement of operations data presented below as of and for the year ended December 31, 1999 have been derived from our consolidated financial statements that were audited by Arthur Andersen LLP, independent public accountants. Those financial statements have since been restated to account for our oil and gas business as discontinued operations. As Arthur Andersen LLP has ceased operations, the adjustments necessary to apply discontinued operations treatment have not been audited. The consolidated balance sheet data and the consolidated statement of operations data presented below as of and for the nine-month periods ended September 30, 2003 and 2004, respectively, are unaudited. However, we believe that this information contains all adjustments, consisting only of normal recurring adjustments, which are necessary to present fairly our consolidated financial position and results of operations for those periods. The consolidated balance sheet data as of September 30, 2004 and the consolidated statement of operations data for the nine-month period ended September 30, 2004 presented below, are not necessarily indicative of the results that may be expected for the fiscal year. Certain reclassifications have been made to the amounts in the prior years financial statements to conform to the current year s presentation.

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All of the information presented below should be read in conjunction with the information in the section in this prospectus titled Management s Discussion and Analysis of Financial Condition and Results of Operations, as well as our audited and unaudited consolidated financial statements and their accompanying notes, all of which are included elsewhere in this prospectus.

Selected Historical Consolidated Financial Data

	Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	(unaudited)
Statement of Operations Data:							
(In thousands)							
Revenue	$ 109,671	$ 113,887	$ 115,238	$ 149,795	$ 131,465	$ 101,296	$ 103,764
Expenses and Costs:							
Depreciation and amortization	49,929	51,927	49,448	129,856	82,638	61,506	139,193
Cost of sales	295	738	1,196	928	815	510	261
Selling, general and administrative	26,109	34,853	34,490	71,857	33,814	24,571	23,287
Impairment of seismic data library				82,964	29,959	13,354	
	76,333	87,518	85,134	285,605	147,226	99,941	162,741
Income (loss) from operations	33,338	26,369	30,104	(135,810)	(15,761)	1,355	(58,977)
Interest expense and other, net	(11,504)	(12,389)	(13,461)	(20,856)	(19,950)	(15,072)	(18,415)
Loss on sale of marketable securities				(332)			
Foreign currency exchange gains (losses)	(81)	(233)	(315)	125	4,136	3,358	953
Gain on extinguishment of liabilities					681	681	
Reorganization items					(5,984)	(1,675)	(12,415)
Equity in earnings (loss) of affiliate	(91)						
Impairment due to dividend distribution of affiliate stock	(7,794)						
Income (loss) from continuing operations before income taxes and cumulative effect of changes in accounting principles	13,868	13,747	16,328	(156,873)	(36,878)	(11,353)	(88,854)
Provision (benefit) for income taxes	6,211	5,639	6,748	(18,304)	2,199	621	(2,272)
Income (loss) from continuing operations before cumulative effect of changes in accounting principles	7,657	8,108	9,580	(138,569)	(39,077)	(11,974)	(86,582)
Income (loss) from discontinued operations, net of tax	1,723	3,602	(24,573)	(62,709)	1,139	(179)	133
Cumulative effect of changes in accounting principles, net of tax		(14,219)		(11,162)			
Net income (loss) (1)	$ 9,380	$ (2,509)	$ (14,993)	$ (212,440)	$ (37,938)	$ (12,153)	$ (86,449)
Earnings (loss) per share:							
Basic:							

Income (loss) from continuing operations	$ .32	$ .34	$ .38	$ (5.48)	$ (1.54)	$ (.47)	$ (1.65)
Income (loss) from discontinued operations	.07	.15	(.98)	(2.48)	.04	(.01)	
Cumulative effect of accounting changes		(.59)		(.44)			
Net income (loss)	$ .39	$ (.10)	$ (.60)	$ (8.40)	$ (1.50)	$ (.48)	$ (1.65)

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Selected Historical Consolidated Financial Data

	Year Ended December 31,					Nine Months Ended September 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	(unaudited)
Diluted:							
Income (loss) from continuing operations	$ .32	$ .34	$ .37	$ (5.48)	$ (1.54)	$ (.47)	$ (1.65)
Income (loss) from discontinued operations	.07	.15	(.95)	(2.48)	.04	(.01)	
Cumulative effect of accounting changes		(.59)		(.44)			
Net income (loss)	$ .39	$ (.10)	$ (.58)	$ (8.40)	$ (1.50)	$ (.48)	$ (1.65)
Weighted average shares (in thousands):							
Basic	23,863	23,909	24,986	25,300	25,376	25,376	52,544
Diluted	24,063	24,090	25,692	25,300	25,376	25,376	52,544
Other Financial Data (in thousands):							
Cash operating income(2)(3)	$ 76,745	$ 87,041	$ 64,157	$ 19,843	$ 85,400	$ 60,249	$ 61,525
EBITDA(3)	75,301	78,063	79,237	76,803	95,669	78,579	68,754
Cash flows provided by operating activities of continuing operations	60,564	69,534	30,767	21,716	80,314	61,798	21,694
Cash flows used in investing activities of continuing operations(4)	(129,466)	(57,553)	(79,565)	(49,358)	(48,668)	(29,884)	(39,684)
Cash flows provided by (used in) financing activities of continuing operations	76,530	(12,207)	61,255	(2,630)	(5,646)	(4,786)	(8,890)
Financial Ratios:							
Cash Operating Income(2)/Interest Expense, net	6.7	7.0	4.8	1.0	4.3	4.0	3.3
EBITDA(3)/Interest Expense, net	6.5	6.3	5.9	3.7	4.8	5.2	3.7
Net Debt(5)/Cash Operating Income(2)	2.9	2.3	3.8	12.6	2.6	n/a	n/a
Net Debt(5)/EBITDA(3)	2.9	2.5	3.1	3.3	2.3	n/a	n/a
Net Debt(5)/Total Net Book Capitalization	47.5%	43.6%	50.0%	87.1%	98.4%	88.7%	106.8%
Ratio of Earnings to Fixed Charges(6)	1.7	1.7	1.8				

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In the second quarter of 2002, we changed our accounting policy for amortizing our created seismic data library from the income forecast method to the greater of the income forecast method or the straight-line method over the data s useful life and reported the adoption of the new method as a cumulative effect of a change in accounting principle retroactive to January 1, 2002. Pro forma net income (loss) for the years ended December 31, 1999, 2000 and 2001, assuming the new seismic data amortization policy had been applied retroactively in each period, was as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	1999	2000	2001
Income from continuing operations before cumulative effect of changes in accounting principles	$ 4,119	$ 3,765	$ 5,178
Income from continuing operations before cumulative effect of changes in accounting principles per share:			
Basic	$ .17	$ .16	$ .21
Diluted	.17	.16	.20
Net income (loss)	$ 5,842	$ (6,852)	$ (19,395)
Net income (loss) per share:			
Basic	$ .24	$ (.29)	$ (.78)
Diluted	.24	(.28)	(.75)

	As of December 31,					As of September 30,	
	1999	2000	2001	2002	2003	2003	2004
						(unaudited)	(unaudited)
Balance Sheet Data:							
(in thousands, except per share amounts)							
Cash and cash equivalents	$ 5,188	$ 10,216	$ 25,223	$ 21,517	$ 44,362	$ 45,739	$ 17,924
Seismic data library, net	329,885	362,603	455,845	284,396	247,541	259,461	165,393
Total assets							