

# Professionalism in Using Non-Exclusive Seismic Data with Examples

M. Enachescu, MGM Energy Corp. and P. Einarsson, GSI

Non-exclusive (multi-client or spec) seismic data are one of the most valuable information used for petroleum exploration and development. This data is owned by investor groups or seismic companies that pay for the acquisition and processing and who license the data for a fee to multiple clients in order to recover their investment and in time turn a profit. The non-exclusive data provides professionals such as regional and prospect geophysicists, area and development geologists and petroleum engineers a cost-effective, easy accessible way to characterize the subsurface, acquire exploration acreage, investigate petroleum systems, select drilling prospects and image and monitor hydrocarbon fields. Billions of dollars of cutting edge hardware technology used in seismic acquisition and hundreds of millions of dollars of seismic data libraries are now equally accessible to multinational, intermediate and small exploration companies. Once licensed, non-exclusive seismic data libraries are loaded on sophisticated PCs and workstations providing petroleum related information on vast areas located onshore and offshore, in international or domestic regions and in frontier or mature basins.

The use of non-exclusive data is governed by a Model Licensing Agreement (MLA) established by the International Association of Geophysical Contractors (IAGC) that contains the rights, restrictions on use, and obligations of the seismic vendor (Licensor) and petroleum company user (Licensee). The MLA stipulates that regardless of the format on which they are stored and manipulated the seismic data and its derivatives, including re-processed variants, navigation information, and any direct measurements taken from the data represent valuable and highly confidential intellectual property and a trade secret of the Licensor. The Agreement clearly states that by paying a fee to the Licensor, the Licensee will not own but will only receive certain limited rights to use the seismic data. The non-exclusive seismic data regardless of media form or format, or if comingled with other information, still remains in perpetuity an asset of the owner. The owner (frequently the original geophysical company, the investor group or the seismic broker who financed the survey or bought the contract at the later date) retains full ownership of all copyright and intellectual property rights to the data. While acknowledging that during pre- and post-processing of seismic data and throughout workstation interpretation numerous seismic derivatives and attribute are created which add value of the data, the MLA reiterates that these products do not annul or modify the initial license.

Of utmost importance to the Licensor is the Confidentiality Clause affirming that all licensed data is confidential, although access is allowed to certain parties listed in the agreement such as company professionals, bona fide consultants and wholly owned affiliate company employees. Disclosure or dissemination of data to other parties contrary to that stated in the agreement, including potential business partners or potential asset buyers is prohibited. A perceived grey area is what happens to the licensed data after oil companies merge or are bought out. In most cases a discounted transfer fee allows the buyer or merged entity to license the data from the owner, and in some cases a new License Agreement needs to be executed.

Of late, a large number of geophysicists, geologists and engineers entering the field of seismic data usage may have had little or no exposure to data acquisition or speculative seismic data financing and as a result we have increasingly witnessed a lax (negligent or unprofessional) attitude regarding the use of licensed multi-client (speculative) data. This paper includes several Canadian examples of violations and misuse by professionals of the non-exclusive data licensing agreement and it is intended as a learning tool in order to avoid future licensing fraud and cultivate professionalism in the use of seismic and other multi-client geophysical data.

## References

- Durham L. S., 2000, Non-Exclusive Data Boosts Industry, AAPG Explorer, February, 2000  
<http://www.aapg.org/explorer/2000/02feb/nonexclusive.cfm>
- Elrood, D. and R. Walker, 2000, Myriad facets of the nonexclusive data business, The Leading Edge, v 19. No. 6, p 640-646
- CSEG, 2001, Master Seismic Data License Agreement A master License Agreement for Seismic Data, <http://www.cseg.ca/industry/mla.cfm> and [http://www.cseg.ca/industry/docs/mla\\_dec01.doc](http://www.cseg.ca/industry/docs/mla_dec01.doc)
- Fairs, G., Boyd J., Einarsson, P., Hunt, L., Korchinski, B., Ramescu, L., Walls, C. and L. Bruce., 2001, A master License Agreement for Seismic Data, CSPG 2001 Convention, <http://www.cspg.org/conventions/abstracts/2001abstracts/18-002.pdf>
- IAGS, 2003, Licensing Multi-Client Seismic Data Libraries (MCSDL)  
<http://www.iagc.org/iagcwebdata/public/sops/sop3e.pdf>
- IAGS, 2004, Statement of Principles, <http://www.iagc.org/en/cms/?122>
- Enachescu, M., 2007, Digital Seismic Dilemma, Ownership and Copyright of Offshore data, CSEG Recorder, <http://www.cseg.ca/publications/recorder/2007/05may/may2007-digital-seismic-dilemma.pdf>
- Duey, R., Huffman, A. and L. Johnston, 2009, Avoid Licensing Fraud: Oil companies that license non-exclusive geophysical data need to read their contracts carefully, E&P, Hart Energy Publishing, LP, <http://www.epmag.com/WebOnly2009/item41499.php>
- IAGS, 2009, Master Geophysical Non-Exclusive Data Use License,  
[http://www.iagc.org/attachments/contentmanagers/65/IAGC\\_Contract\\_Model2008MLA\\_VF\\_2009\\_03\\_05.pdf](http://www.iagc.org/attachments/contentmanagers/65/IAGC_Contract_Model2008MLA_VF_2009_03_05.pdf)