

9-3-08 Interview with David

Tracy's business, Bill Pope, Duane Horton, David, Novatek, etc....

Bill Pope, Duane Horton, and Tracy Hall all worked at the High Pressure Lab at BYU. Tracy was director of this lab as well as being head of research for the whole university. They had sponsorships from NSF, DuPont, Carnegie, etc...

Dean Barnett also worked there, interview him. Dean was the Bishop of the ward after Tracy was.

Tracy had PPP and H. Tracy Hall Consulting already going and was building presses when Duane and Bill approached Tracy to start a company. Duane had read about a business in a newspaper and Bill said "Lets form a company. Let's go talk to Tracy." Over time it became a real company. At the same time, these men had already been rejected a nice new building by BYU. Part of their reason from going external to BYU is because they didn't get too much support from BYU.

The ended up have to bring in diamond distributors from New York. Megadiamond Industries Inc., was started. It was owned by the Jollis Brothers from New York, two Jewish diamond dealers. They started putting money in for sponsoring research but they had all the rights to distribution.

Then they started DBT (Duane Bill Tracy?) Partnership. That did diamond grit. We getting some distributions from that but also have tax consequences. They had to keep that separate from Megadiamond, so there were two different companies in the same building.

Then they started Megadiamond Corporation and did some other things. That's when my dad came up the "Megadiamond" thing. Megadiamond as a product was announced September 23, 1970. This is the same day David's wife died. May have been the day after. In the same paper there were headlines announcing Megadiamond and Donna's obituary. The announcement of diamond came on my birthday anyways. February 15, 1955 was the day. My parents forgot my birthday.

Supercut was a diamond wheel company. Arthur Frigo was the president. Bill Pope was the president of Megadiamond. Burt Jollis was the president of Megadiamond Industries. Duane was the partner over DBT. My dad somehow owned all of these things. David came along from back east, having looked upon this externally for a long time. I was talking about it with my dad one day and he was so frustrated with it all. He just turned it all over to me. He said, "You figure it out and do it." Tracy always had 51 percent. But with partnerships and stuff the percentage wasn't exactly 51. So it wasn't easy for me to take over. I had to work with Duane carefully and with Doug and other owners to finally get it all together and merged into one company. That's what I did for two years. In that whole process Bill lost his job. His son Lewis was the general manager of the plant. I never fired Lewis. He claims I did. He just quit and took off because he saw an

opportunity to set up a different company where he owned it all. Bill was out of office but was still on the board, coming to board meetings. The board was composed of Dick Stratburg, who was the president of the LA Temple. Also had Burt Jollis, a diamond distributor. Also had Merrill Bateman who was chairman of the Business at BYU and is now Temple President, and later a Seventy. Bill Pope, who I think was a Bishop at the time. My dad was a Bishop at the time. So there were all these Mormon guys fighting each other.

Art Frigo was made president of Megadiamond, I was the General Manager under the newly formed "Megadiamond." Lewis took off and started US Synthetic. Duane and I went and found some of his drawings in a dumpster and find out he's copying our press. We brought this information back to the board and they said "Sue the Flipper." We bring a lawyer in, they tell us it's a cheap 25k case. Open shut, shut them down like crazy. Well the lawyers were stupid. \$750,000 in law fees later we settled with the popes by paying them money for their shares. That money helped set up US Synthetic. I'm really the founder of US Synthetic, but Bill would never say anything like that. It was founded over squabbles, and Lewis seeing an opportunity jumped ship. Now it was a lot tougher than Lewis thought. The thing that saved him was his dad getting the money from Megadiamond for his shares, and then his dad funding the company. US Synthetic never made it on grit at all. What saved them was me selling Megadiamond. Then my brother and I helped Lewis learn how to make polycrystalline diamond in return for press time. They had presses and we needed presses because we had sold Megadiamond and a couple years later I quit. In return for press time we showed them how to make good polycrystalline diamond. There have been a few suits between here and there. I owed them some money and couldn't pay, so they sued me. I said, "Look you guys told me I'd get these runs free, what are you charging me for? We showed you how to do all this stuff when you set up the company." That was all lost in management. They started to be real successful and got cocky and tried to shut me down.

Another connection is Lewis and I were in high school together. After our missions, Lewis got married real quick. He was kind of waffling, his parents wanted him to be a doctor or lawyer, and I convinced him to be a mechanical engineer, so that's what made him capable to go into Megadiamond. He was a Megadiamond employee before me. My dad would never hire, but Bill would hire his son. So I went back to work for Ingersoll-Rand.

Duane's brother, Brent, also worked there. **Gary Peterson** needs to be interviewed. He works at Novatek.

Read Hazen's book.

Bill and Duane and Leo each need to tell you how they knew Tracy. There are many interconnections. Once my brother Tracy showed Lewis how to make good diamond then he was able to get good customers and take off. Megadiamond was then tied up by Smith. That meant that if US Synthetic got out of grit and went into drilling could really make a

good product. Their “Terra Cut” product was no good, they’d been working on it for years and years. Tracy showed them good “canning techniques.” They’d never admit it.

The way the companies in town got into drilling was totally because of me. I got exposed to drilling on my mission. I tried to get my dad interested while I was on my mission. He just told me to get back to work. When I got home I tried to get him interested in doing it. They weren’t interested because they were making money with grit. Diamond grit is used for grinding glass, grinding carbide, cutting concrete. Grit is a single piece of diamond. Diamond for drilling is polycrystalline diamond put together in inserts. What happened was most of the Chinese came into grit and the prices dropped, that’s why US Synthetic was just about bankrupt. So I had to convert Megadiamond from grit to drilling over their dead bodies. I had to force them into it. My experience at Ingersoll-Rand convinced me that drilling was where it was at. I came out with my director of research to Bill Pope, Duane Horton, and my dad to try to convince them to do drilling diamond. We would even sponsor it. They were making money on grit and so didn’t care. So we went to General Electric. Did the first drilling testing for GE at Ingersoll Rand on a BTL similar to back here, and got the drilling industry going. This is 1972. You’ll notice that that’s when the industry started. When I came back and took control of Megadiamond with Arthur Frigo they were still doing just grit. They were not doing much polycrystalline diamond even though that’s what they were named after. I had to wean them from grit to get to go to drilling, and then we sold it to Smith before it really took off. That tied Megadiamond up and opened the door for US Synthetic. David became general manager of Megadiamond. 1976 was when I took over the shares of Megadiamond from my dad.

But in doing all this I created a competitor, too. Megadiamond and US Synthetic are still good companies. USS is much bigger, because they’ve been more successful. Megadiamond is captured for just Smith, where USS sells to everybody. Everybody came out good. Bill came out rich, he wouldn’t have been that rich if he’d have stayed at Megadiamond.

My dad’s role in the whole industry is founder of the diamond industry. Bill and Lewis have a bigger role in the growth of the industry. David’s role is the catalyst behind all the ideas. I’m the one who brought drilling and coordinated drilling and all together. US Synthetic, Megadiamond, and Reed are the big boys in oil and gas. E6 is now coming on pretty good and giving US Synthetic some competition.

You have to learn about the industry before you go into the interviews.

Where Novatek fits in now is we’re the innovation. We’re leading the industry into the brand new areas. We’re the innovators, change agents. Everybody has their different roles. Even though that was a hard fight to go through, and everybody felt bad about it, it actually ended up good for everybody. If everybody stayed at Megadiamond, it would have been a lot smaller.

Precor is a spinoff of USS. 3M was a spinoff, Western Dyne is spinoff from us. Reed-Hycalog is a spinoff from Novatek as well. The big 3M company was into diamond.

Duane Horton has a diamond plating company. He's still in diamond as well. He's makes a living plating diamond. Duane worked at Megadiamond longer than anybody, even after Smith bought it.

Dad's book has got to tell the whole story, everything I've been talking about.

Lewis and Bill are thinking about doing a book about USS.

I view Bill as a manipulator and that's why there were so many companies. I wanted to get it together.

Bill could also claim that the routes of those ideas came from Christensen Diamond, but CD was primarily natural diamond bits. They never got big on PCD bits. I brought the director of research out and they weren't interested. So we went to GE and GE led the industry for years, and Megadiamond followed. When we went o GE all they had was a tooling insert for turning silicon aluminum, stuff like that. We took their existing insert and tried to make it work on rock, didn't quite work. Pretty soon they formed a group to make it a product, but couldn't ever sell the product to the bit companies. The guy that ran that whole thing, Malyn Dennis, jumped ship and started a company called Stratta Bit. He made the bits work, launched the industry. He was another guy that had to jump ship to launch it off. People then started copying it and then pretty soon the whole industry adopted it. GE eventually just didn't pay attention to it because they had too many other things going on, and that gave Megadiamond and USS an opportunity. If they'd paid attention and E6 there would have never been a USS.

Everybody still uses the belt except for China. The belt is bigger now but is used mostly for grit. Cubic presses are used for PCD. Novatek is pushing the technology for Cubic presses. It's been painful but the presses are getting better and better.