

SEITEL INC
Form 10-K/A
March 29, 2018

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

FORM 10-K/A

(Amendment No. 1)

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

For the fiscal year ended December 31, 2017

OR

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

For the transition period from _____ to _____

Commission File Number: 001-10165

SEITEL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

76-0025431

(I.R.S. Employer Identification No.)

10811 S. Westview Circle Drive, Building C, Suite 100

Houston, Texas

(Address of principal executive offices)

77043

(Zip Code)

(Registrant's telephone number, including area code) (713) 881-8900

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Act).

Yes " No ✓

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ✓ No "

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes " No ✓

(Explanatory Note: The registrant is a voluntary filer and is therefore not subject to the filing requirements of the Securities Exchange Act of 1934. However, during the preceding 12 months, the registrant has filed all reports that it would have been required to file by Section 13 or 15(d) of the Securities Exchange Act of 1934 if the registrant was subject to the filing requirements of the Securities Exchange Act of 1934 during such timeframe.)

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ✓ No "

Edgar Filing: SEITEL INC - Form 10-K/A

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)
Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The equity interests in the registrant are not held publicly. On March 26, 2018 there were a total of 100 shares of common stock, par value \$0.001 per share, outstanding.

EXPLANATORY NOTE

This Amendment No. 1 to the Annual Report on Form 10-K (this “Amendment No. 1”) of Seitel, Inc. (“Seitel” or the “Company”) amends the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission (“SEC”) on February 16, 2018 (the “Original Filing”). The Company is filing this Amendment No. 1 solely to file Part III (Items 10 through 14) information. This Amendment No. 1 speaks as of the filing date of the Original Filing, does not reflect events which may have occurred since the filing date of the Original Filing, and does not amend or modify any disclosure made in the Original Filing except to incorporate Part III, Items 10 through 14. This additional disclosure does not revise or alter the Company’s financial statements and any forward-looking statements contained in the Original Filing. As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), this Amendment No. 1 contains new certifications by our principal executive officer and principal financial officer, which are being filed or furnished as exhibits to this Amendment No. 1.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

The following table sets forth the name, age as of March 26, 2018, and position of each of our executive officers and directors of our company.

Name	Age	Position
Robert D. Monson	62	President, Chief Executive Officer and Director
Marcia H. Kendrick	57	Chief Financial Officer, Executive Vice President, Secretary and Treasurer
Richard C. Kelvin	52	Chief Technology Officer, Senior Vice President and President of Seitel Canada Ltd.
Randall A. Sides	51	President of Seitel Data, Ltd.
Kevin P. Callaghan	65	Senior Advisor to the Chief Executive Officer and Director
Alexander L. Baum	32	Director
Allison A. Bennington	54	Director
Ryan M. Birtwell	35	Chairman of the Board of Directors
Dalton J. Boutte	63	Director
Kyle N. Cruz	42	Director
Jay H. Golding	72	Director
John E. Jackson	59	Director
Ash Upadhyaya	39	Director

Robert D. Monson has been our President and Chief Executive Officer and one of our directors since December 2004. He previously served as our Chief Financial Officer from May 2004 until December 2004 and served as Secretary from August 2004 until December 2004. Mr. Monson has over 30 years of experience in the oil and gas industry, including over 12 years in the international seismic industry. Prior to joining Seitel, he served in various capacities with Schlumberger Limited (“Schlumberger”), a New York Stock Exchange listed company, since 1985. In his last position with Schlumberger, Mr. Monson served as Business Segment Chief Financial Officer for Schlumberger Well Services and the Worldwide Controller for Oilfield Technology Centers. Prior to this, he served as Worldwide Director of Human Resources for Financial Personnel of Schlumberger Limited. From 1998 to 2000, he served as Chief Financial Officer of Schlumberger Oilfield Services-UK. From 1985 to 1998, he served as either Treasurer or Controller to other Schlumberger entities, including assignments in the New York headquarters and various international locations. He has been a director of Wandoo Energy LLC (“Wandoo”), a privately owned oil and gas

prospecting company in which Seitel has a 20% ownership interest, since July 2016. Since May 2011, Mr. Monson has also served on the board of Seitel Holdings, Inc. (“Holdings”), our parent company. Mr. Monson’s qualifications to serve on our board of directors (the “Board”) include his long tenure as one of our directors, as well as his extensive background in the oil and gas industry and his many years of business experience.

Marcia H. Kendrick, CPA, has been our Chief Financial Officer and Executive Vice President since October 2009, our Treasurer since May 2005 and our Secretary since February 2017. She was our Assistant Secretary from February 2012 to

January 2017 and our Secretary from October 2009 to January 2012. She was our Chief Accounting Officer and Assistant Secretary from August 1993 to October 2009 and Senior Vice President from September 2001 to October 2009. Ms. Kendrick also served as our interim Chief Financial Officer from December 2004 to July 2005 and from June 2002 to May 2004. Prior to joining Seitel in 1993, she was employed by Arthur Andersen LLP, where her last position was Director of Finance and Administration.

Richard C. Kelvin has been President of Seitel Canada Ltd. since August 2016, our Senior Vice President since May 2016 and our Chief Technology Officer since August 2014. He has also been Senior Vice President of Seitel Data Processing, Inc., a wholly-owned subsidiary of Seitel, since August 2014 and Vice President of Seitel Solutions, Ltd., a wholly-owned subsidiary of Seitel, since October 2004. Mr. Kelvin served as President of Seitel Data Processing, Inc. from October 2011 to August 2014. After joining Seitel in 2002 to lead the offshore seismic processing group, Mr. Kelvin became responsible for seismic data management and data processing for the Company. Prior to joining Seitel, Mr. Kelvin most recently served as Seismic Data Processing Manager for Ensign Geophysics from 1997 to 2002.

Randall A. Sides has been President of Seitel Data, Ltd. since July 2009. He joined us in July 1996 as Manager of Onshore Operations for Seitel Data, Ltd. In November 2002, he was promoted to Vice President-Onshore Operations for Seitel Data, Ltd. and in January 2005 he was promoted to Senior Vice President-Operations for Seitel Data, Ltd. He was appointed President of Seitel Canada Ltd. in May 2007, where he served until becoming president of Seitel Data, Ltd. Prior to joining Seitel, he was a geophysical analyst with Western Geophysical, Inc. from 1991 to 1996.

Kevin P. Callaghan has been Senior Advisor to our Chief Executive Officer since July 2016 and one of our directors since January 2010. He served as Chief Operating Officer and Executive Vice President from June 2002 until June 2016. Since joining Seitel in 1995, Mr. Callaghan held various positions with Seitel Data, Ltd. and Seitel Canada Ltd., both wholly-owned subsidiaries of Seitel. He was Executive Vice President of Seitel Data, Ltd. from May 2003 until June 2016 and was Executive Vice President of Seitel Canada Ltd. from December 2004 until June 2016. Before joining us, he spent 24 years in the seismic industry in various operational and managerial positions in several companies, including his last position as Vice President of North and South American Operations for Digicon Geophysical Corporation. He was a director of Wandoo from November 2005 until June 2016. Since May 2011, Mr. Callaghan has also served on the board of Holdings. Mr. Callaghan's extensive seismic industry experience and his various operational and management positions bring valuable managerial and corporate governance skills to the full Board.

Alexander L. Baum has been one of our directors and one of Holdings' directors since October 2017. He is a Vice President at ValueAct Capital Management, L.P. ("ValueAct Capital Management"), the investment manager of ValueAct Capital Master Fund, L.P. ("ValueAct Capital") and focuses on investments in the technology sector. Prior to joining ValueAct Capital Management in 2012, Mr. Baum helped to lead a physics research collaboration between Pomona College, University of Oklahoma, and Gottfried-Wilhelm-Leibniz-Universität. Mr. Baum's qualifications to serve on our Board include his background in advising portfolio companies of ValueAct Capital.

Allison A. Bennington has been one of our directors since January 2010 and one of Holdings' directors since May 2011. She is the General Counsel and a Partner of ValueAct Capital Management. Prior to joining ValueAct Capital Management in May 2004, Ms. Bennington was the General Counsel of Atriax, Ltd. ("Atriax"), a joint venture of Deutsche Bank, J.P. Morgan Chase, Citibank and Reuters. Prior to joining Atriax, Ms. Bennington was a Managing Director of Robertson Stephens, a full-service investment bank, where she ran the Legal Department. She was previously a Partner in the London office of Brobeck Hale and Dorr International. Ms. Bennington is a Member of the SEC's Investor Advisory Committee. She is also on the Steering Committee of the Investor Stewardship Group and on the Advisory Board of the Institute for Corporate Governance and Finance at NYU Law. She is a former member of the Advisory Board of the Program for Corporate Governance at Harvard Law School. Ms. Bennington also serves on

the Advisory Board of the Berkeley Center for Law and Business at UC Berkeley School of Law. Ms. Bennington's qualifications to serve on our Board include her extensive background in legal, compliance, corporate governance and government relations matters.

Ryan M. Birtwell, CFA, has been one of our directors since January 2010 and Chairman of the Board since January 2017. Mr. Birtwell has also served on the board of Holdings since May 2011. He has been Senior Vice President of Lucas Systems, Inc. since October 2017 and was previously a Partner at ValueAct Capital Management, where he worked from June 2004 to September 2017. Mr. Birtwell is a former director of KAR Auction Services, Inc. Mr. Birtwell's qualifications to serve on our Board include his extensive experience in the financial services industry, together with his background in advising portfolio companies of ValueAct Capital.

Dalton J. Boutte has been one of our directors and one of Holdings' directors since July 2011. Mr. Boutte retired from Schlumberger in February 2013 after 32 years of service. Most recently, he was Executive Vice President from 2004 to 2010, and President of WesternGeco, Schlumberger's seismic data services subsidiary, from 2003 to 2009. Prior to this, he was worldwide Vice President of Operations for Schlumberger's Oilfield Services from 2001 to 2003 and President of Europe/Africa/CIS from 2000 to 2001. He currently serves on the board of Quintana Energy Services and previously served on the board of Qinterra AS. Mr. Boutte's qualifications to serve on our Board include his extensive and varied experience in the seismic industry.

Kyle N. Cruz has been one of our directors and one of Holdings' directors since May 2011. Mr. Cruz joined Centerbridge Partners, L.P. ("Centerbridge Partners") in 2007. He is Senior Managing Director and focuses on investments in the industrials and energy sectors. Prior to joining Centerbridge Partners, he was a Vice President at Diamond Castle Holdings, a private equity firm founded by former senior professionals of DLJ Merchant Banking ("DLJMB"). Previously, he worked as an Associate at DLJMB and J.W. Childs Associates, a Boston-based private equity firm. Mr. Cruz began his career as an Analyst in the Mergers & Acquisitions department of Goldman Sachs. He serves as Chairman of the Board of Directors of Wastequip LLC (and affiliated entities) and also serves on the Boards of Directors of Boart Longyear, Industrial Container Services, Penhall Holding Company (and affiliated entities) and Stallion Oilfield Services Holdings, Inc. Mr. Cruz's qualifications to serve on our Board include his experience as a director of other companies, his advisory experience with Centerbridge Partners' investments as well as his extensive financial services industry experience generally.

Jay H. Golding has been one of our directors since April 2007 and one of Holdings' directors since May 2011. He was also previously one of our directors from December 2004 until February 2007. Mr. Golding currently serves as President of Port Chester Industries, a privately held merchant banking entity. From 1981 to 1989, he served as either president or chairman and chief executive officer of Hi-Port Industries. Mr. Golding serves on the boards of multiple privately held companies and is a former director of publicly traded companies Sterling Electronics, Data Transmission Network Corp. and Falcon Oil & Gas. Mr. Golding serves on the boards of several non-profit organizations and previously served on the board of the Congregation Beth Israel. Mr. Golding's qualifications to serve on our Board include his varied experience as a director on the boards of several private companies, his financial literacy and his extensive business experience in the financial industry.

John E. Jackson has been one of our directors since August 2007. Mr. Jackson has also served on the board of Holdings since May 2011. Mr. Jackson is currently President and Chief Executive Officer of Spartan Energy Partners, LP, a privately owned gas gathering, treating and processing company. Mr. Jackson was Chairman, Chief Executive Officer and President of Price Gregory Services, Inc., a pipeline-related infrastructure service provider in North America, from February 2008 until its sale in October of 2009. He served as a director of Hanover Compressor Company ("Hanover"), now known as Exterran Holdings, Inc., from July 2004 until May 2010. Mr. Jackson served as Hanover's President and Chief Executive Officer from October 2004 to August 2007 and as Chief Financial Officer from January 2002 to October 2004. Mr. Jackson is a director of CONE Midstream Partners, LP, Main Street Capital and Basic Energy Services, Inc. He also serves on the board of several non-profit organizations. Mr. Jackson is a former director of Select Energy Services and RSH Energy. Mr. Jackson's qualifications to serve on our Board include his many years as an executive and director with companies in the oil and gas industry, his financial literacy and his in-depth knowledge of our business.

Ash Upadhyaya has been one of our directors and one of Holdings' directors since June 2017. He joined Centerbridge Partners in May 2017 as a Managing Director with a focus on investments in the energy sector. Prior to joining Centerbridge Partners, Mr. Upadhyaya was a Director of Energy and Infrastructure at KKR & Co. L.P. ("KKR"), a global investment firm, serving in that role since January 2013, and prior to that as a Principal since joining KKR in 2011. He previously served on the Board of Directors of Joulon Holdings, Mandala Energy and Samson Resources Corporation. Mr. Upadhyaya's qualifications to serve on our Board include his experience as a director of other

companies, his extensive experience in the financial services industry and his advisory experience with Centerbridge Partners' investments.

Board Composition

Our Board is composed of ten directors. Each director serves for annual terms until his or her successor is elected and qualified. We do not have a standing nominating committee, as decisions related to the composition of the Board are made pursuant to the terms of the Securities Holders Agreement described under "Item 13. Certain Relationships and Related Party Transactions, and Director Independence." Due to this, and due to the fact that we are a wholly-owned subsidiary of Holdings, there is no need for policies or procedures regarding the recommendations of security holders for nominees to the Board.

Committees of the Board of Directors

Although we are a privately owned company that is not required to have a formal compensation committee in place, our compensation decisions have been made by a committee consisting of two members of the Board, currently Messrs. Birtwell and Cruz. This committee is empowered to review and approve the annual compensation and compensation structure of our executive officers and management compensation generally.

We continue to have a standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, of which Mr. Jackson is the chairman and Mr. Golding is a member. The audit committee reviews and monitors our financial reporting, external audits, internal control functions and compliance with laws and regulations that could have a significant effect on our financial condition or results of operations. In addition, the audit committee has the responsibility to consider and appoint, and to review fee arrangements with, our independent registered public accounting firm. Messrs. Jackson and Golding each qualify as an audit committee financial expert, within the meaning of Item 407(d)(5) of Regulation S-K promulgated by the SEC. Messrs. Jackson and Golding are each “independent” (as that term is defined in Section 303A of the New York Stock Exchange’s Listed Company Manual), and are each able to read and understand fundamental financial statements.

Section 16(a) Beneficial Ownership Reporting Compliance

Our officers, directors and 10% beneficial owners are not subject to Section 16(a) of the Exchange Act as we did not have a class of equity securities registered pursuant to Section 12 of the Exchange Act during the year ended December 31, 2017.

Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer and principal financial officer or any person performing similar functions (the “Code of Ethics”). The Code of Ethics is available under “Corporate Governance” on our “Investor Relations” section of our website at www.seitel.com. If we ever were to amend or waive any provision of the Code of Ethics, we intend to satisfy our disclosure obligations with respect to any such waiver or amendment by posting such information on our website set forth above rather than by filing a Form 8-K.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Overview

The compensation committee of the Board (the “Committee”) is empowered to review and approve the annual compensation and compensation structure of our executive officers and management compensation generally. The Committee approves and recommends to the Board the compensation for all executive officers and does not delegate any of its functions to others. The Chief Executive Officer, however, makes recommendations to both the Committee and the Board with respect to the compensation of the Company’s senior management (other than with respect to the Chief Executive Officer).

The principal objectives of our compensation program are to provide an overall compensation package that will attract and retain the most highly qualified executives and provide incentives to create value for our stockholders. In 2017, the total compensation program for our executive officers consisted of three primary components: base salary, annual cash incentive bonuses and personal benefits. We also implemented a retention bonus program in 2017 which will have a considerable impact on compensation packages in the year of payment should applicable executives remain

employed throughout the retention period. While accounting treatment is considered when structuring the components of our compensation program, these considerations are secondary to the overall objectives of the compensation program described above.

The Committee does not engage in benchmarking or conduct peer group comparisons or studies in approving the compensation of our executive officers. In addition, the Committee did not engage a compensation consultant during 2017 to assist in determining appropriate levels of compensation. Instead, the type and amount of compensation paid to our executive officers is determined based on the extensive industry experience of the members of the Committee, with the goal of setting compensation at levels that are sufficient to attract and retain the most highly qualified executives who will help create shareholder value. In determining appropriate levels of compensation, the Committee may consider overall past compensation and incentives. Furthermore, the Committee does not target a specified percentage of compensation as short-term or long-term compensation, or cash or equity-based compensation.

5

The disclosure that follows relates to the compensation for those executives that are “named executive officers” as defined by the SEC, including our Chief Executive Officer, our Chief Financial Officer and our three highest compensated individuals serving as executive officers at the end of 2017 other than our Chief Executive Officer and Chief Financial Officer. For 2017, we only had two individuals serving as executive officers in addition to our Chief Executive Officer and Chief Financial Officer.

Our named executive officers for the 2017 year are as follows:

Robert D. Monson, President and Chief Executive Officer

Marcia H. Kendrick, Chief Financial Officer, Executive Vice President, Secretary and Treasurer

Richard C. Kelvin, Chief Technology Officer, Senior Vice President and President Seitel Canada Ltd.

Randall A. Sides, President Seitel Data, Ltd.

This disclosure contains statements regarding certain performance targets and goals we have used or may use to determine appropriate compensation. These targets and goals are disclosed in the limited context of our compensation program and should not be understood to be statements of management’s expectations or estimates of financial results or other guidance. We specifically caution investors not to apply these statements to other contexts.

Risk Assessment

The Company has reviewed its compensation policies and practices for all employees and has concluded that any risks arising from such policies and practices are not reasonably likely to have a material adverse effect on the Company. We believe that our compensation policies and practices (i) provide an appropriate mix of short-term and long-term compensation and (ii) promote a focus on strategic goals and long-term success, and therefore limit the incentive of our employees to take excessive risks.

Compensation Elements

As described above, during 2017, the compensation of our named executive officers consisted of three primary elements: base salary, annual cash incentive bonuses and personal benefits. Each of these elements of compensation is described in detail below. Unless otherwise noted, the 2017 base salaries and bonus opportunities for the named executive officers were determined pursuant to the terms of their employment agreements with the Company.

Base Salaries

We believe that base salaries for named executive officers should adequately compensate them for their day-to-day work for us and should be set at levels that allow us to compete for, and retain, top executive talent. During 2017, the base salaries for the named executive officers were determined in accordance with the terms of their employment agreements, which allows for increases by the Board or the Committee when appropriate. The Committee continues to evaluate our named executive officers’ base salaries to ensure that they are competitive and that we are able to attract and retain talented executives. The base salaries of the named executive officers have been maintained at the levels in effect at December 31, 2016 due to the reduced level of activity in the energy industry. In addition, the Committee did not increase the base salaries of any of our named executive officers with respect to the 2018 year.

Annual Bonuses

We pay cash bonuses to our named executive officers pursuant to the terms and conditions of an annual incentive plan approved by the Committee. Under this plan, company-wide financial performance goals are pre-established and a named executive officer’s bonus is based on our performance in relation to these pre-established goals. Bonuses are

based on a percentage of the executive's base salary. If the target financial performance goal is achieved, the executive is entitled to a "target bonus." If the maximum financial performance goal is achieved or exceeded, the executive is eligible to earn the "maximum bonus." If we exceed our threshold financial performance goal but do not achieve the target level, the named executive officer is eligible to earn a bonus anywhere from \$1.00 up to the target bonus amount based on interpolation as described below. The percentages of base salary payable to each named executive officer with respect to 2017 performance under the "threshold bonus," the "target bonus" and the "maximum bonus" are set forth in the table below.

6

Name	Threshold	Target	Maximum
	Bonus %	Bonus %	Bonus %
Robert D. Monson	0%	100%	158%
Marcia H. Kendrick	0%	70%	110%
Richard C. Kelvin	0%	70%	110%
Randall A. Sides	0%	70%	110%

For 2017, the Committee determined that the annual bonus for each of the named executive officers would be based on Cash EBITDA as defined and calculated under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Measures, Cash EBITDA” in our Annual Report on Form 10-K for the year ended December 31, 2017 before consideration of any 2017 bonus expense (“Cash EBITDA before bonus”); additional information regarding the calculation of Cash EBITDA before bonus may also be found within this document under the heading of “Reconciliation of Non-GAAP to GAAP Financial Measures” below. The Committee determined that Cash EBITDA before bonus was an appropriate performance goal because it reflects the level of cash generated by the Company available for debt service and growing the business.

In determining the financial performance levels under the annual incentive plan, the Committee established a threshold, target and maximum level of performance for the performance goal. Where the level achieved under the performance goal falls between the threshold level and target or target and maximum level, the bonus is determined by interpolation (specifically, if performance exceeds target but is less than maximum, the bonus equals the target bonus, plus the product of (i) the difference between the maximum bonus and the target bonus and (ii) a fraction, the numerator of which equals the excess of actual performance over target performance and the denominator of which equals the excess of the maximum performance goal over the target performance goal). No bonuses are payable with respect to the performance goal if the level of performance attained is below the threshold level. The chart below contains the threshold, target and maximum performance goals established by the Committee for 2017 under our annual incentive plan for the performance measure (in thousands):

Performance Measure	Threshold	Target	Maximum
Cash EBITDA before bonus	\$ 31,000	\$ 53,500	\$ 75,300

During 2017, the Company achieved Cash EBITDA before bonus of \$44.0 million. Accordingly, each of the named executive officers received 2017 bonuses as set forth in the “Summary Compensation Table” in the column entitled “Non-Equity Incentive Plan Compensation”. The bonuses for fiscal year 2017 were paid in February 2018.

Equity-Based Compensation

Holdings, our parent company, maintains the Seitel Holdings, Inc. Amended and Restated 2008 Restricted Stock and Restricted Stock Units Plan (the “Holdings Restricted Stock Plan”) and the Seitel Holdings, Inc. 2012 Non-Qualified Stock Option Plan (the “Holdings 2012 Stock Option Plan”). Pursuant to the terms of these plans, our key employees and non-employee directors are eligible to receive awards of stock options, restricted stock and restricted stock units. No equity-based awards were granted to the named executive officers during 2017.

Other Benefits

For 2017, we provided named executive officers with personal benefits that we and the Committee believe to be reasonable and consistent with the goal of enabling us to attract and retain highly qualified employees for key positions. The Committee periodically reviews the levels of personal benefits provided to named executive officers.

All employees, including named executive officers, are eligible to participate in our health and welfare benefit programs and to participate in and receive employer matching contributions under our 401(k) plan in the U.S. or the

Registered Retirement Savings Plan (“RRSP”) in Canada. Named executive officers were provided with company-paid life and supplemental disability insurance during the 2017 year. Mr. Kelvin also received “gross-ups” for the payment of Canadian taxes in order to equalize the impact of taxes associated with the portion of his compensation earned in Canada in 2017 serving as President of Seitel Canada Ltd.

Attributed costs of the personal benefits described above for the named executive officers for the fiscal year ended December 31, 2017, are included in the “Summary Compensation Table below”.

7

Employment and Severance Arrangements

The Company entered into employment agreements with each of the named executive officers that provide certain severance benefits in the event of a termination of the named executive officer's employment in limited circumstances. These employment agreements, including the severance provisions, are described below in "Potential Payments Upon Termination of Employment or Change in Control".

In addition, if applicable, each of our named executive officers is entitled to receive payment of his or her vested restricted stock units in the event of disability or any termination of employment, and is entitled to receive accelerated vesting of his or her unvested stock options other than those granted under the Holdings 2012 Stock Option Plan (those stock options not granted under the Holdings 2012 Stock Option Plan, the "Non-2012 Stock Option Plan Options") in the event of certain terminations of employment. For more on these arrangements, see "Potential Payments upon Termination of Employment or Change in Control" below.

Retention Bonuses

On January 13, 2017, the Committee approved the adoption of the Seitel, Inc. Executive Retention Bonus Program for Key Employees (the "Retention Bonus Plan"), effective beginning January 1, 2017. The Retention Bonus Plan is intended to ensure that the Company will continue to receive the full, undistracted attention and dedication of Messrs. Monson, Sides and Kelvin and Ms. Kendrick (each, a "Key Employee"), who are participants in the Retention Bonus Plan, and is in addition to the benefits provided in any Key Employee's employment agreement with the Company.

The Retention Bonus Plan provides that:

Each Key Employee who continues as our employee until December 31, 2018 will receive a lump sum cash bonus (the "Retention Bonus") payable within 30 days of such date; and
If a Key Employee is terminated without Cause or a Key Employee terminates employment with the Company for Good Reason (as such capitalized terms are defined in the respective employment agreement of each Key Employee), the Key Employee shall receive a pro-rata share of the Retention Bonus.

The respective amounts of the Retention Bonus for the Key Employees are as follows:

Mr. Monson - \$1,087,040
Ms. Kendrick - \$361,900
Mr. Kelvin - \$352,000
Mr. Sides - \$361,900

If a Key Employee is terminated for Cause or terminates employment with the Company without Good Reason before December 31, 2018, the Key Employee is not entitled to any payment under the Retention Bonus Plan.

IRS Limits on Deductibility

Our equity securities are not publicly held. Accordingly, Section 162(m) of the Internal Revenue Code, which limits the deductibility by publicly held corporations of certain compensation in excess of \$1,000,000 paid to certain employees, has not applied to us and as a result, our compensation program has not been structured to comply with it. However, beginning with the 2018 calendar year, Section 162(m) of the Internal Revenue Code was modified. Such modifications include an expansion of the scope of entities that are considered "publicly held corporations" to encompass companies like us that are required to file reports with the SEC solely due to public debt. We are currently considering the impact of Section 162(m) of the Internal Revenue Code upon our compensation program, but as of the date of this filing, no material changes for 2018 have been implemented.

Compensation Committee Interlocks and Insider Participation

Ryan M. Birtwell and Kyle N. Cruz currently serve as members of the Committee. None of the current members of the Board serving on the Committee are or have been at any time one of the Company's officers or employees. None of the Company's executive officers currently serves, or have served during the last completed fiscal year, as a member of the compensation committee of an entity that has one or more executive officers serving as a member of the Board. Two of the Company's employees, Mr. Monson and Mr. Callaghan, serve on the board of directors of Holdings, and Mr. Birtwell is the President and a director of Holdings.

8

Compensation Committee Report

The members of the Board currently serving on the Committee have reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, have recommended to the Board that the Compensation Discussion and Analysis be included in this annual report. The Board members serving as the Committee:

Ryan M. Birtwell
 Kyle N. Cruz

Summary Compensation Table

The following table reflects amounts earned by our named executive officers for the 2017, 2016 and 2015 fiscal years, as applicable to each executive's service with the Company.

Name and Principal Position	Year	Salary (\$)	Non-Equity Incentive		Total (\$)
			Plan Compen- sation (\$) (1)	All Other Compen- sation (\$) ⁽²⁾	
Robert D. Monson, President and Chief Executive Officer	2017	\$688,000	\$397,511	\$26,710	\$1,112,221
	2016	688,000	1,008,788	20,710	1,717,498
	2015	688,000	—	20,710	708,710
Marcia H. Kendrick, Chief Financial Officer and Executive Vice President	2017	329,000	133,062	24,689	486,751
	2016	329,000	336,093	18,689	683,782
	2015	329,000	—	17,609	346,609
Richard C. Kelvin, Chief Technology Officer, Senior Vice President and President Seitel Canada Ltd. ⁽³⁾	2017	320,000	129,422	180,462	629,884
	2016	305,417	312,002	16,453	633,872
	2015	329,000	133,062	23,553	485,615
Randall A. Sides, President Seitel Data, Ltd.	2016	329,000	336,093	17,553	682,646
	2015	329,000	—	14,121	343,121

Represents the performance-based cash bonus earned pursuant to the annual incentive plan. Bonuses for
⁽¹⁾ performance in 2017 were paid in February 2018.

See the table below, titled "Details of All Other Compensation" for details regarding the amounts reported in this
⁽²⁾ column and see the discussion of personal benefits in the Compensation Discussion and Analysis section above for
 an explanation of these benefits.

2016 was the first year that Mr. Kelvin was a named executive officer of the Company and information for 2015 is
⁽³⁾ not required to be presented pursuant to the SEC's disclosure rules.

Details of All Other Compensation

Amounts included in “All Other Compensation” in the table above include:

Name	Life Insurance Premiums (1)	Supplemental Disability Premiums (2)	Supplemental 401(k) Matching Contributions	Gross-up for Payment of Taxes (3)
Robert D. Monson	\$ 3,564	\$ 5,146	\$ 18,000	\$ —
Marcia H. Kendrick	2,322	4,367	18,000	—
Richard C. Kelvin	1,242	3,989	18,000	157,231
Randall A. Sides	1,242	4,311	18,000	—

The named executive officers were entitled to life insurance coverage which, when combined with the \$50,000 of minimum coverage the Company provided to all U.S. employees, totaled \$500,000. Accordingly, they had \$450,000 in supplemental life insurance protection.

U.S. employees with an annual income in excess of \$270,000 were eligible for supplemental individual disability insurance. Amounts in this column represent premiums associated with this benefit paid by the Company for each named executive officer.

Mr. Kelvin received “gross-ups” for the payment of Canadian taxes in order to equalize the impact of taxes associated with the portion of his compensation earned in Canada in 2017 serving as President of Seitel Canada Ltd.

Grants of Plan-Based Awards Table

The following table represents the threshold, target and maximum bonus award that each named executive officer was eligible to earn in 2017 under the annual incentive plan. No equity awards were granted to the named executive officers during the 2017 year.

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)		
	Threshold (\$)(2)	Target (\$)(2)	Maximum (\$)(2)
Robert D. Monson	\$0	\$688,000	\$1,087,040
Marcia H. Kendrick	0	230,300	361,900
Richard C. Kelvin	0	224,000	352,000
Randall A. Sides	0	230,300	361,900

The threshold, target and maximum amounts in these columns have been provided in accordance with Item 402(d) of Regulation S-K of the Exchange Act and show the range of potential payouts. The actual bonus amounts earned for 2017 are reflected in the Summary Compensation Table in the column entitled “Non-Equity Incentive Plan Compensation”.

Represents the range of payouts under the annual incentive plan as discussed in further detail in the “Compensation Discussion and Analysis”. The named executive officers’ target and maximum bonuses are a percentage of base salary as set forth in their respective employment agreements.

Outstanding Equity Awards at Fiscal Year End

The following table summarizes certain information regarding option awards outstanding as of December 31, 2017 for each of the named executive officers.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards:		
			Number of Securities Underlying Unearned Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date
Robert D. Monson	3,000	—	6,000	(1) 258.37	05/01/2022
Marcia H. Kendrick	5,250	—	1,500	193.13	05/03/2020
Richard C. Kelvin	733	—	3,000	(1) 258.37	05/01/2022