

SEITEL INC
Form 10-K/A
April 03, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K/A
Amendment No. 1

**FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

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

For the fiscal year ended December 31, 2001

OR

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

Commission File Number 0-14488

SEITEL, INC.

(Exact name of registrant as specified in charter)

Delaware

76-0025431

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification Number)

50 Briar Hollow Lane, 7th Floor West

Houston, Texas

77027

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code:

(713) 881-8900

Securities registered pursuant to Section 12(b) of the Act:

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<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.01	New York Stock Exchange; Toronto Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

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

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.

The aggregate market value of the voting stock held by non-affiliates of the registrant at March 28, 2002 was approximately \$225,707,442. On such date, the closing price of the Common Stock on the New York Stock Exchange was \$9.15 and there were a total of 25,075,350 shares of Common Stock outstanding.

Documents Incorporated by Reference:

<u>Document</u>	<u>Part</u>
Definitive Proxy Statement for 2002 Annual Stockholders Meeting	III

EXPLANATORY NOTE:

This Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2001 is being filed because, solely due to a transmission error, five pages that contained notes to the financial statements were not filed with the Annual Report on Form 10-K filed on April 2, 2002. This Amendment No. 1 contains all of the financial statements, including the five pages that were not filed on April 1, 2002; the remainder of the Form 10-K, including the financial statements filed herewith, filed on April 1, 2002 remains unchanged.

Signature

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report on Form 10-K/A, Amendment #1 to be signed on its behalf by the undersigned, thereunto duly authorized.

Seitel, Inc.

By: /s/ Paul A. Frame
Paul A. Frame
Chairman of the Board of
Directors
and President

ITEM 1. BUSINESS

General

Seitel, Inc. (the "Company") is a leading provider of seismic data and related geophysical services and expertise to the petroleum industry. The Company owns and licenses what it believes to be the largest nonproprietary onshore seismic data library in North America as well as one of the largest offshore seismic data libraries and initiates new seismic data through multi-client shoots with oil and gas companies.

Oil and gas companies consider seismic data an essential tool for finding hydrocarbons. By properly utilizing seismic data, oil and gas companies can significantly increase drilling success rates and reduce the occurrence of dry holes. By participating in multi-client surveys, oil and gas companies can obtain access to expensive surveys that they could not otherwise afford. Further, seismic data can increase recoveries of reserves from existing, mature oil fields by optimizing the drilling location of development wells and by revealing additional, or "step-out," locations that would not otherwise be apparent.

Since September 2000, the Company has been developing proprietary software, technology, and business methods (the "Solution") through its wholly owned subsidiary, Seitel Solutions, that will enable its clients to access and interact, via a standard web browser and the Internet, with the one petabyte of seismic data currently owned and marketed by Seitel. The Company opened a state-of-the-art data technology center in Houston, Texas on March 12, 2002, which will (i) run its Solutions offering; (ii) store its petabyte of seismic data; and (iii) provide a secure storage facility for its customers' seismic data and other intellectual property. The Company intends to open a second state-of-the-art data technology center in Calgary, Alberta, Canada in the second quarter of 2002.

The Company also explores for, finds, develops, produces and sells natural gas and oil through its Exploration and Production Group ("E&P Group").

Seitel is a Delaware corporation which was founded in 1982. Since that time, Seitel has engaged in the creation of 2D, 3D and 4C seismic databases and has acquired a large number of existing seismic data libraries. The company conducts its seismic activities principally through its wholly owned subsidiaries, Seitel Data, Ltd. and Olympic Seismic Ltd. (the "Seismic Data Group"), which have their principal offices in Houston, Texas and Calgary, Alberta Canada, respectively. The Company also has marketing offices in Denver, Colorado and New Orleans, Louisiana. Oil and gas exploration activities are conducted through the Company's E&P Group which has its principal office in Houston, Texas. See Note Q to the Company's Consolidated Financial Statements for financial information relating to industry segments.

Recent Developments

Restatement of Financial Statements

Under the direction of our new Chairman, and in accordance with the recent "cautionary advice" of the SEC to select

accounting policies that are not only reasoned, but provide investors with "full transparency" as to their effects, we have revised our revenue recognition policies for certain data licensing contracts. Historically, Seitel recognized revenue from the licensing of seismic data when it had a contract with its customer for a fixed sales price, a licensing agreement was in place, the seismic data was available for use by the customer, and collectibility of the sales price was reasonably assured. Under certain contracts, although a licensing agreement was in place, collectibility was reasonably assured, and access to the seismic data available was delivered to the customer, the customer was given time to select specific data from the data available to it to be held long-term under its licensing agreement. Under those contracts, delivery of data to the customer was, therefore, not required until a specific selection was made. In other cases, the customer was delivered seismic data to review and could select from among that data the specific data it wanted to hold long-term. With each of these types of contracts, specific data selections could be made over the term of the contract, which is typically two years. The accounting model described above has been consistently followed by the Company for these types of contracts and has also been followed by others in the seismic industry on similar types of data licensing contracts. This accounting model was not changed with the adoption of the Securities and Exchange Commission's Staff Accounting Bulletin No. 101 (SAB 101), "*Revenue Recognition in Financial Statements*," in October 2000, because the Company and its auditors determined the SAB 101 guidance did not suggest a change in accounting policy.

However, in February 2002, one of our industry colleagues announced a restatement of its 2000 financial statements for a change in accounting policy based upon SAB 101 for some of its seismic data licensing arrangements to recognize revenue upon selection of specific seismic data. In consideration of this industry change and upon further evaluation of SAB 101, the Company has determined that it is appropriate to adopt a more conservative approach to revenue recognition for the Company's data licensing contracts and to recognize revenue at the time of data selection. As a result, we have revised our 2000 and first through third quarter 2001 financial statements to adopt the selection method.

The financial statements also reflect revisions for the amount and timing of revenue recognized under certain data acquisition contracts. In 2000 and 2001, the Company entered into certain acquisition contracts under which the Company and the customer participated in the acquisition services. Under these arrangements, the Company did not assume the sole risk of service throughout the acquisition process. The Company recognized revenue under these contracts consistent with its revenue recognition policies for acquisition contracts. Under these contracts, the Company has now determined that revenue previously recognized for amounts funded by customers should be used to reduce the Company's recorded cost of creating the seismic data. The Company continues to have sole ownership of the newly created data.

While the above revisions reduced reported revenue and net income for the nine months ended September 30, 2001, and the year ended December 31, 2000, they had no effect on the cash received by the Company during those periods.

As a result of the foregoing revisions to our financial statements, we will also be amending other Securities and Exchange Commission filings to reflect the revisions to our quarterly and annual results in 2000 and the first through third quarters of 2001. Our previously filed financial statements and announced earnings for those periods should not be relied on.

Description of Operating Groups

Seismic Data Group

The Company's Seismic Data Group markets licenses to seismic data from its library to the oil and gas industry. The Company's data library includes two-dimensional ("2D"), three-dimensional ("3D") and multi-component data, in both the onshore and offshore segments. The Company has a strong market position in the United States and Canadian markets because of its ownership in 1.1 million linear miles of two-dimensional and 26,000 square miles of three-dimensional seismic data. Revenue from the Seismic Data Group and their percentage of total revenue for the years ended December 31, 2001, 2000 and 1999 were \$115,238,000 (85%), \$113,887,000 (82%) and \$109,671,000 (85%), respectively.

The Seismic Data Group actively markets data from its library for resale under non-exclusive, non-transferable license agreements using an aggressive marketing strategy combined with geophysical expertise. The Company's customers may not assign or transfer a seismic data license. In the event of a merger or acquisition of an existing customer, the surviving entity generally must pay a fee to relicense any data it wants to continue to use. The Company's marketing philosophy is that seismic data must be sold actively as opposed to waiting passively for customer purchases. The Seismic Data Group has a team of dedicated marketing specialists who maximize license sales opportunities by monitoring petroleum industry exploration and development activities through close interaction with oil and gas companies on a daily basis.

The Seismic Data Group initiates new data surveys utilizing the multi-client approach. Within the seismic industry, there are two types of data initiation: data acquired with underwriter commitments and data acquired in a speculative shoot. The Company does not perform high-risk speculative data initiation because it believes that would create unacceptable financial risk. The Company utilizes the multi-client underwriting approach in which generally at least 65 to 75 percent of the cost of the survey has been underwritten through license sales for the data to be created before the data initiation occurs. In addition, Seitel employs a group of experienced geoscientists who design seismic programs and manage the field acquisition and data processing centers for our clients to assure customer satisfaction.

The Company's data library is concentrated primarily in the major North American oil and gas producing areas. The main areas of focus include the onshore, offshore and transition zone of the U.S. Gulf of Mexico extending from Texas to Florida, onshore East Texas and the Rocky Mountain region. In addition, the Company's international seismic surveys are concentrated in Western Canada and the Continental Shelf offshore the United Kingdom and Ireland.

Three-dimensional seismic data provides a graphic depiction of the earth's subsurface from two horizontal dimensions and one vertical dimension, rendering a more detailed picture than 2D data, which presents a cross-sectional view from one vertical and one horizontal dimension. The more comprehensive geophysical information provided by 3D surveys significantly enhances an interpreter's ability to evaluate the probability of the existence and location of oil and gas deposits. The proper use of 3D surveys can significantly increase drilling success rates and, correspondingly, significantly lower exploration and development finding costs. However, the cost to create 3D seismic data is significantly more than the cost to create 2D seismic data, particularly for onshore data. As a result, 2D data remains economically more efficient for preliminary, broad-scale exploration evaluation as well as in determining the location and design of 3D surveys. The 3D surveys can then be used for more site-specific analysis to maximize actual drilling potential and success.

The Company has expanded its seismic activities to include multi-component data, primarily 3D/4-C data. In a standard 3D seismic survey, the reflections of only pressure waves are measured and recorded. A 3D/4-C survey measures and records not only pressure waves but also shear waves. Pressure waves are affected by the fluids in rock formation, whereas shear waves are not. By measuring and recording both pressure waves and shear waves, a 3D/4-C survey can improve analysis of rock formations.

Seitel Solutions

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Since September 2000, the Company has been developing proprietary software, technology, and business methods (the "Solution") that will enable its clients to access and interact, via a standard web browser and the Internet, with its seismic data library. During 2000, the Company acquired the rights to certain software that aided in the development of the Solution; and during 2001, the Company continued to develop the Solution. On March 12, 2002, the Company opened a state-of-the-art data technology center in Houston, Texas. In the second quarter of 2002, the Company intends to open a second state-of-the-art data technology center in Calgary, Alberta, Canada.

Through Seitel Solutions' data technology centers, the Company will be able to offer the following services: (1) online licensing of seismic data and oil and gas attribute products; (2) licensing of software; (3) hosted services on the internet; (4) turnkey/enterprise installations on third party premises; (5) data storage and management services; and (6) data management consulting services. The Company believes that these expanded services create new market opportunities in the U.S., Canada and other international markets.

The E&P Group

The E&P Group engages in the exploration for and production of oil and gas. The E&P Group participates in these projects as a working interest owner, sharing costs and revenue of oil and gas exploration and production projects with other oil and gas companies. The E&P Group consists of a team of professionals with average industry experience of over 20 years. The E&P Group's expertise covers all core areas of exploration and production including geology, geophysics, land, engineering and operations. The E&P Group's goal is to leverage their experience along with certain proprietary and non-proprietary assets into a significant portfolio of oil and gas reserves. Revenue from the E&P Group and their percentage of total revenue for the years ended December 31, 2001, 2000 and 1999 totaled \$21,091,000 (15%), \$24,435,000 (18%) and \$19,036,000 (15%), respectively.

In November 1999, the Company filed a registration statement with the Securities and Exchange Commission ("SEC") to accomplish the spin-off of DDD Energy through an initial public offering. The proposed offering was delayed due to market conditions and management changes.

Customers

The Company markets its seismic data to major and independent oil and gas companies. The Company generally markets its quantities of oil and gas to numerous purchasers through the operators of its oil and gas properties. During 2001, 2000 and 1999, no one customer accounted for more than 10% of the Company's revenue. The Company does not believe that the loss of any single customer would have a material adverse impact on its seismic or oil and gas business.

Competition

The creation and licensing of seismic data are highly competitive. There are a number of independent oil-service companies that create and market data, and numerous oil and gas companies create seismic data and maintain their own seismic data libraries which they offer for licensing. The Company's largest competitors, most of whom are engaged in acquiring seismic data as well as maintaining a data library, are: Petroleum Geo-Services, Schlumberger, TGS Nopec, Veritas DGC and Compagnie

Generale de Geophysique. The Company has positioned itself to take advantage of the increased outsourcing trend by exploration and production companies for their seismic data services. In addition, the Company believes it can compete favorably because of the breadth of its data library, the expertise of its marketing staff and the technical proficiency and exploration experience of its geoscientists. These resources enable the Company to provide high-quality service and to create and market high-grade data which enhances explorationists' success in finding hydrocarbons.

In the oil and gas exploration and production business, there are numerous exploration and production companies competing for the acquisition of mineral properties.

Seasonality and Timing Factors

The Company's results of operations can fluctuate from quarter to quarter. The fluctuations are caused by a number of factors.

With respect to seismic licensing revenue, the Company's results are influenced by oil and gas industry capital expenditure budgets and spending patterns. These budgets are not necessarily spent in either equal or progressive increments during the year, with spending patterns affected by individual oil and gas company requirements as well as industry-wide conditions. In addition, the Company's revenue recognition policy under certain data licensing contracts is dependent upon when the customer selects the data. As a result, the Company's seismic data revenue does not necessarily flow evenly or progressively on a sequential quarterly basis during the year. In addition, certain weather-related events may delay the creation of seismic data for the Company's library during any given quarter. Although the majority of the Company's seismic resales are under \$500,000 per sale, occasionally a single data resale from the Company's library, including those resulting from the merger and acquisition of the Company's oil and gas company customers, can be as large as \$5 million or more. Such large resales can materially impact the Company's results during the quarter in which they occur, creating an impression of a trend of increasing revenue that may not be achieved in subsequent periods.

Due to the high percentage of gas reserves in the Company's portfolio and the variability in gas prices, the Company's results from its oil and gas operations are subject to significant fluctuations. The Company's oil and gas exploration and production operations also can be impacted by certain weather-related events as well as by mechanical and equipment problems or shortages and other factors, which may delay the hookup of successfully completed wells and delay the resultant production revenue. In addition, some producing wells may be required to go off line periodically for pipeline and other maintenance.

Employees

As of December 31, 2001, the Company and its subsidiaries had 188 full-time employees. None of the Company's employees are covered by collective bargaining agreements.

Other

The Company is not dependent on any particular raw materials, patents, trademarks or copyrights for its business operations.

The following table gives an overview of the structure of the Company. All subsidiaries are directly or indirectly wholly owned unless separately noted.

<u>NAME OF SUBSIDIARY</u>	<u>INCORPORATED IN</u>
** African Geophysical, Inc.	Cayman Islands
** Alternative Communication Enterprises, Inc.	Texas
Datatel, Inc.	Delaware
DDD Energy, Inc.	Delaware
** EHI Holdings, Inc.	Delaware
Endeavor Exploration LLC	Delaware
Energy Venture Holdings LLC	Delaware
** Exsol, Inc.	Delaware
** Geo-Bank, Inc.	Texas
Matrix Geophysical, Inc.	Delaware
Olympic Seismic Ltd.	Alberta, Canada
SEIC, Inc.	Delaware
SEIC Business Trust	Canadian business trust
SEIC Holdings Ltd.	Alberta, Canada
SEIC L.L.C.	Delaware
SEIC Partners Limited Partnership	Alberta, Canada limited partnership
SEIC Trust Administration, Ltd.	Alberta, Canada
Seitel Canada Holdings, Inc.	Delaware
Seitel Canada, L.L.C.	Delaware
Seitel Data Corp.	Delaware
Seitel Data, Ltd.	Texas limited partnership
Seitel Delaware, Inc.	Delaware
** Seitel Gas & Energy Corp.	Delaware
** Seitel Geophysical, Inc.	Delaware
Seitel IP Holdings, LLC	Delaware
Seitel International, Inc.	Cayman Islands
Seitel Management, Inc.	Delaware
** Seitel Natural Gas, Inc.	Delaware
Seitel Offshore Corp.	Delaware
** Seitel Power Corp.	Delaware
Seitel Solutions Canada Ltd.	Alberta, Canada
Seitel Solutions, Inc.	Delaware
Seitel Solutions, L.L.C.	Delaware
Seitel Solutions, Ltd.	Texas limited partnership
Seitel Solutions Holdings, LLC	Delaware
SI Holdings, G.P.	Delaware
Seitel International, CV	Netherlands
** Vision Energy, Inc.	Delaware ⁽¹⁾
818312 Alberta Ltd.	Alberta, Canada

(1)Seitel, Inc. owns 19%
 **Dormant

ITEM 2. PROPERTIES

The Company leases office and warehouse space principally in Houston and Calgary. The Company also owns warehouse space in Calgary. The size and condition of the spaces are appropriate for the Company's business.

The Company, through its E&P Group, participates in oil and gas exploration and development efforts. For estimates of the Company's net proved and proved developed oil and gas reserves as of December 31, 2001, see Note S to the Company's Consolidated Financial Statements. There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures, including many factors beyond the control of the producer. The reserve data set forth in Note S to the Company's Consolidated Financial statements represents only estimates. Reservoir engineering is a subjective process of estimating underground accumulations of natural gas and liquids, including crude oil, condensate and natural gas liquids that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of the amount and quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different engineers normally vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities ultimately recovered. The meaningfulness of such estimates is highly dependent upon the accuracy of the assumptions upon which they were based.

In general, the volume of production from oil and gas properties owned by the Company declines as reserves are depleted. Except to the extent that the Company acquires additional properties containing proved reserves or conducts successful exploration and development activities, or both, the proved reserves of the Company will decline as reserves are produced. Volumes generated from future activities of the Company are therefore highly dependent upon the level of success in finding or acquiring additional reserves and the costs incurred in so doing.

The following table sets forth the number of productive oil and gas wells (including producing wells and wells capable of production) in which the Company owned an interest as of December 31, 2001. Gross oil and gas wells include five with multiple completions. All of the wells are operated by the Company's oil and gas company partners. A "gross" well is a well in which the Company owns a working interest. "Net" wells refer to the sum of the fractional working interests owned by the Company in gross wells.

	<u>Gross Wells</u>	<u>Net Wells</u>
Oil	13	3.11
Gas	58	15.57

The following table sets forth the number of net wells drilled in the last three fiscal years and in which the Company participated.

Exploratory	Development
-------------	-------------

	<u>Productive</u>	<u>Dry</u>	<u>Total</u>	<u>Productive</u>	<u>Dry</u>	<u>Total</u>
<u>2001</u>						
Texas	.20	.15	.35	.67	.21	.88
Mississippi	2.80	-	2.80	-	-	-
Louisiana	.25	.25	.50	.33	-	.33
California	2.80	.13	2.93	-	-	-
<u>2000</u>						
Texas	1.78	.25	2.03	1.24	-	1.24
Mississippi	.80	.40	1.20	-	-	-
Louisiana	-	.49	.49	-	-	-
California	2.33	.48	2.81	-	-	-
<u>1999</u>						
Texas	1.14	.28	1.42	1.09	-	1.09
Louisiana	.52	-	.52	-	-	-
California	.30	-	.30	-	-	-

As of December 31, 2001, the Company was not participating in the drilling of any wells.

The following table sets forth certain information regarding the Company's developed and undeveloped lease acreage as of December 31, 2001. "Gross" acres refer to the number of acres in which the Company owns a working interest. "Net" acres refer to the sum of the fractional working interests owned by the Company in gross acres.

	<u>Developed Acres</u>		<u>Undeveloped Acres</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
California	8,836	2,437	95,810	30,181
Louisiana	3,887	940	12,163	3,153
Michigan	320	90	0	0
Offshore	0	0	7,456	4,576
Texas	12,394	3,717	27,168	7,488
Total	25,437	7,184	142,597	45,398

The following table describes for each of the last three fiscal years, crude oil (including condensate and natural gas liquids) and natural gas production for the Company, average production costs and average sales prices. All such production primarily comes from the U.S. Gulf Coast region and California. The Company has not filed any different

estimates of its December 31, 2001 reserves with any federal agencies.

Year Ended December 31,	Net Production		Average Production Cost per Mcfe	Average Sales Price	
	Oil (Mbbls)	Gas (Mmcf)		Oil (Bbls)	Gas (Mcf)
2001	278	3,157	\$.88	\$21.73	\$4.74
2000	303	4,390	.78	27.09	3.65
1999	346	5,693	.61	16.35	2.28

ITEM 3. LEGAL PROCEEDINGS

The Company is involved from time to time in ordinary, routine claims and lawsuits incidental to its business. In the opinion of management, uninsured losses, if any, resulting from the ultimate resolution of these matters should not be material to the Company's financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth fiscal quarter of 2001.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is traded on the New York Stock Exchange which is the Company's principal exchange. The Company's Common Stock is also traded on the Toronto Stock Exchange. The following table sets forth the high and low sales prices for the Common Stock for 2001 and 2000 as reported by the New York Stock Exchange.

	2001		2000	
	High	Low	High	Low
First Quarter	\$ 22.72	\$ 16.29	\$ 9.63	\$ 6.50
Second Quarter	20.16	13.03	9.50	5.88
Third Quarter	14.36	8.89	16.38	7.06

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Fourth Quarter 14.20 9.55 19.75 13.25

On March 28, 2002, the closing price for the Common Stock was \$9.15. To the best of the Company's knowledge, there are approximately 903 record holders of the Company's Common Stock as of March 28, 2002.

Dividend Policy

The Company did not pay cash dividends during 2001 or 2000, and it intends to retain future earnings in order to provide funds for use in the operation and expansion of its business. Because the payment of dividends is dependent upon earnings, capital requirements, financial conditions, any required consents of lenders and other factors, there is no assurance that dividends, whether in the form of stock or cash, will be paid in the future.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA (in thousands, except per share data)

The following table summarizes certain historical consolidated financial data of the Company and is qualified in its entirety by the more detailed consolidated financial statements and notes thereto included in Item 8 hereof.

	Year Ended December 31,				
Statement of Operations Data:	2001	2000	1999	1998	1997
		(Restated			
)			
Revenue ⁽¹⁾	\$ 136,329	\$ 138,322	\$ 128,707	\$ 144,857	\$ 127,556
Expenses and costs:					
Depreciation, depletion and amortization	60,713	62,897	59,624	69,890	49,679
Impairment of oil and gas properties	40,433	-	-	-	9,560
Cost of sales	5,465	5,570	5,016	4,874	17,953
Selling, general and administrative	38,093	33,131	28,587	26,599	23,043
Expenses related to delayed DDD Energy, Inc. offering	-	958	-	-	-
Restructuring charge	-	4,394	-	-	-
	144,704	106,950	93,227	101,363	100,235
(Loss) income from operations	(8,375)	31,372	35,480	43,494	27,321

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Interest expense, net	(13,102)	(12,106)	(11,077)	(5,540)	(3,554)
Dividend income	-	22	-	-	-
Equity in earnings (loss) of affiliate	-	-	(91)	222	146
Impairment due to dividend distribution of affiliate stock	-	-	(7,794)	-	-
Gain on sale of subsidiary stock	-	-	-	-	18,449
Increase (decrease) in under- lying equity of affiliate	-	-	-	(193)	10,750
Extinguishment of volumetric production payment	-	-	-	-	(4,133)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>