

ORIGINAL

Mark Thompson
Shari Siegel
Kerry Mithalal
SIMPSON THACHER & BARTLETT
425 Lexington Avenue
New York, New York 10017
212-455-2000
Attorneys for Debtors in Possession

U.S. BANKRUPTCY COURT
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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

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In re :
:
PEGASUS GOLD CORPORATION, :
PEGASUS GOLD INC., :
DIAMOND HILL MINING, INC., :
FLORIDA CANYON MINING, INC., :
MONTANA TUNNELS MINING, INC., :
PEGASUS GOLD INTERNATIONAL, INC., :
:
Reorganized Debtors. :
-----X

BK-N-98-30088 GWZ
BK-N-98-30089 GWZ
BK-N-98-30092 GWZ
BK-N-98-30093 GWZ
BK-N-98-30095 GWZ
BK-N-98-30101 GWZ
Chapter 11

Hearing Date: May 17, 1999
Hearing Time: 10:00 a.m.
Set by: Linda Duffy

**FOURTH AND FINAL APPLICATION OF
SIMPSON THACHER & BARTLETT, COUNSEL TO DEBTORS,
FOR PAYMENT OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES**

TO THE HONORABLE GREGG W. ZIVE,
UNITED STATES BANKRUPTCY JUDGE:

Simpson Thacher & Bartlett ("ST&B"), counsel to the debtors in the above-captioned cases (the "Debtors"), submits this final fee application (the "Final Application").

2193

Pursuant to this Final Application, ST&B respectfully requests that the Court enter a final Order:

(1) allowing for the period from December 1, 1998 through March 31, 1999 (the "Interim Application Period")^{1/} (a) fees in the amount of \$316,648.50 and (b) reimbursement of actual and necessary expenses in the amount of \$68,739.03;

(2) allowing the amount of compensation and reimbursement of expenses accrued during the second and third application periods^{2/} consisting of (a) fees in the aggregate amount of \$1,173,175.00^{3/} and (b) reimbursement of expenses in the aggregate amount of \$249,568.03;

(3) determining that the total amount of professional fees awarded to ST&B is reasonable within the meaning of 11 U.S.C. § 330(a);

(4) determining that the total amount of expenses incurred by ST&B were actual and necessary within the meaning of 11 U.S.C. § 330(a);

and

	Fee = 2,040,028.50	
	EXP = 378,757.47	
#503 (1)	550,205.00	60,450.41
#2173 (2)	316,648.50	68,739.03
(2)(3)	1,173,175.00	249,568.03
#2006 (3)	548,004	79,217.50
	560,632.00	170,350.88
	+ 64,539.00	

^{1/} The Application runs past February 5, 1999, the Effective Date of the plans of reorganization, only to pick up costs of preparing this application and administrative items, such as filing and serving papers in connection with the end of the cases and coordinating the transition to new counsel at various estates.

^{2/} The Order approving the initial fee applications of professionals in this case was entered as a final order and thus ST&B does not require a further order in respect of its first fee application.

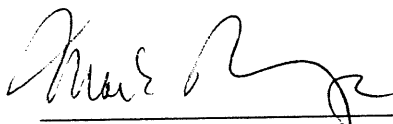
^{3/} As discussed in greater detail in Section V below, in its second and third interim fee applications, ST&B only applied for an interim award of compensation based on the blended rate cap of \$310 per hour established by the Court at the August 31 hearing, notwithstanding that ST&B accrued in the third fee application period \$64,539.00 in additional fees. By this Final Application, ST&B seeks a final award of such additional amount and the figure in the text to which this footnote is appended includes such sum.

(5) authorizing and directing the PGC Liquidating Trust to pay ST&B \$451,966.53, constituting the sum of all unpaid fees and expenses from this and prior application periods.

This Final Application is supported by the attached points and authorities and the exhibits to the Final Application, which contain descriptions and analysis of the professional services rendered and the expenses incurred by ST&B.

Dated: New York, New York
April 5, 1999

SIMPSON THACHER & BARTLETT

By: 
Mark Thompson

425 Lexington Avenue
New York, New York 10017
(212) 455-2000

ATTORNEYS FOR THE DEBTORS

POINTS AND AUTHORITIES

I. GENERAL BACKGROUND

1. On January 16, 1998 (the "Petition Date") the Debtors filed with the Clerk of this Court their respective petitions for reorganization under Section 301 of chapter 11, title 11, United States Code (the "Bankruptcy Code"). By order dated January 16, 1998, these cases are being jointly administered and consolidated for procedural purposes only.

2. On the Petition Date, the Debtors filed an application to employ ST&B as general bankruptcy counsel pursuant to section 327(a) of the Bankruptcy Code ("Retention Application"). The Court granted that application on January 16, 1998. Prior to the date hereof, ST&B filed an initial affidavit and four supplemental affidavits of Mark Thompson, a partner in the firm, disclosing matters arguably required by the Federal Rules of Bankruptcy Procedure in respect of its retention ("Affidavits").

3. (a) The Court entered a final order on September 15, 1998, awarding ST&B \$517,606.00 in compensation and \$60,333.84 in reimbursement of expenses in respect of ST&B's initial fee application, covering the period January 16, 1998 through May 31, 1998. As a result of compliance with the guidelines established by the United States Trustee's office or this Court or in the exercise of its own billing discretion, ST&B wrote off \$35,749 in fees and \$8,344.57 in disbursement charges in connection with the first application, 7.1% of its total accruals during that period.

F - 553,355
E - 68,678.41

(b) The Court entered an interim order on November 9, 1998, awarding ST&B \$548,004.00 in compensation and \$79,217.15 in reimbursement of expenses in respect of ST&B's second fee application, covering the period June 1, 1998 through August 31, 1998.

count awarded (1)	517,606	60,333.84	
2	548,004.	79,217.15	#17250
3	560,632	170,350.88	#1449F
4	316,648.50 ✓	68,739.03 ✓	#2006 F

As a result of compliance with the guidelines established by the United States Trustee's office or this Court or in the exercise of its own billing discretion, ST&B wrote off \$26,014.50 in fees and \$16,498.10 in disbursement charges in connection with the second application, 6.3% of its total accruals during that period.

(c) The Court entered an interim order on January 25, 1999 awarding ST&B \$560,632.00 in compensation and \$170,350.88 in reimbursement of expenses in respect of the third fee application of ST&B. As a result of compliance with the guidelines established by the United States Trustee's office or this Court or in the exercise of its own billing discretion, ST&B wrote off \$38,426 in fees and \$12,103.56 in disbursement charges in connection with the third application, 6.0% of its total accruals during that period. As noted in footnote 3 above and discussed in greater detail in Section V below, ST&B also accrued during that application period \$64,539.00 in additional fees, but deferred until this Final Application any request that such fees be awarded to it.

(d) In sum, prior to this Final Application, the Court has awarded ST&B \$1,626,242 in compensation and \$309,902.27 in reimbursement of expenses, while ST&B has written off \$137,135.73, or 6.4% of its total accruals and deferred \$64,539 in compensation until this Final Application.

4. By this Final Application, ST&B is seeking (1) allowance and payment of fees in the amount of \$316,648.50 and reimbursement of actual and necessary expenses in the amount of \$68,739.03 for the Interim Application Period and (2) a final award of all compensation and expenses during the case, including the \$64,539.00 deferred from the third application. As a result of compliance with the guidelines established by the United States