

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
(EASTERN DIVISION)

In re: ) Case No. 02-08699  
) (Jointly Administered)  
NATIONAL STEEL CORPORATION, ) Chapter 11  
et al., ) Hon. John H. Squires  
)  
Debtors. )

**FINAL APPLICATION OF BABST, CALLAND, CLEMENTS AND ZOMNIR, P.C.**  
**("BCCZ") FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS**  
**SPECIAL COUNSEL TO THE DEBTORS FOR THE PERIOD**  
**MARCH 6, 2002 THROUGH DECEMBER 19, 2003**

AND NOW, comes Babst, Calland, Clements and Zomnir, P.C. ("BCCZ"), special counsel to the Debtors, and respectfully makes application to this Court as follows:

1. The Debtors voluntarily placed themselves into a Chapter 11 case on March 6, 2002.
2. On April 2, 2002, this Court authorized the Debtors to engage BCCZ as special counsel, effective March 6, 2002. Marked as Exhibit A, attached hereto and made a part hereof is a true and correct copy of said Order.
3. On August 30, 2002, BCCZ filed its First Interim Fee Application in this matter requesting fees for professional services in the amount of \$438,823.00 and reimbursement for expenses totaling \$34,782.84. See Docket No. 1257. All authorized fees and expenses requested in this First Interim Fee Application were approved by this Court and subsequently paid to BCCZ. BCCZ's First Interim Fee Application (and related supplement) is hereby incorporated by reference.
4. On December 24, 2002, BCCZ filed its Second Interim Fee Application in this matter requesting fees for professional services in the amount of \$317,059.50 and reimbursement for expenses totaling \$20,924.82. See Docket No. 1730. All authorized fees and expenses requested in this Second Interim Fee Application were approved by this Court and subsequently paid to BCCZ. BCCZ's Second Interim Fee Application is hereby incorporated by reference.
5. On April 25, 2003, BCCZ filed its Third Interim Fee Application in this matter requesting fees for professional services in the amount of \$330,188.00 and reimbursement for expenses totaling \$19,514.21. See Docket No. 2321. This Court approved all requested fees and expenses in the Third Interim Fee Application with the exception of \$348.18 in travel expenses (BCCZ subsequently waived its right to collect this amount from the Debtors). All authorized fees and expenses requested in the Third Interim Fee Application have been paid to BCCZ. BCCZ's Third Interim Fee Application is hereby incorporated by reference.

6. On August 27, 2003, BCCZ filed its Fourth Interim Fee Application in this matter requesting fees for professional services in the amount of \$219,712.50 and reimbursement for expenses totaling \$11,968.11. *See* Docket No. 2839. This Court approved all requested fees and expenses in the Fourth Interim Fee Application with the exception of \$7,937.27 in legal research costs and travel expenses which was denied without prejudice (BCCZ is resubmitting these expenses for approval in this Final Fee Application). BCCZ's Fourth Interim Fee Application is hereby incorporated by reference.

7. Pursuant to Order of this Court, BCCZ did not file a Fifth Interim Fee Application but is instead requesting approval for services rendered to the Debtors and expenses reimbursed on behalf of the Debtors during the period August 1, 2003 through December 19, 2003 in this Final Fee Application.

8. On March 13, 2003, BCCZ filed Supplemental Bankruptcy Rule 2014 Affidavit of Special Counsel Chester R. Babst III of Babst, Calland, Clements and Zomnir, P.C. addressing issues related to a \$68,189.77 retainer which BCCZ received from the pre-Chapter 11 Debtors. This filing, which is incorporated herein, is attached hereto as Attachment B.

9. At this time, BCCZ is seeking final approval, to the extent not already paid, payment of compensation equal to \$1,358,938.00 in fees, for professional services rendered by BCCZ during the period March 6, 2002 through December 19, 2003 as special counsel to the Debtors. This amount is derived solely from the applicable hourly billing rates of the firm's personnel who rendered such services to the Debtors.

10. BCCZ also requests final approval and reimbursement, to the extent not already paid, of one hundred percent of the actual and necessary out-of-pocket disbursements made and charges incurred by BCCZ during the period March 6, 2002 through December 19, 2003 as special counsel to the Debtors, equal to \$89,564.02.<sup>3</sup>

9. All services performed by BCCZ during the period March 6, 2002 through December 19, 2003 were performed by professionals and para-professionals of BCCZ on behalf of the Debtors. BCCZ submits that the legal services rendered to the Debtors during this Chapter 11 case was necessary and beneficial to the Debtors, their creditors and their estates. During its engagement as special counsel to the Debtors, BCCZ assisted the Debtors, in conjunction with other counsel to the Debtors, in multiple matters of varying degrees of sensitivity and complexity. BCCZ's activities included analysis, research, negotiations and litigation. BCCZ believes that the services it contributed brought significant value to the Debtors.

10. BCCZ rendered legal services to the Debtors in the following four general areas during the period March 6, 2002 through December 19, 2003: (1) Corporate/Commercial Matters; (2) Pension and Labor Matters; (3) Environmental Health, Safety and Regulatory Matters; and (4) Environmental Litigation.

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<sup>3</sup> BCCZ is writing off \$11.08 in travel expenses incurred during the Fourth Interim Fee Period (hence the total amount requested in this Final Application is \$89,552.94).

11. Specifically, during the period March 6, 2002 through December 19, 2003, BCCZ rendered legal services to the Debtors in the following eighteen categories:

- a. Category 1 (Contract General): Total fees associated with this Category equal \$18,507.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on interpreting various contracts entered into by the Debtors and advising the Debtors regarding the legal language contained in such contracts.
- b. Category 2 (Corporate General): Total fees associated with this Category equal \$12,874.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on a wide variety of general corporate matters. Specifically, time billed in this Category represents time spent in assisting representatives of the Debtors with various business transactions.
- c. Category 3 (Merger and Acquisitions): Total fees associated with this Category equal \$8,566.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on mergers and acquisitions. Specifically, time billed in this Category represents time spent working on a bond forfeiture action at the Isabella Mine Site in Isabella, Pennsylvania. While working on this action, BCCZ assisted the Debtors in complying with a Consent Order at the Isabella Mine Site and consulted with various parties regarding duties and obligations under the Consent Order.
- d. Category 4 (Corporate General Counsel): Total fees associated with this Category equal \$9,015.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on corporate matters. Specifically, time billed in this Category represents time spent on corresponding with representatives of the Debtors on Securities and Exchange Commission matters.
- e. Category 5 (Environmental General): Total fees associated with this Category equal \$639,153.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on a wide variety of general environmental matters. Specifically, time billed in this Category represents time spent on: reviewing newly adopted environmental regulations for applicability to operations conducted by the Debtors, reviewing and revising correspondence between the Debtors and government representatives, consulting with representatives of the Debtors on general environmental matters, engaging in negotiations with government representatives and conducting various investigations into the environmental matters of the Debtors. Additionally, time billed in this Category represents the time spent on handling various bankruptcy matters on behalf of the Debtors (such as due diligence work and preparation of court orders).
- f. Category 6 (OSHA): Total fees associated with this Category equal \$9,149.50 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on issues governed by the Occupational Safety and Health Act

("OSHA), 29 U.S.C. § 651 *et seq.* Specifically, time billed in this Category represents time spent on advising the Debtors on various OSHA requirements including hazard safety communication and emergency response plan requirements.

- g. Category 7 (Air Pollution): Total fees associated with this Category equal \$204,973.50 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents advice given to the Debtors with respect to air pollution matters at the federal and state level. Specifically, time billed in this Category represents time spent on: reviewing correspondence received by federal and state representatives regarding air issues at facilities operated by the Debtors, assisting the Debtors with the preparation of various federal and state air permits, reviewing and commenting on proposed rules which would impact air emissions at facilities operated by the Debtors and examining various air-emission data and air-emission related incident report forms.
- h. Category 8 (Water Pollution): Total fees associated with this Category equal \$49,826.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents advice given to the Debtors with respect to water pollution matters at the federal and state level. Specifically, time billed in this Category represents time spent on: reviewing correspondence received by federal and state representatives regarding water issues at facilities operated by the Debtors, assisting the Debtors with the preparation of various federal and state water permits, reviewing and commenting on proposed rules which would impact water discharges at facilities operated by the Debtors and examining various discharge data.
- i. Category 9 (RCRA): Total fees associated with this Category equal \$86,708.50 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on handling issues governed by the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. § 6901 *et seq.* Specifically, time billed in this Category represents time spent on: researching regulatory and judicial interpretations of various RCRA provisions, communicating with federal and state representatives regarding RCRA-related issues, drafting correspondence to federal and state representatives regarding RCRA-related issues and examining whether or not facilities operated by the Debtors are in compliance with RCRA requirements where applicable.
- j. Category 10 (TSCA): Total fees associated with this Category equal \$3,035.00 for the period March 6, 2002 through December 19, 2003. Time in this Category represents time spent on handling issues governed by the Toxic Substances Control Act ("TSCA"), 15 U.S.C. § 2601 *et seq.* Specifically, time billed in this Category represents time spent on advising the Debtors with respect to various PCB matters.
- k. Category 11 (Superfund): Total fees associated with this Category equal \$10,972.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on handling issues governed by the Comprehensive Environmental Recovery and Liability Act ("CERCLA"), 42 U.S.C. § 9601 *et seq.*

Specifically, time billed in this Category represents time spent on: conducting conferences with federal and state agency representatives regarding release issues, drafting correspondence to the Debtors and to governmental representatives regarding CERCLA-related matters and advising the Debtors on how to best proceed in cleanup actions and/or settlement negotiations.

- l. Category 12 (SDWA): Total fees associated with this Category equal \$1,852.50 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on handling matters pertaining to the Safe Water Drinking Act ("SDWA"), 42 U.S.C. § 300f *et seq.* Specifically, time billed in this Category represents time spent on advising the Debtors on underground injection control matters.
- m. Category 13 (Audits): Total fees associated with this Category equal \$768.00 for the period March 6, 2002 through December 19, 2003. Time in this Category represents audits performed on behalf of the Debtors. Specifically, in this Category, BCCZ responded to audit requests made to the Debtors.
- n. Category 14 (LUST): Total fees associated with this Category equal \$8,242.50 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on handling issues relating to leaking underground storage tanks. Specifically, time billed in this Category represents time spent on: discussing underground storage tank issues with representatives of the Debtors, advising representatives of the Debtors on underground storage tank financial assurance requirements, researching underground storage tank issues and reviewing newly adopted regulations relating to underground storage tanks.
- o. Category 15 (Labor General): Total fees associated with this Category equal \$54,683.50 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on handling general labor issues. Specifically, time billed in this Category represents time spent by members of BCCZ on: advising representatives of the Debtors on how to best handle employment related issues, corresponding with representatives of the Debtors and the National Labor Relations Board on employment-related issues and researching employment-related issues.
- p. Category 16 (Employee Benefit Litigation): Total fees associated with this Category equal \$11,483.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on handling employee benefit litigation matters. Specifically, time billed in this Category represents time spent on: advising representatives of the Debtors on pension plan options and researching various matters related to employee pension plans and withdrawal liability.
- q. Category 17 (Litigation Tort): Total fees associated with this Category equal \$257.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on handling various tort claims filed against the Debtors. Specifically, time billed in this Category represents time spent on:

reviewing court orders and related pleadings, conducting research in preparation for trial, engaging in settlement negotiations with federal and/or state representatives, participating in conference calls relating to settlement matters, responding to motions by opponents, preparing for and attending meetings with opposing counsel on settlement matters, drafting various trial pleadings, updating and maintaining case files for matters involving the Debtors and conducting pre-trial review of relevant documents.

- r. Category 18 (Litigation Environmental): Total fees associated with this Category equal \$228,872.00 for the period March 6, 2002 through December 19, 2003. Time billed in this Category represents time spent on handling various environmental claims filed against the Debtors. Specifically, time billed in this Category represents time spent on: reviewing court orders and related pleadings, conducting research in preparation for trial, engaging in settlement negotiations with federal and/or state representatives, participating in conference calls relating to settlement matters, responding to motions by opponents, preparing for and attending meetings with opposing counsel on settlement matters, drafting various trial pleadings, updating and maintaining case files for matters involving the Debtors and conducting pre-trial review of relevant documents.

12. To date, BCCZ has received \$1,430,611.45 for services rendered and expenses incurred while representing the Debtors during the period March 6, 2002 through December 19, 2003 in accordance with the April 2, 2002 Order. With respect to the fees and expenses incurred from March 6, 2002 through December 19, 2003, note the following (this information is summarized on the tables attached to the cover sheet of this application):

- a. During the period, fees totaled \$1,358,938.00. Of this total: (1) \$18,507.00 represents fees for Category 1 (Contract General) services; (2) \$12,874.00 represents fees for Category 2 (Corporate General) services; (3) \$8,566.00 represents fees for Category 3 (Merger and Acquisitions) services; (4) \$9,015.00 represents fees for Category 4 (Corporate General Counsel) services; (5) \$639,153.00 represents fees for Category 5 (Environmental General) services; (6) \$9,149.50 represents fees for Category 6 (OSHA) services; (7) \$204,973.50 represents fees for Category 7 (Air Pollution) services; (8) \$49,826.00 represents fees for Category 8 (Water Pollution) services; (9) \$86,708.50 represents fees for Category 9 (RCRA) services; (10) \$3,035.00 represents fees for Category 10 (TSCA) services; (11) \$10,972.00 represents fees for Category 11 (Superfund) services; (12) \$1,852.50 represents fees for Category 12 (SDWA) services; (13) \$768.00 represents fees for Category 13 (Audits) services; (14) \$8,242.50 represents fees for Category 14 (LUST) services; (15) \$54,683.50 represents fees for Category 15 (Labor General) services; (16) \$11,483.00 represents fees for Category 16 (Employee Benefit Litigation); (17) \$257.00 represents fees for Category 17 (Litigation Tort) services; and (18) \$228,872.00 represents fees for Category 18 (Litigation Environmental) services.
- b. During the period, expenses totaled \$89,564.02. Of this total: (1) \$4,319.33 is for delivery services (billed at cost); (2) \$204.00 is for filing fees (billed at cost); (3)

\$33,220.44 is for photocopies (billed at 0.20 cents per page); (4) \$542.94 is for postage (billed at cost); (5) \$2,364.55 is for telecopies (billed at 0.50 cents per page if incoming and 0.75 cents per page if outgoing); (6) \$984.88 is for telephone charges (billed at cost); (7) \$14,086.53 is for legal research charges (billed at cost); (8) \$27,607.95 is for travel expenses (billed at cost); (9) \$3,635.31 is for conference call charges (billed at cost); and (10) \$197.51 is for document retrieval costs (billed at cost); and (11) \$2,400.58 for other expenses (billed at cost).<sup>4</sup>

13. As noted above, BCCZ did not file a Fifth Interim Fee Application but is instead requesting in this Final Application that this Court approve fees incurred by BCCZ in representing the Debtors from August 1, 2003 through December 19, 2003 and expenses incurred by BCCZ on behalf of the Debtors during this same period. Attachment C, which is hereby incorporated herein, provides a detailed breakdown of the fees and expenses incurred from August 1, 2003 through December 19, 2003 (this attachment includes a summary of services rendered from August 1, 2003 through December 19, 2003 by professional and para-professional).<sup>5</sup> With respect to the fees and expenses incurred during from August 1, 2003 through December 19, 2003, note the following (this information is summarized in the tables in Attachment C):

- a. During the period, fees totaled \$55,133.00. Of this total, \$54,776.00 represents fees for Category 5 (Environmental General) services and \$357.00 represents fees for Category 16 (Employee Benefit Litigation) services.
- b. During this period, expenses totaled \$2,722.22. Of this total: (1) \$474.61 is for delivery services (billed at cost); (2) \$2,034.10 is for photocopies (billed at 0.20 cents per page); (3) \$73.17 is for postage (billed at cost); (4) \$43.05 is for telecopies (billed at 0.50 cents per page if incoming and 0.75 cents per page if outgoing); (5) \$36.59 is for telephone charges (billed at cost); (6) \$21.91 is for legal research charges (billed at cost); and (7) \$38.79 is for document retrieval costs (billed at cost).
- c. The legal research costs of \$21.91 were incurred while obtaining pleadings relevant to this matter from PACER.

14. In addition to the fees and expenses incurred during the Fifth Interim Fee Period, BCCZ is also seeking approval of \$7,926.19 in expenses incurred during the Fourth Interim Fee Period which this Court denied without prejudice (specifically, this Court denied without

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<sup>4</sup> BCCZ is writing off \$11.08 in travel expenses incurred during the Fourth Interim Fee Period (hence the total amount requested in this Final Application is \$89,552.94).

<sup>5</sup> Note that although the invoices provided in Attachment C are for the entire month of December, BCCZ is only seeking approval in this Final Application for services rendered through December 19, 2003 and expenses incurred through December 19, 2003.

prejudice all amounts relating to legal research and travel).<sup>6</sup> Attachment D contains the documentation required by this Court in order to approve these expenses.

15. Attached hereto as Attachment E are biographies for all professionals and para-professionals who rendered services to the Debtors during the period March 6, 2002 through December 19, 2003.

16. The fees charged by BCCZ for services rendered in accordance with the April 2, 2002 Order are the same as those charged to clients not subject to the protections and restrictions of the United States Bankruptcy Code.

17. The expenses incurred by BCCZ in representing the Debtors in accordance with the April 2, 2002 Order are expenses for which BCCZ routinely seeks and receives reimbursement from clients not subject to the protections and restrictions of the Bankruptcy Code.

18. No agreement exists between BCCZ and any third person for the sharing of compensation received by BCCZ in this case, except as allowed by the exception set forth in Bankruptcy Code Section 504 and Bankruptcy Rule 2016 with respect to the sharing of compensation among members of BCCZ.

19. Attached hereto as Attachment F is the Affidavit of Chester R. Babst III attesting to the accuracy of the information contained herein.

20. Attached hereto as Attachment G is a proposed order allowing final compensation to BCCZ as special counsel to the Debtors for the period March 6, 2002 through December 19, 2003.

**WHEREFORE**, for the reasons set forth above, BCCZ respectfully requests final approval and payment, to the extent not already paid, of compensation for professional services rendered as special counsel to the Debtors during the period March 6, 2002 through December 19, 2003 in the sum of \$1,358,938.00, plus reimbursement of actual and necessary expenses incurred during the case period in the sum of \$89,552.94 and that this Court grant such other and further relief as is just and proper.

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<sup>6</sup> This Court actually denied \$7,937.27 without prejudice. However, BCCZ is waiving its right to collect \$11.08 of this amount and hence is only seeking reimbursement for legal research costs and travel expenses totaling \$7,926.19 for the Fourth Interim Fee Period.



Date: January 28, 2004

BABST, CALLAND, CLEMENTS AND ZOMNIR, P.C.  
Special Counsel to the Debtors

BY: Chester R. Babst / BDC  
Chester R. Babst III, Esquire  
Babst, Calland, Clements and Zomnir, P.C.  
Two Gateway Center, 8<sup>th</sup> Floor  
Pittsburgh, PA 15222  
(412) 394-5407

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
(EASTERN DIVISION)

In re:	)	Case No. 02-08699
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION,	)	Chapter 11
<u>et al.</u> ,	)	Hon. John H. Squires
	)	
Debtors.	)	

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ATTACHMENT A

APRIL 2, 2002 ORDER APPOINTING BCCZ  
AS SPECIAL COUNSEL TO THE DEBTORS

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Chester R. Babst III  
Babst, Calland, Clements and Zomnir, P.C.  
Two Gateway Center, 8<sup>th</sup> Floor  
Pittsburgh, PA 15222  
(412) 394-5407

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Special Counsel to the Debtors

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In Re:	)	Case No. 02-08699
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION,	)	Chapter 11
	)	Hon. John H. Squires
Debtors.	)	Hearing Date: 04/02/02
	)	Hearing Time: 8:30 a.m.
	)	Objection Deadline: 03/29/02

**ORDER PURSUANT TO SECTION 327(e) OF THE BANKRUPTCY CODE  
AUTHORIZING DEBTORS TO RETAIN CHESTER R. BABST, III AND  
BABST, CALLAND, CLEMENTS & ZOMNIR, P.C.  
AS SPECIAL COUNSEL FOR DEBTORS-IN-POSSESSION**

This cause coming to be heard upon the Debtors' Application To Retain Chester R. Babst, III and Babst, Calland, Clements & Zomnir, P.C., as Special Counsel (the "Motion"); proper notice having been given; the Court having reviewed the Motion; heard the arguments of counsel; and otherwise having been advised fully in the premises;

**IT IS HEREBY ORDERED THAT:**

- A. Debtors are authorized to retain Chester R. Babst, III and Babst, Calland, Clements & Zomnir, P.C., as special counsel with respect to certain corporate/commercial matters, certain pension and labor matters, certain environmental, health, safety, and regulatory matters, as well as general litigation related to the aforementioned environmental, health, safety, and regulatory matters, *nunc pro tunc* to the Petition Date, as more fully set forth in the Motion.
- B. Any awards of compensation or reimbursement of expenses shall be made pursuant to the Administrative Order under 11 U.S.C. §§ 105 and 331 Establishing Procedures for Periodic Compensation and Reimbursement of Expenses of Professionals, entered by this Court on or about March 6, 2002.

C. The Motion and the entry of this Order constitute a core proceeding, and this Order

is a final order as those terms are used in 28 U.S.C. §§ 157 and 158.

Dated: Chicago, Illinois  
April 2, 2002

ENTERED:

APR - 2 2002

John H. Squires Bankruptcy Judge  
UNITED STATES BANKRUPTCY COURT

United States Bankruptcy Judge

Order Prepared By:

Mark A. Berkoff (ARDC #06194787)  
David N. Missner (ARDC #01928988)  
Mark P. Naughton (ARDC #06196286)  
PIPER MARBURY RUDNICK & WOLFE  
203 North LaSalle Street, Suite 1800  
Chicago, Illinois 60601  
(312) 368-4000

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
(EASTERN DIVISION)

In re:	)	Case No. 02-08699
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION,	)	Chapter 11
<u>et al.</u> ,	)	Hon. John H. Squires
	)	
Debtors.	)	

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ATTACHMENT B

SUPPLEMENTAL BANKRUPTCY RULE 2014 AFFIDAVIT OF SPECIAL COUNSEL  
CHESTER R. BABST III OF BCCZ

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Chester R. Babst III  
Babst, Calland, Clements and Zomnir, P.C.  
Two Gateway Center, 8<sup>th</sup> Floor  
Pittsburgh, PA 15222  
(412) 394-5407

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Special Counsel to the Debtor

EOD MAR 13 2003

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ILLINOIS (EASTERN DIVISION) **FILED** UNITED STATES BANKRUPTCY COURT NORTHERN DISTRICT OF ILLINOIS MAR 13 2003

In re: ) Case No. 02-08699 KENNETH S. GARDNER, CLERK. ) ) (Jointly Administered) PS REP. - AI ) NATIONAL STEEL CORPORATION, ) Chapter 11 ) ) et al., ) Hon. John H. Squires ) ) Debtors. )

SUPPLEMENTAL BANKRUPTCY RULE 2014 AFFIDAVIT OF SPECIAL COUNSEL CHESTER R. BABST III OF BABST, CALLAND, CLEMENTS AND ZOMNIR, P.C.

AND NOW, comes Chester R. Babst III of Babst, Calland, Clements and Zomnir, P.C. ("BCCZ"), special counsel to the Debtors, and respectfully states the following:

1. The Debtors filed voluntary Chapter 11 cases on March 6, 2002.
2. On April 2, 2002, the Honorable John Squires of the United States Bankruptcy Court for the Northern District of Illinois--Eastern Division (the "Court") authorized the Debtors to engage BCCZ as special counsel, effective March 6, 2002. Marked as Exhibit A, attached hereto and made a part hereof is a true and correct copy of the Order authorizing such. Prior to and subsequent to its engagement as special counsel to the Debtors, BCCZ has rendered legal services to the Debtors, in accordance with the aforementioned Order, in the following four areas: (1) corporate/commercial matters; (2) pension and labor matters; (3) environmental, health, safety and regulatory matters; and (4) general litigation matters.
3. On February 12, 2002, BCCZ received \$100,000 from the pre-Chapter 11 Debtors with the understanding that this amount would be utilized to ensure that all of BCCZ's pre-Chapter 11 invoices to the pre-Chapter 11 Debtors were paid, with the balance to serve as a post-Chapter 11 special counsel retainer, assuming BCCZ was so engaged.
4. As of February 21, 2002, BCCZ had ten invoices issued and outstanding to the pre-Chapter 11 Debtors totaling \$16,761.41 and ranging from \$6.80 to \$9,685.64. Of the ten invoices, one was dated February 7, 2002 (\$2,451.16), five were dated February 21, 2002 (\$9.08, \$40.80, \$651.75, \$3,557.75 and \$9,685.64) and the remaining four were for "older" periods. All but the four "older" invoices were for current services.
5. The four aforementioned "older" invoices, totaling \$365.23, were dated January 31, 1997 (\$6.80), February 29, 2000 (\$20.00), May 31, 2000 (\$81.93) and December 11, 2000 (\$256.50). BCCZ has already "written off" the amounts associated with these "older" invoices and is hereby confirming its waiver of its right to collect from the Debtors that \$365.23.

Handwritten initials/signature.

6. On March 4, 2002, BCCZ forwarded to the pre-Chapter 11 Debtors invoices totaling \$31,810.23. These new invoices, which resulted from work performed in the latter part of February, 2002 and the first few days of March, 2002 (just prior to the Chapter 11 filing), were paid from the \$100,000 retainer which BCCZ received from the pre-Chapter 11 Debtors on February 12, 2002 (thereby reducing this retainer amount to \$68,189.77). Payment of these invoices from the retainer amount was approved by the pre-Chapter 11 Debtors and was consistent with the mutual goal of the pre-Chapter 11 Debtors and BCCZ that BCCZ be fully paid prior to the Chapter 11 filings and have special counsel retainer remaining.

7. Due to an internal administrative error prior to the Chapter 11 filings, BCCZ did not apply, and has never applied, the retainer funds to the \$16,761.41 of invoices referenced in Paragraph 4 hereof, less the "written off" \$365.23 of "older" invoices referenced in Paragraphs 4 and 5 hereof, for a net of \$16,396.18. Were it not for BCCZ's internal error, these invoices totaling \$16,396.18 would have been paid from the retainer prior to the Chapter 11 filings, as was intended by the pre-Chapter 11 Debtors.


8. In its next Interim (or Final) Fee Application, BCCZ will be asking the Court for permission to pay the \$16,396.18 of pre-Chapter 11 invoices from the \$68,189.77 of retainer funds it has been holding since the Chapter 11 cases commenced which, if permitted by the Court, would reduce BCCZ's retainer funds being held to \$51,793.59. BCCZ has conferred with the Debtors concerning this matter and understands that its clients will have no objection, since the retainer was provided prior to the Chapter 11 with the intent that BCCZ would be paid from it for pre-Chapter 11 services.

9. BCCZ will be pleased to provide copies of the unpaid pre-Chapter 11 invoices to parties-in-interest upon request.

Date: March 11, 2003

BABST, CALLAND, CLEMENTS AND ZOMNIR, P.C.  
Special Counsel to the Debtors

BY:

  
Chester R. Babst III, Esquire

PA ID No. 17232

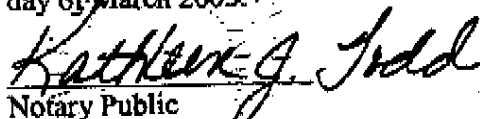
Babst, Calland, Clements and Zomnir, P.C.

Two Gateway Center, 8<sup>th</sup> Floor

Pittsburgh, PA 15222

(412) 394-5407

Sworn to and subscribed  
before me this 11<sup>th</sup>  
day of March 2003.

  
Kathleen J. Todd  
Notary Public

Notarial Seal  
Kathleen J. Todd, Notary Public  
Pittsburgh, Allegheny County  
My Commission Expires July 18, 2004

Member, Pennsylvania Association of Notaries

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In Re:

NATIONAL STEEL CORPORATION,

Debtors.

Case No. 02-08699

(Jointly Administrated)

Chapter 11

Hon. John H. Squires

Hearing Date: 04/02/02

Hearing Time: 8:30 a.m.

Objection Deadline: 03/29/02

**ORDER PURSUANT TO SECTION 327(e) OF THE BANKRUPTCY CODE  
AUTHORIZING DEBTORS TO RETAIN CHESTER R. BABST, III AND  
BABST, CALLAND, CLEMENTS & ZOMNIR, P.C.,  
AS SPECIAL COUNSEL FOR DEBTORS-IN-POSSESSION**

This cause coming to be heard upon the Debtors' Application To Retain Chester R. Babst, III and Babst, Calland, Clements & Zomnir, P.C., as Special Counsel (the "Motion"); proper notice having been given; the Court having reviewed the Motion; heard the arguments of counsel; and otherwise having been advised fully in the premises;

**IT IS HEREBY ORDERED THAT:**

- A. Debtors are authorized to retain Chester R. Babst, III and Babst, Calland, Clements & Zomnir, P.C., as special counsel with respect to certain corporate/commercial matters, certain pension and labor matters, certain environmental, health, safety, and regulatory matters, as well as general litigation related to the aforementioned environmental, health, safety, and regulatory matters, *nunc pro tunc* to the Petition Date, as more fully set forth in the Motion.
- B. Any awards of compensation or reimbursement of expenses shall be made pursuant to the Administrative Order under 11 U.S.C. §§ 105 and 331 Establishing Procedures for Periodic Compensation and Reimbursement of Expenses of Professionals, entered by this Court on or about March 6, 2002.

C:\COURT\02\08699.1





C. The Motion and the entry of this Order constitute a core proceeding, and this Order is a final order as those terms are used in 28 U.S.C. §§ 157 and 158.

**ENTERED**

Dated: Chicago, Illinois  
April 2, 2002

**ENTERED:**

**APR - 2 2002**

**John L. Spina Bankruptcy Judge**  
UNITED STATES BANKRUPTCY COURT

**United States Bankruptcy Judge**

**Order Prepared By:**

**Mark A. Beckoff (ARDC #06194787)**  
**David N. Missner (ARDC #01928988)**  
**Mark P. Naughton (ARDC #06196286)**  
**PIPER MARBURY RUDNICK & WOLFE**  
**203 North LaSalle Street, Suite 1800**  
**Chicago, Illinois 60601**  
**(312) 368-4000**

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a true and correct copy of the foregoing Supplemental Bankruptcy Rule 2014 Affidavit to be served by first class mail, postage pre-paid, upon the parties identified on the attached service list this 11<sup>th</sup> day of March, 2003.



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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
(EASTERN DIVISION)

In re:	)	Case No. 02-08699
	)	(Jointly Administered)
NATIONAL STEEL CORPORATION,	)	Chapter 11
<u>et al.</u> ,	)	Hon. John H. Squires
	)	
Debtors.	)	

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ATTACHMENT C

TIME SUMMARIES BY PERIOD AND BILLING BREAKDOWN  
FOR THE PERIOD AUGUST 1, 2003 THROUGH DECEMBER 19, 2003

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---

Special Counsel to the Debtors

<b>SUMMARY OF SERVICES RENDERED BY PROFESSIONAL AND PARA-PROFESSIONAL (AUGUST 1, 2003 THROUGH DECEMBER 19, 2003)</b>			
<b>Name</b>	<b>Current Title</b>	<b>Hours</b>	<b>Fees</b>
Chester R. Babst	Shareholder	98.40	\$27,060.00
Mark D. Shepard	Shareholder	1.60	\$352.00
David J. Laurent	Shareholder	1.90	\$399.00
Norman E. Gilkey	Shareholder	0.20	\$52.00
Michele M. Gutman	Shareholder	4.00	\$1,000.00
Colleen Grace Donofrio	Shareholder	54.10	\$12,172.50
Donald C. Bludorn	Shareholder	5.50	\$1,292.50
Brandon D. Coneby	Associate	48.60	\$6,075.00
Joseph S. Kosciński	Senior Associate	0.80	\$140.00
Maureen A. Shannon	Associate	29.80	\$4,023.00
Matthew I. Moses	Associate	0.20	\$29.00
Denise D. Moore	Paralegal	7.00	\$560.00
<b>TOTAL</b>		<b>221.10</b>	<b>\$53,155.00</b>

<b>COMPENSATION BY CATEGORY (AUGUST 1, 2003 THROUGH DECEMBER 19, 2003)</b>		
<b>Category</b>	<b>Category Description</b>	<b>Fees</b>
5	Environmental General	\$52,798.00
16	Employee Benefit Litigation	\$357.00
	<b>TOTAL</b>	<b>\$53,155.00</b>

<b>EXPENSE SUMMARY (AUGUST 1, 2003 THROUGH DECEMBER 19, 2003)</b>	
<b>Expense</b>	<b>Total</b>
Delivery Services	\$474.61
Photocopies	\$2,034.10
Postage	\$73.17
Telecopies	\$43.05
Telephone	\$36.59
Computer Research (these costs relate to access of the PACER System by DDM in order to obtain pleadings relevant to this matter)	\$21.91
Document Retrieval (FOIA request)	\$38.79
<b>TOTAL</b>	<b>\$2,722.22</b>

**ENVIRONMENTAL  
GENERAL**

BABST, CALLAND, CLEMENTS AND ZOMNIR  
 A Professional Corporation  
 Two Gateway Center  
 Pittsburgh, Pennsylvania 15222  
 Federal ID #25-1523683  
 412-394-5400

The Hanna Furnace  
 Corporation

Account No. : 09121  
 Invoice Date: 11/19/03  
 Invoice No. : 1037558  
 Chester R. Babst, III

Case No.: 09121-0022501  
 Re: Site Investigation - Hanna Furnace

REGULAR ACCOUNT ACTIVITY

PROFESSIONAL SERVICES RENDERED

10/07/03 DCB	Review proposed agreement (0.8); discussion with R. Palumbo (0.5); draft e-mail re document (0.4).	1.70	399.50
10/14/03 DCB	Discussion with J. Olashuk (0.4) and follow-up re same (0.2).	.60	141.00
10/28/03 DCB	Review (0.2) and respond to e-mail (0.2) re amendment to escrow agreement.	.40	94.00
10/31/03 DCB	Discussion with J. Olashuk re amendment to agreement.	.50	117.50

TOTAL SERVICES RENDERED \$752.00

TOTAL CURRENT CHARGES \$752.00

AMOUNT DUE \$752.00  
 =====

ATTORNEY	HOURS	AMOUNT	RATE
----- DCB Donald C. Bluedorn	----- 3.20	----- 752.00	----- 235.00
TOTAL	3.20	752.00	

BABST, CALLAND, CLEMENTS AND ZOMNIR  
A Professional Corporation  
Two Gateway Center  
Pittsburgh, Pennsylvania 15222  
Federal ID #25-1523683  
412-394-5400

National Steel Corporation

Account No. : 09147  
Invoice Date: 09/18/03  
Invoice No. : 1036139  
Chester R. Babst, III

Case No.: 09147-0022511  
Re: Bankruptcy Issues

REGULAR ACCOUNT ACTIVITY

**PROFESSIONAL SERVICES RENDERED**

08/01/03	CRB Telephone conferences with J. Olashuk (0.4); review DWSD letter and make modifications (0.5); review Madison County Notice of Violation and draft response (0.4); telephone conference with D. Baker of U.S. Steel (0.3); draft and send e-mail to D. Baker (0.5).	2.10	577.50
08/04/03	CRB Telephone conferences with J. Olashuk (0.3); review abandonment and liquidating trust issues (1.1); telephone conference with D. Baker of U.S. Steel (0.3); telephone conferences with CGD (0.2); review certified operator issue in Illinois (0.4); review Department of Justice letter re reorganization plan (0.7).	3.00	825.00
08/04/03	CGD Receive and print out photographs from J. Olashuk via C. Mowl (1.0); telephone call from CRB re request for telephone call to J. Olashuk re certified operator issues (0.1).	1.10	247.50
08/05/03	CRB Prepare for and participate in telephone conference with Skadden and NSC representatives re abandonment issues (1.2); telephone conference with J. Olashuk (0.2).	1.40	385.00
08/05/03	DCB Prepare for (0.7) and participate in discussion with R. Werhnyak re Hanna Furnace matters (0.4).	1.10	258.50

08/05/03	CGD	Review file re certified operator issue and telephone call to J. Olashuk re same (0.4); e-mail latest Section I Landfill and Eastend abandonment discussions to J. Olashuk and CRB in advance of discussions with Skadden Arps (0.2); e-mail Granite City photographs to J. Olashuk (0.1); receive, retrieve, reconcile and file photograph descriptions from J. Olashuk (1.5).	2.20	495.00
08/06/03	CRB	Two telephone conferences with J. Olashuk (0.4); telephone conference with D. Baker (0.2); research re certified operator issue (0.7).	1.20	330.00
08/06/03	CGD	Telephone call from CRB re certified operator signatory discussions with J. Olashuk.	.10	22.50
08/06/03	BDC	Review various bankruptcy pleadings and bankruptcy docket.	.20	25.00
08/07/03	CRB	Prepare for and participate in conference with USEPA and Justice Department re demand for proof of claim (1.8); telephone conferences with J. Olashuk and J. Heintz (0.7); telephone conferences with Justice Department to get clarification of claim (0.5); assign tasks to begin preparation of counterproposal (0.7); begin evaluation of air claims (1.8).	5.50	1512.50
08/07/03	CGD	Participate in a conference call with DOJ, EPA Region 5, J. Olashuk and CRB re DOJ summary of pre and post petition civil penalty assessments (0.3); telephone conference with J. Olashuk, CRB and MS re plans to discuss specific claims (0.2); telephone call from J. Olashuk re inability to find Humbug Marsh information and request for search re same (0.1); retrieve and provide J. Olashuk with the link and e-mail same to CRB (0.2); review the proposed civil penalty claims against the specific proofs of claim in advance of the internal conference call (1.8); participate in a conference call with J. Olashuk, J. Heintz, CRB and MS re strategy for assessment of the appropriate civil penalties under the various proofs of claim (0.4); review the RCRA civil penalty policy for application to the Granite City, Great Lakes' and Midwest proofs of claim and start to apply same (2.8).	5.80	1305.00

08/07/03 MS	Conference call with DOJ re proofs of claim (0.3); conference with J. Olashuk re issues to contest with proofs of claim (0.3); review proofs of claim documents (1.7); review EPA penalty policies for various statutory programs (3.5); conference with J. Olashuk and J. Heintz re strategy for proceeding with proof of claim negotiations (0.4).	6.20	837.00
08/08/03 CRB	Work on evaluation of Department of Justice Claims (1.4); telephone conference with J. Olashuk (0.3); review research on waste issues (0.7); review penalty policies (1.1).	3.50	962.50
08/08/03 CGD	Continue to work on reconstructing a proposed RCRA penalty assessment for Granite City, Great Lakes and Midwest proofs of claim issues and e-mail draft counter proposals to J. Olashuk and CRB for consideration (4.8); review and start to apply the UST penalty policy to Great Lakes' proof of claim (1.4); discuss open claim issues with J. Olashuk (0.2); telephone call with CRB re SPCC, PCB and EPCRA penalty assessment coverage (0.1); review the PCB penalty policy and start to reconstruct an assessment for Great Lakes' PCB proof of claim (0.7).	7.20	1620.00
08/08/03 MS	Review bankruptcy code for provisions discussing priority of pre-petition claims (1.4); review specific proofs of claim and compare to EPA penalty policy to determine proposed penalty amounts (3.8).	5.20	702.00
08/11/03 CRB	Telephone conference with J. Olashuk (0.3); review DOJ claims (1.1).	1.40	385.00
08/11/03 CGD	Assemble and forward specific information to J. Olashuk with a request for additional information re PCB Transformer No. 982 area clean-up and continue to work on the PCB proof of claim assessment (0.5); create the PCB proof of claim assessment form and start to complete same with available information (0.4); start to work on the Great Lakes and Granite City EPCRA proofs of claim assessments (0.4).	1.30	292.50
08/12/03 CRB	Review Proof of Claim and penalty calculations (2.5); prepare for and participate in conference call with J. Olashuk, MS and CGD re penalty and bankruptcy issues (1.4); begin preparation of memo summarizing demand and counterproposal (1.2).	5.10	1402.50



08/12/03	CGD	Continue to work on the EPCRA proofs of claim assessments (1.0); create and complete penalty calculation work sheets for Great Lakes and Granite City release reporting incidents (3.5); e-mail Great Lakes' release reporting penalty calculation worksheets to J. Olashuk and CRB (0.1); telephone call from CRB re National Steel Pellet waste tire, drum and wood allegations by U.S. Steel (0.1); retrieve the civil penalty policy for SPCC violations and review same (0.7); e-mail Granite City's release reporting penalty calculation worksheets to J. Olashuk and CRB (0.1); telephone call with J. Olashuk re Great Lakes' PCB cleanup area, revise PCB penalty calculation accordingly and e-mail same to J. Olashuk and CRB (0.3); participate in a conference call with J. Olashuk, CRB and MS re proofs of claim penalty issues (0.6); outline Granite City and Great Lakes NPDES and SPCC proofs of claims and start to work on a proposed civil penalty assessment for the SPCC claims (0.8); start to review the NPDES penalty policy for assessment of Granite City and Great Lakes' civil penalties (0.3).	7.50	1687.50
08/12/03	BDC	Review various bankruptcy pleadings and bankruptcy docket.	.10	12.50
08/12/03	MS	Research caselaw discussing priority of environmental penalties in bankruptcy (2.1); conference with J. Olashuk, CRB and CGD re proofs of claim (0.5); draft justifications for reduction of proof of claim settlement amounts (2.7).	5.30	715.50
08/13/03	CRB	Finalize memo re demand and counterproposal (2.5); telephone conference with J. Olashuk (0.2).	2.70	742.50
08/13/03	DJL	Telephone conference with R. Werhnyak and A. Woodard re Coal Act issues.	.20	42.00
08/13/03	CGD	Revise the Great Lakes POC # 11 proposed penalty calculation to reflect the correct multi-day penalty designation and forward corrected information to J. Olashuk and CRB (0.2); review files re documentation of NPDES exceedances and other violations under Great Lakes POC # 18 and 19 and Granite City POC # 25 and documentation of UST allegations under Great Lakes POC # 15 (1.5); telephone call to C. Mowl re Great Lakes POC # 15 UST allegations	3.80	855.00

and information on the alleged leak detection violations (0.5); work on completing the SPCC POC penalty assessment calculations for Granite City and Great Lakes (0.4); receive and review the draft DOJ POC demand letter from CRB to J. Olashuk, revise same and telephone call to CRB re specific comments (0.5); e-mail support for Great Lakes POC # 20 SPCC containment penalty to J. Olashuk and CRB (0.1); outline a note to the file re outstanding penalty calculation analyses (0.6).

08/13/03 MS	Review Section 726 (a) (4) for applicability to Chapter 11 liquidation (0.4); research caselaw discussing priority and equitable subordination in bankruptcy for environmental civil penalties (4.2).	4.60	621.00
08/14/03 CRB	Telephone conference with J. Olashuk (0.3); telephone conference with J. Olashuk and R. Werhnyak (0.2); review NSPC issue (0.5).	.70	192.50
08/14/03 BDC	Review various bankruptcy pleadings and bankruptcy docket.	.10	12.50
08/14/03 MS	Further research into caselaw distinguishing priority for environmental civil penalties in Chapter 7 and Chapter 11 cases.	3.60	486.00
08/15/03 CGD	Telephone call from J. Olashuk re status of NPDES exceedance penalty assessments and re status of Granite City property abandonment work.	.20	45.00
08/15/03 BDC	Review various bankruptcy pleadings and bankruptcy docket (0.1); draft correspondence to N. Taylor of Piper Rudnick re interim fee application requirements (0.1).	.20	25.00
08/18/03 CRB	Telephone conference with J. Olashuk (0.3); two telephone conferences with D. Baker (0.3); review NOV response from Madison County (0.3).	.90	247.50
08/19/03 CRB	Telephone conference with D. Baker and D. Minot re landfill issues (0.4); telephone conference with J. Olashuk (0.2); draft letter to USS re NSPC claim (0.6); telephone conference with S. Himmelhoch (0.3); discussion with BDC re research into GCD waste permit (0.2); review proof of claim bankruptcy issues (1.0).	3.30	907.50

08/19/03	BDC	Review various bankruptcy pleadings and bankruptcy docket (0.3); continue preparation of statement of services rendered for July 2003 (0.3).	.60	75.00
08/20/03	CRB	Telephone conference with J. Olashuk (0.4); review landfill closure issues (0.2); draft letter to USS (0.5); review proof of claim priority issue (1.2).	2.30	632.50
08/20/03	BDC	Review various bankruptcy pleadings and bankruptcy docket (0.2); begin preparation of Fourth Interim Fee Application (covering April 1, 2003 through July 31, 2003) (0.7).	.90	112.50
08/21/03	BDC	Review various bankruptcy pleadings and bankruptcy docket (0.2); continue preparation of statement of services rendered for July 2003 (1.8); continue preparation of Fourth Interim Fee Application (covering April 1, 2003 through July 31, 2003) (3.8); research re financial assurance requirements for Section IV Granite City Landfill (0.4).	6.20	775.00
08/21/03	DDM	Assist in the preparation of the Quarterly Fee Application.	7.00	560.00
08/22/03	CRB	Prepare for and participate in telephone conference with J. Olashuk and K. Sobiecki (0.5); review bankruptcy issue (0.7).	1.20	330.00
08/22/03	BDC	Review various bankruptcy pleadings and bankruptcy docket (0.4); review and revise statement of services rendered for July 2003 (0.7); continue preparation of Fourth Interim Fee Application (covering April 1, 2003 through July 31, 2003) (2.1); review and revise Fourth Interim Fee Application (covering April 1, 2003 through July 31, 2003) (1.0); telephone call with J. Olashuk re financial assurance requirements for Section IV Granite City Landfill (0.2); complete research re financial assurance requirements for Section IV Granite City Landfill (0.3); meet with CRB re issues associated with fee applications and Section IV Granite City Landfill (0.1).	4.80	600.00
08/25/03	MMG	Review correspondence re completion of work; advise CRB; complete form for TLI.	.20	50.00
08/26/03	CRB	Telephone conference with J. Olashuk and discussions with MDS re Dober Mine issues.	.50	137.50

08/27/03	CRB	Research into possible bankruptcy priority claim for penalties (1.4); telephone conference with Skadden Arps (0.3); telephone conference with J. Olashuk (0.4); begin review of 104(e) request (0.5).	2.60	715.00
08/27/03	BDC	Review various bankruptcy pleadings and bankruptcy docket (0.3); correspondence with M. Fenton of Piper Rudnick re issues associated with the sale of Isabella Mine.	.40	50.00
08/28/03	BDC	Review various bankruptcy pleadings and bankruptcy docket.	.40	50.00
08/29/03	CRB	Telephone conference with D. Baker (0.2); draft letter re NSPC issues (0.3).	.50	137.50
08/29/03	BDC	Review various bankruptcy pleadings and bankruptcy docket.	.50	62.50
<b>TOTAL SERVICES RENDERED</b>				<b>\$23,064.50</b>

**COSTS ADVANCED**

05/07/03		Telecopy received from J. Heintz - CRB.		7.50
08/01/03		Telecopy received from J. Olashuk - CRB.		2.00
08/18/03		Air Courier charges incurred re Federal Express delivery to D. Dorgan, Jr., CPG on 07/14/03 (CGD).		26.18
08/18/03		Air Courier charges incurred re Federal Express delivery to M. Beroff on 07/24/03 (BDC).		12.25
08/18/03		Air Courier charges incurred re Federal Express delivery to C. Cannon on 07/24/03 (CGD).		21.78
08/18/03		Air Courier charges incurred re Federal Express delivery to D. Dorgan, Jr. on 07/16/03 (CGD).		63.50
08/18/03		Air Courier charges incurred re Federal Express delivery to R. Werhnyak, Esquire on 07/29/03 (DCB).		12.25
08/20/03		Other cost incurred re telephone charges in the month of May, 2003 (CGD).		2.80
08/22/03		Telecopy received from J. Olashuk - BDC.		4.50
08/25/03		Charges for photocopies through August 31, 2003.		1,711.20
08/27/03		Telecopy received from J. Olashuk - CRB.		8.50
08/29/03		Telephone charges through May 31, 2003.		7.29
<b>TOTAL COSTS ADVANCED</b>				<b>\$1,879.75</b>
<b>TOTAL CURRENT CHARGES</b>				<b>\$24,944.25</b>
<b>AMOUNT DUE</b>				<b>\$24,944.25</b>

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ATTORNEY		HOURS	AMOUNT	RATE
BDC	Brandon D. Coneby	14.40	1,800.00	125.00
CGD	Colleen Grace Donofrio	29.20	6,570.00	225.00
CRB	Chester R. Babst, III	37.90	10,422.50	275.00
DCB	Donald C. Bluedorn	1.10	258.50	235.00
DDM	Denise D. Moore	7.00	560.00	80.00
DJL	David J. Laurent	0.20	42.00	210.00
MMG	Michele M. Gutman	0.20	50.00	250.00
MS	Maureen A. Shannon	24.90	3,361.50	135.00
	TOTAL	114.90	23,064.50	

BABST, CALLAND, CLEMENTS AND ZOMNIR  
A Professional Corporation  
Two Gateway Center  
Pittsburgh, Pennsylvania 15222  
Federal ID #25-1523683  
412-394-5400

National Steel Corporation

Account No. : 09147  
Invoice Date: 10/15/03  
Invoice No. : 1036965  
Chester R. Babst, III

Case No.: 09147-0022511  
Re: Bankruptcy Issues

REGULAR ACCOUNT ACTIVITY

PROFESSIONAL SERVICES RENDERED

09/02/03	CRB	Prepare for negotiations with DOJ (0.8); telephone call to Region V re 104(e) request (0.3).	1.10	302.50
09/02/03	CGD	Receive and review the Section IV Landfill groundwater increase information and set up a file for tracking these issues.	.20	45.00
09/02/03	BDC	Review various bankruptcy pleadings and bankruptcy docket.	.40	50.00
09/03/03	CRB	Two telephone conferences with J. Olashuk (0.4); prepare for and participate in negotiations with DOJ on Proof of Claim (1.1); discussion with MDS and telephone conference with Michigan Attorney General's Office re Dober Mine water permit and review of potential claims against M.A. Hanna (1.5); discussion with MMG re potential Buck Mine responsibility (0.2).	3.20	880.00
09/03/03	MDS	Prepare for and participate in telephone conferences with J. Stropkai and B. Monroe from Michigan DEQ re Dober Mine NPDES permit.	.80	176.00
09/03/03	MMG	Conference with CRB re Buck Mine status.	.10	25.00
09/03/03	CGD	Request from J. Olashuk for participation in a conference call to discuss the game plan for the Section IV Landfill meeting with Illinois EPA (0.1); review permit notification requirements re groundwater in advance of the	1.30	292.50

conference call (0.6); participate in a conference call with J. Olashuk and with D. Dorgan and S. Niehoff of Weaver Boos re discussion of topics for a meeting with Illinois EPA on the Section IV closure and Section III and IV post-closure work (0.6).

09/04/03	MDS	Draft e-mail to J. Stropkai of Michigan's Attorney General Office re Dober Mine matter.	.10	22.00
09/05/03	CRB	Prepare for and participate in telephone conference with J. Olashuk and K. Sobiecki (0.6); telephone call to Region V re 114(e) request (0.2).	.80	220.00
09/05/03	BDC	Review various bankruptcy pleadings and bankruptcy docket.	.30	37.50
09/08/03	CRB	Draft letter to Region 5 re 104 (e) request (0.6); telephone call with J. Olashuk (0.3); review IEPA letter re Section IV Landfill and outline response (0.4); telephone conference with Department of Justice re counter offer for POC settlement (0.4).	1.70	467.50
09/09/03	CRB	Finalize letter to Region 5 (0.5); telephone conference with attorney from Region 5 (0.3); telephone conversation with J. Olashuk (0.3); review letter to Madison County (0.2); review DOJ objections to the Liquidation Plan.	2.00	550.00
09/10/03	MDS	Telephone conference with J. Stropkai of Michigan Attorney General's Office re Dober Mine remediation system.	.10	22.00
09/10/03	CGD	Receive and review an e-mail from L. Colpaert of Indiana DEM re Agreed Orders for signature (0.8); forward documentation to J. Olashuk and CRB in advance of discussing same (0.1); telephone call from J. Olashuk re coordination of a conference call with CRB (0.1).	1.00	225.00
09/10/03	BDC	Review various bankruptcy pleadings and bankruptcy docket (0.3); begin preparation of statement of services rendered for August 2003 (0.2).	.50	62.50
09/10/03	MIM	Conference with R. Castor (Beldon & Blake) re need to revise insurance provision of Oil and Gas Lease Agreement with Beldon & Blake Corporation.	.20	29.00

09/11/03	CRB	Prepare for and participate in conference call with J. Olashuk and CGD re Indiana proposed orders (0.8); review draft orders and Proof of Claim (1.2); telephone calls with Skadden Arpo re IDEM orders and DOJ comments on Liquidation Plan (0.5); telephone call and e-mails with J.Olashuk re IEPA letters re Section IV Landfill (0.7).	3.20	880.00
09/11/03	CGD	Telephone call from L. Colpaert of Indiana DEM re request for feedback on the draft joint waste orders for Midwest (0.3); participate in a conference call with J. Olashuk and CRB re same (0.4); retrieve the proof of claim provided by Indiana DEM and forward same to J. Olashuk and CRB and provide CRB with draft comments on the latest joint orders (0.7); receive and review DOJ's comments on the liquidation plan (0.1); e-mail L. Colpaert re plans to call once CRB discusses open settlement issues with bankruptcy counsel (0.2); receive and forward reply e-mail from L. Colpaert to J. Olashuk (0.1); telephone call from J. Olashuk re same (0.2).	2.00	450.00
09/12/03	CRB	Review Dober Mine background documents.	1.00	275.00
09/12/03	CGD	Review the waste violations file re identification of post-bankruptcy filing open noncompliance items (0.7); telephone call from CRB re preliminary discussions with Skadden on unsecured claim language and final documentation preference (0.1); telephone call to L. Colpaert of Indiana DEM re discussions with Bankruptcy Counsel and re plans to proceed (0.3).	1.10	247.50
09/15/03	CRB	Prepare for and participate in negotiations with DOJ re Proofs of Claim (1.1); telephone conversation with J. Olashuk (0.3); review Dober Mine documents (1.5).	2.90	797.50
09/16/03	CRB	Review Dober Mine agreements and history of M.A. Hanna indemnity (1.2); review abandonment documents (0.7).	1.90	522.50
09/16/03	MDS	Telephone conference with J. Stropkai, Michigan Assistant Attorney General, re Michigan's proposed plans re Dober Mine NPDES permit.	.20	44.00
09/17/03	CRB	Outline options to terminate permittee status at Dober Mine.	1.00	275.00



09/17/03	CGD	Receive and review an e-mail from L. Colpaert of Indiana DEM re revised Agreed Order language (0.4); forward same to CRB with a request for comments (0.1); telephone call from CRB re specific comments (0.2).	.70	157.50
09/18/03	CRB	Redraft ACO with IDEM and telephone conference with CGD re same (0.7); outline Dober Mine settlement options (0.4).	1.10	302.50
09/18/03	CGD	Review recent DOJ settlement language for consistency with recent versions of the two Indiana DEM waste agreed orders (2.2); e-mail redlined documents to CRB for final review and approval (0.1); telephone call from CRB re specific comments on the Agreed Orders (0.1); incorporate comments and e-mail same to J. Olashuk for final review (0.3).	2.70	607.50
09/18/03	BDC	Review various bankruptcy pleadings and bankruptcy docket (0.2); review recent Order re allowance of interim compensation and reimbursement of expenses for third quarter and meet with CRB re same (0.2).	.40	50.00
09/19/03	CRB	Begin review of Dober Mine Consent Decree and begin to draft letter to MDEQ re removal of NSC from permit status.	2.10	577.50
09/19/03	CGD	Telephone call from J. Olashuk re concurrence to forward Midwest Agreed Orders' comments to L. Colpaert of Indiana DEM (0.1); retrieve the comments and forward same to L. Colpaert (0.2).	.30	67.50
09/19/03	BDC	Review various bankruptcy pleadings and bankruptcy docket (0.2).	.20	25.00
09/22/03	CRB	Telephone conference with DOJ attorney and review draft Consent Decree (1.1); review abandonment documents (1.0).	2.10	577.50
09/22/03	MMG	Review files for documents re Hanna indemnity issue (0.3); review index for more relevant documents (0.2); review additional documents (0.3); conference with CRB (0.1).	.90	225.00
09/22/03	CGD	Receive and review an e-mail from CRB containing the draft DOJ settlement agreement.	.60	135.00
09/23/03	CRB	Two telephone conferences with J. Olashuk (0.3); review settlement agreement with DOJ (0.6); review River Rouge Proof of Claim (0.2); discussion with SBM (0.2).	1.30	357.50

09/23/03	NEG Strategy discussion with BDC re Fee Application matters.	.20	52.00
09/23/03	BDC Review various bankruptcy pleadings and bankruptcy docket (0.4); telephone conference with S. Pistorious re expenses re Fourth Interim Fee Application (0.2); meet with CRB and DMY re same (0.2); meet with NEG re issues re revisions to Fourth Interim Fee Application (0.2); review and revise fee application (0.8).	1.80	225.00
09/24/03	CRB Review and revise USA settlement agreement.	.50	137.50
09/24/03	BDC Complete review of and revisions to Fourth Interim Fee Application (0.9); draft statement of services rendered to August 2003 (1.2); draft correspondence to M. Berkoff re same (0.2); review various bankruptcy pleadings and docket (0.2); draft correspondence to J. Olashuk re payment of fees and expenses covered in the fee application (0.6).	3.10	387.50
09/25/03	CRB Discussion re abandonment motion (0.5); revise Dober Mine letter (0.5); review potential modifications to DOJ settlement (0.6).	1.60	440.00
09/30/03	CRB Telephone conference with J. Olashuk and letter to State of Michigan.	1.00	275.00
09/30/03	CGD Receive and review an e-mail and voice-mail from L. Colpaert of Indiana DEM re final revisions to the Midwest Agreed Orders for alleged waste violation.	.20	45.00
<b>TOTAL SERVICES RENDERED</b>			<b>\$11,542.50</b>

**COSTS ADVANCED**

07/10/03	Telecopy received from J. Olashuk - CRB.	3.00
08/11/03	Telecopy received from J. Olashuk - CRB.	0.50
08/18/03	Telecopy received from J. Olashuk - CRB.	3.00
09/05/03	Telecopy received from J. Olashuk - CRB.	5.50
09/10/03	Charges for postage through August 31, 2003.	19.80
09/15/03	Other cost incurred re Pitney Bowes on 08/22/03 re binds over 250 (BDC).	6.00
09/18/03	Other costs incurred re telephone charges in the month of August, 2003 (FJC).	9.47
09/18/03	Air Courier charges incurred re Federal Express delivery to R. Werhnyak, Esquire on 08/14/03 (JSK).	20.49