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U.S. BANKRUPTCY COURT  
PATRICIA GRAY ULENK

1 PARSONS BEHLE & LATIMER  
2 JIM BUTLER, ESQ.  
3 LISA A. KIRSCHNER, ESQ.  
4 201 South Main Street, Suite 1800  
5 P.O. Box 45898  
6 Salt Lake City, Utah 84145-0898  
7 Telephone: (801) 532-1234  
8 Facsimile: (801) 536-6111

Attorneys for Debtors and Debtors in Possession

9  
10 **IN THE UNITED STATES BANKRUPTCY COURT**  
11 **FOR THE DISTRICT OF NEVADA**

12 In re:  
13 PEGASUS GOLD COPORATION, a  
14 Nevada corporation, and related entities,  
15 Debtors.

Case Nos. BK-N-98-30088 GWZ through  
BK-N-98-30105 GWZ  
(Jointly Administered)  
Chapter 11  
Date of Hearing: May 17, 1999  
Time of Hearing: 9:00 a.m.  
Set by: Court

16 **FINAL FEE APPLICATION OF**  
17 **PARSONS BEHLE & LATIMER, SEEKING COMPENSATION FOR LEGAL**  
18 **SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES**

19 This final application for allowance of compensation (the "Application") is filed by  
20 Parsons Behle & Latimer ("PB&L"), special counsel for Pegasus Gold Corporation and its  
21 related debtor entities, debtors and debtors-in-possession ("Debtors") in the above-captioned  
22 Chapter 11 case. Pursuant to this Application, PB&L respectfully requests that the Court enter  
23 an Order:

24 a) For the period from December 1, 1998 through February 5, 1999 ("Application  
25 Period"), allowing PB&L professional compensation in the amount of \$3,292.00 and  
26 reimbursement of actual and necessary expenses in the amount of \$1,827.55;

| Order # | Fee                 | Re appeal | Opp appeal         | Total       |
|---------|---------------------|-----------|--------------------|-------------|
| #1041 ① | 54,159.00           |           | 12,752.38          |             |
| #1725 ② | 49,767.50           |           | 12,851.77          | appd. #1469 |
| #2076 ③ | 49,801.00           |           | 14,782.76          | appd. #1968 |
| #2320 ④ | 3,292.00            |           | 1,827.55           | appd. #2165 |
|         | <u>\$157,019.50</u> |           | <u>\$42,213.86</u> |             |

2165

1 b) Authorizing the Debtors to pay to PB&L all unpaid fees and expenses as allowed by  
2 the Court;

3 c) Determining that the total amount of professional fees charged by PB&L to the  
4 Debtors during the Application Period are reasonable within the meaning of 11 U.S.C.  
5 § 330(a); and  
6

7 d) Determining that the total amount of reimbursable expenses incurred by PB&L  
8 during the Application Period are actual and necessary within the meaning of 11 U.S.C.  
9 § 330(a).

10  
11 **I. BACKGROUND**

12 1. On January 16, 1998 (the "Petition Date"), the Debtors filed their  
13 voluntary Chapter 11 petitions, thereby commencing their Chapter 11 case. Debtors own and  
14 operate gold mining facilities in Nevada, Idaho and Montana.

15  
16 2. On June 8, 1998, a hearing was held regarding Debtors' Omnibus  
17 Motion for Employment of Nunc pro Tunc of Special Counsel. The Bankruptcy Court  
18 approved PB&L's employment as special counsel effective as of the petition date.

19 3. PB&L's first interim application requesting \$54,159.00 in fees and  
20 \$12,752.38 for expenses for the period January 16 through May 31, 1998 was approved by the  
21 Court September 14, 1998.

22  
23 4. PB&L's second interim application requesting \$49,767.50 in fees and  
24 \$12,851.77 for expenses for the period June 1, 1998 through August 31, 1998 was approved by  
25 the Court November 9, 1998.

|      |                      |              |             |
|------|----------------------|--------------|-------------|
| 99PS | #491 ①               | 54,159.00    | 12,752.38   |
|      | #1469 ②              | 49,767.50    | 12,851.77   |
|      | #1968 ③              | 49,801.00    | 14,782.16   |
|      | #2165 ④ <sup>2</sup> | 3,292.00     | 1,827.55    |
|      | Totals               | \$157,019.50 | \$42,213.86 |

1           5.     PB&L's third interim application requesting \$49,801.00 in fees and  
2 \$14,782.16 for expenses for the period September 1, 1998 through November 30, 1998 was  
3 approved by the Court January 25, 1999.

4           6.     This is the final fee application for allowance of compensation and  
5 reimbursement of expenses filed by PB&L in the above-captioned case. Pursuant to this  
6 Application, PB&L requests allowance of compensation of \$3,292.00, and reimbursement of  
7 expenses of \$1,827.55 in connection with services provided during this Application Period of  
8 December 1, 1998 through February 5, 1999. PB&L has received no payments on these  
9 professional fees and expenses incurred during this Application Period.  
10

11           7.     With this final application, PB&L requests an order from the Court that  
12 all fees and expenses incurred by PB&L in this proceeding are reasonable or actual and  
13 necessary within the meaning of 11 U.S.C. § 330(a).

14     **II.     TASKS PERFORMED BY PARSONS DURING THE APPLICATION PERIOD**  
15

16           The Application Period encompassed by this Application runs from December 1, 1998  
17 through February 5, 1999. During the Application Period, PB&L provided legal services to the  
18 Debtors on several matters. The discussion below provides an overview of the services  
19 performed by matter. PB&L was employed by Debtors prior to the Petition Date, and the  
20 billing matters set forth below were established before the Petition Date. For each matter, the  
21 discussions below explains how post-petition services have been categorized and summarizes  
22 the post-petition legal services that have been billed to that matter.

23           A.     Bankruptcy Assistance

24           Upon the filing of the petition, PB&L was asked to assist the Debtors and their  
25 bankruptcy counsel by (1) providing information and advice regarding environmental,  
26

1 regulatory and permitting requirements associated with the operation and/or closure of gold  
2 mines in Nevada, Montana and Idaho, (2) explaining the environmental, regulatory and  
3 permitting status of the mines and identifying legal requirements associated with the operation  
4 and closure of the mines to creditors, the Creditors' Committee, and counsel for the Creditors'  
5 Committee; (3) providing information related to reclamation and reclamation bonding  
6 requirements; and (4) identifying regulatory, environmental and permitting requirements  
7 associated with the potential sale or transfer of the mine properties. Legal services provided to  
8 Debtors that related to these tasks and to the bankruptcy proceedings in general were billed to  
9 our Pegasus/General Corporate matter.  
10

11  
12 PB&L billed 14.4 hours (\$2,272.00) to this matter during the Application Period. Legal  
13 services provided on this matter included helping Debtors and their bankruptcy counsel  
14 participate in settlement negotiations and document the settlement regarding reclamation and  
15 closure of the Zortman and Landusky Mines.  
16

17 B. Zortman Closure

18 This matter was initially established for services provided in connection with  
19 environmental matters for Zortman Mining, Inc. that were not associated with specific litigation  
20 or permitting of the planned expansion of the mine. After the Petition Date, PB&L has been  
21 asked to advise Debtors on certain matters associated with final reclamation and closure of the  
22 Zortman mine and that work has been billed to this matter.  
23

24 PB&L billed 5.1 hours (\$644.00) to this matter during the Application Period. This  
25 work involved disposition of Zortman's administrative appeals pending before the Montana  
26

1 Department of Environmental Quality (“MDEQ”). The administrative appeals were dismissed  
2 as a result of the settlement agreement approved by the Bankruptcy Court.

3 C. Implementation of Zortman Consent Decree

4 This matter was created for legal services associated with implementation of the 1996  
5 Consent Decree in United States v. Pegasus Gold and Zortman Mining, Inc., settling certain  
6 claims under the federal Clean Water Act and Montana Water Quality Act. The Consent  
7 Decree imposes ongoing obligations on Zortman, and legal services billed to this matter include  
8 assisting Zortman in preparing various required submittals to the regulatory agencies and  
9 advising Zortman on the Consent Decree requirements.  
10

11 PB&L billed 2.9 hours (\$376.00) to this matter during the Application Period. Time  
12 spent on this matter includes assisting Zortman in preparing and reviewing submittals to  
13 MDEQ and the Environmental Protection Agency and reviewing an amendment to the Consent  
14 Decree to implement the settlement agreement.  
15

16 **III. SUPPORTING EXHIBITS**

17 Exhibit “A” attached to this Application is a schedule setting forth the aggregate  
18 number of hours of professional services rendered for the Debtors by PB&L during the  
19 Application Period, and specifying the number of hours spent by each involved shareholder,  
20 associate, and legal assistant of PB&L. A listing of the respective hourly rates charged for each  
21 person’s services is also set forth in Exhibit “A.” The hourly rates set forth in Exhibit “A”  
22 include an adjustment for the hourly rates of Jim Butler and Lisa Kirschner—the primary  
23 PB&L attorneys working for Pegasus—which was negotiated with Pegasus in September,  
24 1997, prior to the Petition Date. Mr. Butler’s current rate for non-Pegasus clients is \$185/hour  
25  
26