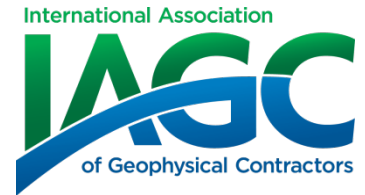


Statement of Principles

Disclosure of Multi-Client Data to Third Parties



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This document includes the **Statement of Principles**, a description of the issues (with examples) and contractual language.

Key Words:

- Client
- Consultant
- License Agreement
- Licensee
- Multi-Client Data
- Partner
- Show
- Third Parties

Terms that are in bold type are defined in the Glossary of Terms which forms part of this family of Statements of Principles.

Statement of Principles

1. **Multi-Client Data License Agreements** should clearly address whether the license is intended for a single **Client** use, and the terms (if any) under which **Multi-Client Data** can be disclosed to or used by **Third Parties** including both **Consultants** and prospective **Partners** (multiple company use of the **Multi-Client Data** is not permitted unless explicitly allowed in the **License Agreement**). This will place the **Client** on notice regarding the scope of the **License Agreement** and minimize future disputes regarding alleged violations.
2. Terms under which **Consultants** or **Third Parties** can access **Multi-Client Data** should be clearly defined by the **License Agreement** bounding the license of the **Multi-Client Data**. Misconduct by **Consultants** or **Third Parties** should be considered a breach of the **License Agreement** by the **Licensee**.
3. The **Data Owner** owns the **Multi-Client Data** and such ownership transcends and survives any reprocessing, merging, or enhancements of the **Multi-Client Data** by **Licensee** or the **Licensee's** designated **Third Party** or **Consultant**.
4. In order to use **Multi-Client Data** for evaluation of participation in an exploration or production opportunity, the evaluating company must license the **Multi-Client Data**. This is true whether the evaluation is for **Partner** approval, lease sale or farm in.
5. Each **Licensee Partner** that accesses the licensed **Multi-Client Data** without paying the proper license fee effectively represents a lost sale to the **Data Owner**.
6. **Client's** review of **Multi-Client Data** prior to finalizing a **License Agreement** should be for quality inspection purposes only. Requests to verify prospects and/or high-grade opportunities may be attempts to learn proprietary information without paying a licensee fee and should be evaluated accordingly.

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Commercial Context

Geophysical companies have invested billions of dollars in the creation of **Multi-Client Data** throughout the world that have dramatically improved the success rate and lowered the cost of finding and developing new oil and gas supplies. The continued viability of this business depends on the **Data Owner's** ability to earn a reasonable economic return through licensing of the **Multi-Client Data** to multiple E & P companies over a period of time.

Unauthorized disclosure of **Multi-Client Data** to a **Third Party** by the **Licensee** allows both the **Licensee** and the **Third Party** to reap undue valuable benefits from the **Multi-Client Data**, and in the case of the **Third Party**, without paying the license fee that would be due to the **Data Owner**. Unauthorized disclosures, in addition to being violations of the **License Agreement**, seriously undermine the value of the **Multi-Client Data** for the **Data Owner** and may be in breach of the **Data Owner's** legal requirement with the Government agency.

Multi-Client Data constitutes valuable intellectual property of the **Data Owner**. **License Agreements** typically convey to the **Licensee** the rights to use the **Multi-Client Data** for its own internal purposes, with minimal rights to disclose such **Multi-Client Data** to **Third Parties**. With the dramatic imaging improvements offered by 3D **Multi-Client Data**, the disclosure issue has become even more important. **Data Owners** have recognized that **Licensees** need to have the right to **Show** limited amounts of licensed **Multi-Client Data** over prospects to prospective **Partners** in order to conduct business. As a result, most modern **License Agreements** differentiate between "Show" and "use" of **Multi-Client Data** and apply appropriately different restrictions to each type of disclosure.

Recent examples of disclosures that may violate a **License Agreement** are shown below. **Licensees** should consult with the relevant **Data Owner** if the disclosure terms in their **License Agreement** require clarification.

1. For evaluation of a potential partnership, a **Licensee** allowed a potential **Partner** (who did not own a license to the **Multi-Client Data**) to use licensed **Multi-Client Data** to prepare interpretations on the **Licensee's** workstation. This may be a material breach under the terms of a **License Agreement** and equates to a direct loss of license revenue for the **Data Owner**.
2. A **Licensee** commenced a reprocessing project to merge and reprocess two separate but adjacent 3D surveys. One of the 3D surveys was a **Multi-Client Data** set licensed by the **Licensee** and the other was a proprietary data set owned by the **Licensee**. Upon completion of the reprocessing effort the **Licensee** delivered the reprocessed project (containing both the licensed **Multi-Client Data** and proprietary data) to their **Partners**. This may be a material breach under the terms of a **License Agreement** and equates to a direct loss of license revenue for the **Data Owner**.
3. After reprocessing a licensed **Multi-Client Dataset**, the **Licensee** attempted to sell the reprocessed volume to other E&P companies to recoup their processing costs. This may be a material breach under the terms of a **License Agreement** and equates to a direct loss of license revenue for the **Data Owner**.
4. A **Licensee** displayed licensed **Multi-Client Data** during an in-booth technical presentation at a major industry exhibition without the **Data Owners** consent. Such displays are not permitted without the express written consent of the **Data Owner**. This may be a material breach under the terms of a **License Agreement** and equates to a direct loss of license revenue for the **Data Owner**.

This nonbinding Statement of Principles is offered by IAGC for discussion and educational purposes only. Any industry stakeholder is free to use this statement in any way it wishes.

5. A **Consultant** on contract to a **Licensee** worked licensed **Multi-Client Data** for a licensing round and developed a prospect that the **Licensee** chose not to pursue. Subsequently the **Consultant** retained control of the **Multi-Client Data** and used it in an attempt to sell the prospect to other E&P companies. The **Consultant** can only work the licensed **Multi-Client Data** for the benefit of the **Licensee** and cannot retain or use the **Multi-Client Data** for its own purposes. This may be a material breach under the terms of a **License Agreement** and equates to a direct loss of license revenue for the **Data Owner**.

Contractual Language

The **IAGC** Model MASTER GEOPHYSICAL NON-EXCLUSIVE DATA-USE LICENSE contains language/terms addressing **Licensee's** use of licensed **Multi-Client Data** and disclosure to **Third Parties**.

Specific terms relevant to **Third Party** disclosures can be found in Section 3-Disclosure of Data & Derivatives (addresses disclosure to Related Entities, Government Agencies, Consultants, Processors, Storage Contractors, Prospective Acquirers/Prospective Partners, Acquirers/Partners, and Internet Disclosures).