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A PROFESSIONAL CORPORATION

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SHEEKS & RAWLINS 1875  
RAWLINS & CRITCHLOW 1891  
RAWLINS, THURMAN, WEDGEWOOD & HURD 1897  
RAWLINS, RAY & RAWLINS 1907  
INGEBRETSEN, RAY & RAWLINS 1929  
INGEBRETSEN, RAY, RAWLINS & CHRISTENSEN 1941  
INGEBRETSEN, RAY, RAWLINS & JONES 1948  
RAY, RAWLINS, JONES & HENDERSON 1949

June 5, 1989

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IN REPLY REFER TO:

Salt Lake City

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† REGISTERED PATENT ATTORNEY  
‡ ADMITTED IN TEXAS AND IDAHO ONLY  
§ ADMITTED IN VIRGINIA

Ida Rose Hall  
1711 North Lambert Lane  
Provo, UT 84601

Re: Retainer Agreement

Dear Ida:

We are pleased that you have requested our firm to represent you in the above-referenced matter. Our understanding of the scope of this representation is that we will initiate and prosecute an action against Smith International, Inc. ("Smith"), or any division or related entity, for claims you may have, as a former shareholder of Megadiamond Industries, Inc. ("Megadiamond"), which has arisen out of the sale of Megadiamond to Smith.

The firm will establish a new billing account against which the firm's fees and costs will be assessed. The firm will maintain detailed records of time spent by each attorney and paralegal in rendering services. Charges will be determined at the firm's established hourly rate. Bill Bohling's present hourly rate is \$150.00 and Jeff Walker's present hourly rate is \$80.00. The firm's established hourly rates are adjusted from time to time to reflect economic conditions.

In addition to attorney's fees, you will also be responsible for accompanying costs, if any, which are incurred

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with respect to this representation. Costs include telephone tolls, copying costs, postage, travel expenses, filing fees and deposition expenses. Also, when the firm's computer research terminals, LEXIS or WESTLAW, are used, the firm computer research charges, together with an overhead assessment equal to 26 percent of the computer research charge, will be imposed.

Because all the claims that the participating former shareholders of Megadiamond may assert against Smith will be handled in concert, you will only be held responsible for a portion of these fees and costs. Your proportionate share will be in direct relation to the number of Megadiamond shares you sold to Smith in 1984, compared to the total number of Megadiamond shares sold by all the participating shareholders in the above-referenced matter. Similarly, any recovery made as a result of our representation in the above-referenced matter, will be distributed in the same manner. Our records indicate that you sold 8,500 shares of Megadiamond stock to Smith in 1984 or approximately 2.821820% of the total shares.

It has been estimated that this matter will not likely generate legal fees and costs in excess of \$40,000. As a result, if all former Megadiamond shareholders participate, your pro rata portion will be \$1,128.73. It will increase, of course, if some shareholders elect not to participate. Once this money is paid, it will be placed in an interest bearing trust account against which all legal fees and costs will be charged. In addition, the firm will send a monthly statement to the chairman of the Oversight Committee, which is discussed below. The statement will include the total monthly fees and costs. At the conclusion of this matter, any funds which may be remaining in the trust account will be returned to each participating shareholder based upon his or her pro rata contribution. In the event that legal fees and costs exceed the amount in the trust account, you will only be responsible for your pro rata share. Of this amount, the firm will expect payment upon receipt of each statement. Should payment not be reached in thirty (30) days of the date of the statement, interest will be charge on the unpaid balance at twelve percent (12%) per annum.

In the event it becomes necessary to enforce the terms hereto, you will be required to pay collection costs and attorneys' fees.

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We appreciate the opportunity to represent you, and we trust that this letter adequately outlines the scope and terms of our representation.

Very truly yours,

\_\_\_\_\_  
William B. Bohling

\_\_\_\_\_  
Jeffrey N. Walker

I have read the above letter and agree to the terms thereof this \_\_\_ day of \_\_\_\_\_, 1989.

jnw 16/sa

By \_\_\_\_\_