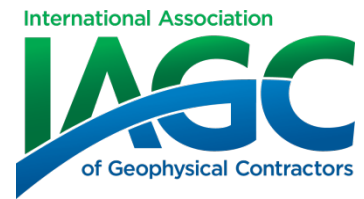


Statement of Principles

Confidentiality of Licensed Multi-Client Geophysical Data

(Virtual Access/E-Commerce)



Revision Date: April 2014

Date first issued: 2003

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

Statement of Principles

Key Words:

- Data Owner
- Derivatives
- IAGC
- License Agreement
- Licensee
- Multi-Client Data
- 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.

1. **Multi-Client Data** users should be made familiar with the existence of and all the terms and conditions in their **License Agreements**. Special attention should be given to the **License Agreement** terms and conditions, if any, under which disclosure to, or access by, **Third Parties** is allowed including the disclosure of licensed **Multi-Client Data** through virtual access/E-commerce sites such as the Internet, online data rooms, asset divestiture web sites and others.
2. Any **Multi-Client Data** use situation not specifically described in the **License Agreement** is not granted by the **License Agreement**. If a situation arises where the **Licensee** seeks to use **Multi-Client Data** in a manner not specifically addressed in the **License Agreement**, the **Licensee** must seek permission from the **Data Owner** to pursue that use.
3. In the event a **Data Owner** grants permission to disclose the licensed **Multi-Client Data** via a virtual access/E-Commerce site, the **Licensee** should ensure that confidentiality provisions and safety measures are included in their use of such sites. Ultimately the **Licensee** is liable should there be a breach of confidentiality during any such disclosure.
4. It is impossible to address every virtual access option available in a **License Agreement**; therefore each **Data Owner** should be involved in any decision to include its **Multi-Client Data** on any virtual access website.

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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. These **Multi-Client Data** and **Derivatives** constitute valuable intellectual property for the **Data Owners** throughout the commercial life of these **Multi-Client Data**.

The terms and conditions for **Multi-Client Data** are contained in **License Agreements** accepted by both **Data Owner** and **Licensee**. These **License Agreements** clarify situations such as how the **Multi-Client Data** can be used or disclosed to **Third Parties**, how it can be reviewed by potential venture capital participants, how it can be reprocessed, and how it can be disclosed on a computer workstation or virtual access sites. While there is substantial commonality in the terms and conditions of **License Agreements** used throughout the geophysical industry, each **Data Owner** utilizes its own **License Agreement** containing its preferred language.

When the first **Multi-Client Data License Agreements** were developed and gained general use in the 1970's, many of the current issues relating to how **Multi-Client Data** can be used or disclosed to **Third Parties** were not envisioned and thus, appropriate language to cover these situations was not included in early agreements. Since that time, most **License Agreements** have been rewritten to cover such circumstances as how the **Multi-Client Data** can be used or disclosed, how it can be reviewed by potential venture participants, reprocessed and disclosed on a workstation.

As an aid to all parties licensing **Multi-Client Data**, **IAGC** has continued to produce updated Geophysical Data-Use Licenses as models for potential use throughout the geophysical and petroleum industries. The first **IAGC** license was issued in January 1990 with the current edition updated in March 2009. These recommended **License Agreements** provide the basic framework for both **Data Owners** and **Licensee** users in structuring ethical and prudent **Multi-Client Data** use licenses.

With the continuous technical advances being made to computer systems and programs, access to this **Multi-Client Data** by multiple companies through virtual access/E-commerce websites can represent a loss of control or a breach of **Multi-Client Data** confidentiality. The use or disclosing of **Multi-Client Data** on the Internet, in online data rooms, on asset divestiture web sites and on other E-commerce sites are examples of such practices. When these situations occur, the commercial value of the **Multi-Client Data** can be seriously compromised.

Recent examples of virtual access/E-commerce site disclosures that may not be acceptable under a **License Agreement** and should be avoided are shown below.

1. For evaluation of a potential partnership, a **Licensee** opted to conduct a video conference call which included the disclosure of the licensed **Multi-Client Data** on various slides. The **Licensee** had not requested or received permission from the **Data Owner** to disclose the **Multi-Client Data** via video access. To compound the issue, the potential partner, who did not have a license to the **Multi-Client Data** retained copies of the **Multi-Client Data** by printing screen dumps containing the **Multi-Client Data**. 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.

2. For an asset sale, a **Licensee** opted to contract with an asset divestiture web site. The **Licensee** had not requested or received permission from the **Data Owner** to disclose the **Multi-Client Data** via this web site. To compound the issue, the **Licensee** had not performed its due diligence prior to using such site and the **Multi-Client Data** was made available through a public forum web site. It was discovered a short time later that three **Third Party** entities had downloaded and used the **Multi-Client Data** without a valid **License Agreement** with 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**.

Contractual Language

The **IAGC** Model MASTER GEOPHYSICAL NON-EXCLUSIVE DATA-USE LICENSE contains language/terms addressing virtual access/E-commerce site disclosures.

Specific terms relevant to virtual access/E-commerce site disclosures can be found in Section 3.6-Internet Disclosures.