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U.S. BANKRUPTCY COURT
PRINCIPAL GRAY, VS

1 Thomas E. Hattersley
2 William P. Driscoll
3 Teri A. Walter
4 GOUGH, SHANAHAN, JOHNSON & WATERMAN
5 P. O. Box 1715
6 Helena, MT 59624-1715
7 (406) 442-8560
8 Attorneys for Debtors and Debtors in Possession

507 ①	6850.98	158.54
1473 ②	8505.75	464.28
1985 ③	7340.00	594.72
2167 ④	19,808.38	639.08

9 IN THE UNITED STATES BANKRUPTCY COURT 42,505.11 1,856.62
10 FOR THE DISTRICT OF NEVADA

11 In re:)
12 PEGASUS GOLD CORPORATION, a)
13 Nevada corporation; and related entities,)
14 Debtors.)

Case Nos. BK-N-98-30088-GWZ through
BK-N-98-30105-GWZ
(Jointly Administered)
Chapter 11
Date: May 17, 1999
Time: 9 o'clock
Set By: Deborah Marsh

15 *****
16 FOURTH APPLICATION OF GOUGH, SHANAHAN, JOHNSON
17 & WATERMAN FOR INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES AS COUNSEL FOR DEBTORS
18 *****

19 The law firm of Gough, Shanahan, Johnson & Waterman (GSJW) hereby applies to this
20 Honorable Court for an award of interim compensation for professional fees and reimbursable
21 costs incurred for the period from December 1, 1998 through February 5, 1999. GSJW
22 respectfully represents:

- 23 1. On January 16, 1998, the above-named Debtor filed petitions for relief under Chapter
24 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada.
- 25 2. On May 14, 1998, the Debtors filed an Omnibus Motion for Employment Nunc Pro
26 Tunc of Special Counsel and an Order of this Court authorizing such employment was approved.
- 27 3. GSJW's Fourth Fee Application requests the award and approval of payment of
28 \$19,808.38 in professional fees and \$639.08 in reimbursable costs incurred for the period from

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1 December 1, 1998, through and including February 5, 1999, for a total amount of \$20,447.46.

2 4. A detailed statement of professional services rendered and reimbursable expenses
3 incurred for the period from December 1, 1998, through and including February 5, 1999, is
4 attached hereto as Exhibit "A" and incorporated herein by reference.

5 5. From December 1, 1998, through February 5, 1999, GSJW has rendered services
6 with respect to the following issues or matters:

7 General Matters - a variety of incidental matters as described on the attachment
8 to Exhibit A.

- 9 a. Jeffrey M. Hindoiien has spent 1.00 hour at an hourly rate of \$90 for which
10 compensation is sought in the amount of \$90.00.
11 b. Teri A. Walter has spent .70 hours at an hourly rate of \$100 for which
12 compensation is sought in the amount of \$70.00; and .80 hours at an
13 hourly rate of \$115 (as of 1/1/99) for which compensation is sought in the
14 amount of \$92.00.
15 c. William L. MacBride has spent 3.70 hours at an hourly rate of \$120
16 for which compensation is sought in the amount of \$440.00.

17 Basin 41I Water Rights Adjudication - participation in the adjudication of the
18 water rights of Nila Tyrrel, leased by the company's Diamond Hill Mine.

- 19 a. Holly J. Franz has spent 2.50 hours at an hourly rate of \$125 for which
20 compensation is sought in the amount of \$312.50.

21 Fee Applications- applications to and hearings before the U.S. Bankruptcy Court
22 for compensation and reimbursement of expenses as counsel for Debtors.

- 23 a. Teri A. Walter has spent 5.30 hours at an hourly rate of \$100 for which
24 compensation is being sought in the amount of \$530.00; and .50 hours at
25 an hourly rate of \$115 (as of 1/1/99) for which compensation is being
26 sought in the amount of \$57.50.
27 b. William Driscoll has spent 1.80 hours at an hourly rate of \$130 for
28 which compensation is sought in the amount of \$234.00.

Corporate Status/Employment Matters - a variety of matters including employee
benefits, personnel matters, and general corporate issues.

- a. Teri A. Walter has spent 2.6 hours at an hourly rate of \$115 for which
compensation is being sought in the amount of \$299.00.

1 Ed Argenbright/Response to I-122 Findings - completion of settlement relative to
2 a claim that Pegasus and others violated the Montana Political Practices Act in a
3 1996 initiative campaign.

- 4 a. Rebecca W. Watson has spent 40.65 hours at an hourly rate of \$150 for
5 which compensation for Pegasus' one-fourth share is being sought in the
6 amount of \$1524.38.

7 General Electric Capital Corp./Opinion - preparation of opinion letters for
8 General Electric Capital Corporation and related financing instruments to
9 complete reorganization.

- 10 a. Alan L. Joscelyn has spent .50 hours at an hourly rate of \$150 for which
11 compensation is being sought in the amount of \$75.00.
12 b. Thomas E. Hattersley has spent .50 hours at an hourly rate of \$150 for
13 which compensation is being sought in the amount of \$75.00.
14 c. William P. Driscoll has spent 70.80 hours at an hourly rate of \$150 for
15 which compensation is being sought in the amount of \$10,620.00.

16 DEQ/MT Tunnels - Corbin Flats Clean-Up - dealings with Montana Department
17 of Environmental Quality pertaining to historic tailings clean-up and Montana
18 reimbursement programs.

- 19 a. William P. Driscoll has spent 35.90 hours at an hourly rate of \$150 for
20 which compensation is being sought in the amount of \$5385.00.

21 6. GSJW has requested compensation for costs incurred as follows:

22 <u>General Matters</u>	\$ 40.17
23 <u>Basin 41I Water Rights Adjudication</u>	18.36
24 <u>Corporate Status/Employment Matters</u>	8.90
25 <u>Fee Application</u>	403.04
26 <u>Administrative Appeal of Reclamation Bond</u>	13.40
27 <u>Ed Argenbright/Response to I-122 Findings</u>	65.52
28 <u>General Electric Capital Corp./Opinion</u>	71.20
<u>DEQ/MT Tunnels - Corbin Flats Clean-Up</u>	18.49
TOTAL	<u>\$639.08</u>

1 7. Exhibit "A" attached hereto includes a Summary of Reimbursable Costs for this
2 fee application.

3 8. To date, Gough, Shanahan, Johnson & Waterman has not been paid any of its
4 fees and expenses from December 1, 1998 through February 5, 1999.

5 9. The services provided by Gough, Shanahan, Johnson & Waterman have greatly
6 benefitted Pegasus by protecting the assets of the Company from various claims as described
7 herein, including:

- 8 a. representation and protection of the interests of Pegasus in the
9 implementation of a Clean Water Act consent decree entered into with the
10 state and federal government for the benefit of certain Montana Indian
11 tribes;
- 11 b. representation and protection of the interests of Pegasus from employment
12 and labor disputes brought against the Company by employees and former
13 employees;
- 13 c. protection of the interests of Pegasus in certain property rights to water;
14 and
- 15 d. representation and protection of Pegasus in the settlement of claims made
16 against the company by the Montana Commissioner of Political Practices.

17 10. Gough, Shanahan, Johnson & Waterman is entitled to an administrative claim of
18 all attorneys' fees and costs incurred in representing the Debtors under 11 U.S.C. § 507(a)(1) and
19 11 U.S.C. § 503(b)(1)(A) and is likewise entitled to request this compensation pursuant to
20 11 U.S.C. §§ 330 and 331 and F.R.B.P. § 2016(A), since such fees and costs were necessary in
21 preserving the Debtors' business interests.

22 11. GSJW has not entered into any agreement or understanding contrary to law for
23 the division of said compensation to be paid to it on account of such legal services.

24 WHEREFORE, Gough, Shanahan, Johnson & Waterman pray for Orders on this Fourth
25 Fee Application as follows:

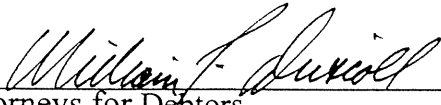
26 1. Awarding final compensation and allowing payment in the amount of \$20,447.46
27 including \$19,808.38 in professional fees and \$639.08 in reimbursable expenses for the period
28

1 from December 1, 1998, through February 5, 1999, as set forth above; and

2 2. For such other and further relief as the Court may deem proper under the
3 circumstances.

4 DATED this 2 day of April, 1999.

5
6 GOUGH, SHANAHAN, JOHNSON & WATERMAN

7 
8 _____
9 Attorneys for Debtors

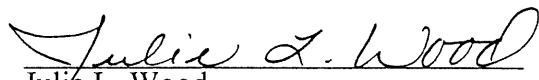
10 CERTIFICATE OF SERVICE

11 I certify that a copy of the FOURTH APPLICATION OF GOUGH, SHANAHAN,
12 JOHNSON & WATERMAN FOR INTERIM COMPENSATION AND REIMBURSEMENT OF
13 EXPENSES AS COUNSEL FOR DEBTORS was mailed on the 2 day of April, 1999, and
14 directed to:

15 Nicholas Strozza
16 Assistant U.S. Trustee
17 Office of the United States Trustee
18 300 Booth Street, Room 2129
19 Reno, NV 89509

20 Nicholas A. Laveris
21 Mayer, Brown & Platt
22 1675 Broadway
23 New York, NY 10019-5820

24 Donald Vagstad
25 Pegasus Gold Corporation
26 601 W. First Avenue
27 Suite 1500
28 Spokane, WA 99201

29 
30 _____
31 Julie L. Wood

32 4THFEE.APP