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 U.S. BANKRUPTCY COURT
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ENTERED ON DOCKET 5/27/99

UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA

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	:	
In re	:	
	:	
PEGASUS GOLD CORPORATION,	:	BK-N-98-30088 GWZ
PEGASUS GOLD INC.,	:	BK-N-98-30089 GWZ
DIAMOND HILL MINING, INC.,	:	BK-N-98-30092 GWZ
FLORIDA CANYON MINING, INC.,	:	BK-N-98-30093 GWZ
MONTANA TUNNELS MINING, INC.,	:	BK-N-98-30095 GWZ
PEGASUS GOLD INTERNATIONAL, INC.,	:	BK-N-98-30101 GWZ
	:	Chapter 11
Reorganized Debtors.	:	
-----X	:	
	:	Hearing Date: May 17, 1999
	:	Hearing Time: 10:00 a.m.
	:	Set by: Linda Duffy

**FINAL ORDER DETERMINING PAYMENT OF COMPENSATION
 AND REIMBURSEMENT OF EXPENSES AS TO
 SIMPSON THACHER & BARTLETT, COUNSEL TO DEBTORS**

On the date set forth above, this Court heard the final fee application (the "Final Application") of Simpson Thacher & Bartlett ("ST&B"), counsel to the debtors in the above-captioned cases (the "Debtors").

The Court considered the Final Application, the objection of the United States Trustee thereto, the Affidavits hereinafter referred to, ST&B's three prior interim fee

2278

applications and related proceedings in respect thereof, the overall outcome of the case and all prior proceedings pertaining to these Debtors, as well as the statements of Mark Thompson, a partner in ST&B, and Nicholas Strozza, on behalf of the United States Trustee, and adequate notice of the hearing having been given, and based upon the record described above, the findings and conclusions of the Court are as follows:

1. On January 16, 1998 (the "Petition Date") the Debtors and certain affiliated companies whose cases have since been converted to Chapter 7 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").

2. This Court has jurisdiction over the Final Application pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the Final Application is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory authority for the relief requested herein is Bankruptcy Code section 330. The Final Application has been filed in accordance with Federal Rule of Bankruptcy Procedure 2016 and the Guidelines of the Office of the United States Trustee for the District of Nevada.

3. 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 the Petition Date. Prior to the date hereof, ST&B filed an initial affidavit and four supplemental affidavits of Mark Thompson disclosing matters arguably required by the Federal Rules of Bankruptcy Procedure in respect of ST&B's retention ("Affidavits").

4. (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.

(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.

(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.

(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. 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 has written off \$137,135.73, or 6.4% of its total accruals and deferred from its third fee application \$64,539.00 in compensation until this Final Application.

5. In its 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 period from December 1, 1998 through March 31, 1999 (the "Interim Application Period"), (2) a final award of all compensation and expenses previously awarded on an interim basis during the case, and (3) a final award of the \$64,539.00 deferred from its third application. As a result of compliance with the guidelines established by the

United States Trustee's office or this Court, ST&B has written off \$29,417 in fees and \$4,160.20 in disbursement charges in connection with this Final Application, 8.0% of its total accruals during this period.

6. The professional fees awarded to ST&B as set forth below is reasonable within the meaning of 11 U.S.C. § 330(a).

7. The expenses incurred by ST&B for which reimbursement is approved below were actual and necessary within the meaning of 11 U.S.C. § 330(a).

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

A. This Court hereby awards ST&B, on a final basis for the Interim Application Period, (a) fees in the amount of \$316,648.50 and (b) reimbursement of actual and necessary expenses in the amount of \$68,739.03.

B. This Court hereby awards ST&B, on a final basis with respect to the second and third interim application periods^{1/} (a) fees in the aggregate amount of \$1,108,636.00 and (b) reimbursement of expenses in the aggregate amount of \$249,568.03.

C. This Court hereby authorizes and directs the PGC Liquidating Trust to pay ST&B \$385,387.53, constituting the sum of all unpaid fees and expenses awarded by this Court for the Interim Application Period and prior application periods.

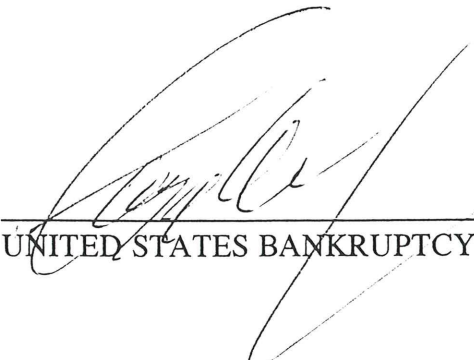
	period	Fees	EXP
③	560,632	170,350.88	2076
②	548,004	79,217.15	1725
④	316,648.50	68,739.03	2278
①	517,606	60,333.84	2173
	<u>1,942,890.50</u>	<u>378,640.90</u>	

Handwritten notes: a/1/98-11/30/98, 1-3, 4, 2.27, 309,900.00, 68,739.03, 378,640.90

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.


D. ST&B's request for an award of the \$64,539.00 deferred from the third interim application is denied.

Dated: May 27 1999


UNITED STATES BANKRUPTCY JUDGE

SUBMITTED BY:

SIMPSON THACHER & BARTLETT

By: 
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