

HALL FAMILY STOCK OWNERSHIP: MAY 1984
G GIFT TO H. TRACY HALL JR. MAY 1984

	SHARES APR 84	GIFT TO TRACY JR. MAY 1984	SHARES AFTER GIFT	% OF MEGA	\$ a 8,000,000	\$ a 10,000,000
H. TRACY HALL SR.	8,600		8,600	2.7	214,571	268,214
IDA ROSE HALL	8,500		8,500	2.7	212,076	265,095
TOTAL:	17,100	0	17,100	5.3	426,647	533,308
SHERLENE HALL BARTHOLOMEW	4,160	416	3,744	1.2	93,413	116,766
DANIEL RAY BARTHOLOMEW	2,000	200	1,800	0.6	44,910	56,138
SHERLENE HALL BARTHOLOMEW AS CUSTODIAN FOR DANIEL HALL BARTHOLOMEW	600	60	540	0.2	13,473	16,841
SHERLENE HALL BARTHOLOMEW AS CUSTODIAN FOR LAURA BARTHOLOMEW	600	60	540	0.2	13,473	16,841
TOTAL:	7,360	736	6,624	2.1	165,269	206,587
TRACY HALL JR.	3,650	(5,741)	9,391	2.9	234,306	292,883
ELIZABETH HUNTINGTON HALL	2,000	200	1,800	0.6	44,910	56,138
H. TRACY HALL JR. AS CUSTODIAN FOR HUNTINGTON TRACY HALL	600	60	540	0.2	13,473	16,841
H. TRACY HALL JR. AS CUSTODIAN FOR ZINA HALL	600	60	540	0.2	13,473	16,841
H. TRACY HALL JR. AS CUSTODIAN FOR MARY HALL	600	60	540	0.2	13,473	16,841
H. TRACY HALL JR. AS CUSTODIAN FOR ROBERT LANGFORD HALL	600	60	540	0.2	13,473	16,841
H. TRACY HALL JR. AS CUSTODIAN FOR SUSANNA HALL	600	60	540	0.2	13,473	16,841
H. TRACY HALL JR. AS CUSTODIAN FOR RICHARD ALEXANDER HALL	600	60	540	0.2	13,473	16,841
H. TRACY HALL JR. AS CUSTODIAN FOR ELIZABETH HALL	600	60	540	0.2	13,473	16,841
H. TRACY HALL JR. AS CUSTODIAN FOR ANTHONY RONDOT HALL	600	60	540	0.2	13,473	16,841
H. TRACY HALL JR. AS CUSTODIAN FOR SPENCER WILLIAM ROY HALL	600	60	540	0.2	13,473	16,841
TOTAL:	11,050	740	16,051	5.0	400,474	500,593
DAVID R. HALL (600 NANCY, 350 TRACY)	5,350	535	4,815	1.5	120,135	150,168
KAREN VANDYKE HALL	2,000	200	1,800	0.6	44,910	56,138
DAVID RICHARD HALL AS CUSTODIAN FOR MARK DAVID HALL	600	60	540	0.2	13,473	16,841
DAVID RICHARD HALL AS CUSTODIAN FOR STEPHEN RANDALL HALL	600	60	540	0.2	13,473	16,841
DAVID RICHARD HALL AS CUSTODIAN FOR MICHAEL ALLEN HALL	600	60	540	0.2	13,473	16,841
DAVID RICHARD HALL AS CUSTODIAN FOR EMILY HALL	600	60	540	0.2	13,473	16,841
DAVID RICHARD HALL AS CUSTODIAN FOR BARBARA HALL	600	60	540	0.2	13,473	16,841
TOTAL:	10,350	1,035	9,315	2.9	232,410	290,513
ELIZABETH HALL NEIL	4,400	440	3,960	1.2	98,802	123,503
JOHN MARTIN NEIL	2,000	200	1,800	0.6	44,910	56,138
ELIZABETH HALL NEIL AS CUSTODIAN FOR GREGORY SCOTT NEIL	600	60	540	0.2	13,473	16,841
ELIZABETH HALL NEIL AS CUSTODIAN FOR EMILY NEIL	600	60	540	0.2	13,473	16,841
ELIZABETH HALL NEIL AS CUSTODIAN FOR ERIN TRACIE NEIL	600	60	540	0.2	13,473	16,841
ELIZABETH HALL NEIL AS CUSTODIAN FOR JOHN PATRICK NEIL	600	60	540	0.2	13,473	16,841
TOTAL:	8,800	880	7,920	2.5	197,605	247,006
VIRGINIA HALL WOOD	4,400	440	3,960	1.2	98,802	123,503
BARRY DEWAYNE WOOD	2,000	200	1,800	0.6	44,910	56,138
VIRGINIA HALL WOOD AS CUSTODIAN FOR NATHAN SPENCER WOOD	600	60	540	0.2	13,473	16,841
VIRGINIA HALL WOOD AS CUSTODIAN FOR WARREN TRACY WOOD	600	60	540	0.2	13,473	16,841
VIRGINIA HALL WOOD AS CUSTODIAN FOR JONATHAN WESLEY WOOD	600	60	540	0.2	13,473	16,841
VIRGINIA HALL WOOD AS CUSTODIAN FOR SARAH ELIZABETH WOOD	600	60	540	0.2	13,473	16,841
TOTAL:	8,800	880	7,920	2.5	197,605	247,006
CHARLOTTE HALL WEIGHT	4,400	440	3,960	1.2	98,802	123,503
BRYAN YOUNG WEIGHT	2,000	200	1,800	0.6	44,910	56,138
CHARLOTTE HALL AS CUSTODIAN FOR SARAH WEIGHT	600	60	540	0.2	13,473	16,841
CHARLOTTE HALL AS CUSTODIAN FOR HANNAH WEIGHT	600	60	540	0.2	13,473	16,841
CHARLOTTE HALL AS CUSTODIAN FOR HYRUM ROBERT WEIGHT	600	60	540	0.2	13,473	16,841
TOTAL:	8,200	820	7,380	2.3	184,132	230,165
NANCY HALL MECHAN	3,300	330	2,970	0.9	74,102	92,627
DOUGLAS ALLEN MECHAN	2,000	200	1,800	0.6	44,910	56,138
NANCY HALL MECHAN AS CUSTODIAN FOR CARLI ANNE MECHAN	600	60	540	0.2	13,473	16,841
NANCY HALL MECHAN AS CUSTODIAN FOR CHELSEY KAE MECHAN	600	60	540	0.2	13,473	16,841
TOTAL:	6,500	650	5,850	1.8	145,958	182,448
DAVID R. HALL STOCK FROM MEGA.. BONUSES (1000 +3000)	4,000		4,000	1.2	99,800	124,750
DAVID R. HALL STOCK (DND SOLD TO NEW OWNER FOR 5% OF MEGA(320640))	16,032		16,032	5.0	400,000	500,000
TOTAL FAMILY STOCK:	98,192	5,741	98,192	30.6	2,449,900	3,062,375

DAVID HALL, GENERAL MANAGER, MEGADIAMOND INDUSTRIES, INC., 275 WEST 2230 NORTH, PROVO, UTAH 84064 800-453-1370

May 12, 1984

Dear Family,

Negotiations with Smith International are going well. We expect to reach an agreement within the next 6 weeks and to complete the deal within 4 months.

Other companies are still interested and we continue to work with them. Smith is the best possibility so far.

They will keep Megadiamond independent but have a division that concentrates on Smith products which I will head and another which will concentrate on outside markets which Duane will head. Tracy and Dad will work in my division.

I have enclosed a schedule showing each of you how much stock you have, what we will be gifting to Tracy Jr., and how much we will each have if the company sells for \$8 million or \$10 Million.

Smith will be purchasing my drilling application company which I started when I moved to Provo in 1976 and which I have continued to work with until now. Purchase price for DHD will be 5% of the total deal with Megadiamond. I have also received stock option instead of cash bonuses over the years and I will be turning these options in at the time of the sale.

I have not yet figured out if it is best to make the gift to Tracy prior to the merger or after or exactly the best way to do it. At any rate, we all agree with the idea. I'll let you know more details later.

Love, David