

STATE OF UTAH
OFFICE OF THE ATTORNEY GENERAL



MARK L. SHURTLEFF
ATTORNEY GENERAL

RAY HINTZE
CHIEF DEPUTY-CIVIL

RYAN MECHAM
CHIEF OF STAFF
April 17, 2002

KIRK TORGENSEN
CHIEF DEPUTY-CRIMINAL

TO: Ray Hintze
AG/EXEC

FROM: John Maycock
Assistant Attorney General, Division of Oil, Gas, and Mining

RE: In Re Lodestar Energy, Inc. Bankruptcy
February 28, 2002 - Billing Statement for local counsel
EXPEDITED PROCESSING REQUESTED

Attached is the February 28, 2002 Invoice for \$48,035.80 for professional services rendered by Bunch & Brock as local counsel in Lexington, Kentucky, for the Lodestar Bankruptcy matter, a copy of an email from Bunch & Brock agreeing to discount this amount at my request by \$2,000, and a Law Firm Billing Approval Form. Mary Ann Wright and Lowell Braxton have approved the discounted amount for payment.

Local counsel's services were outstanding, substantially assisting the state in successfully defending against Lodestar's preliminary injunction motion and obtaining bankruptcy court approval for a settlement involving a complicated process for replacement of more than \$4 million in reclamation bonds for two coal mines operated by Lodestar in Utah. Utah also obtained an initial \$1 million superpriority administrative claim as interim security for reclamation, increasing to \$2 million unless certain deadlines are met. By contrast, the Kentucky state mining officials were enjoined from enforcing Kentucky's reclamation bonding laws.

In addition, the settlement precludes the debtor and its post-petition lender from objecting to payment of our local counsel's fees, up to \$50,000, from the bankruptcy estate as an administrative expense. Although there is no guarantee that the bankruptcy court will award the full amount of these fees, it is very likely that a substantial amount will be recovered from the bankruptcy estate and refunded to us.

I regret that my inexperience with office procedures has delayed this request. Please expedite payment of this invoice in the discounted amount of **\$46,035.80**. Thank you for your assistance, and I will keep you informed of the status of recovery of these fees from the bankruptcy estate.

JBM:

cc: L. Braxton, M. A. Wright, M. Bunch

ROUTING:

1 st Responsible Attorney	<u>John B. Maycock</u>
2 nd Executive Approval	<u>Ray Hintze</u>
Last Administration Approval	<u>Tippy Khaysavang</u>

OFFICE OF THE ATTORNEY GENERAL
LAW FIRM BILLING APPROVAL FORM

Law Firm: <u>Bunch & Brock</u>	Case: <u>In re Lodestar: Lodestar v. Utah</u>
Date: <u>12-5-01</u>	Contract on File (Y/N)? <u>yes</u>
Payments on This Case This Fiscal Year <u>2788⁵⁰</u>	Amount of Fee\$ <u>50</u> Expenses\$ <u>30</u> Totals <u>80</u> This Bill: <u>44,079</u> <u>1956</u> <u>46,035</u>
Date Rec'd By Office: <u>2-8-02</u>	Agency to Reimburse AG's Office: <u>D. O. G. M.</u>

Section to be completed by the Responsible Attorney John B. Maycock, please review and approve/disapprove the attached law firm billing and forward absolutely no later than asap to the Executive Division person listed below for final approval.

- I have reviewed the attached billing and I am satisfied that the time incurred and the rates billed are in accordance with the contract for work approved. (If the billing is not approved, indicate the reason and immediately inform Tippy Khaysavang.)
- The caps/maximum amount (if any) indicated in the contract have not been exceeded for fees or expenses. see attached
- Overall, this billing appears to be:
 - Reasonable for the work assigned and no more expensive than anticipated.
 - Reasonable, but more expensive than anticipated. see attached re agreed discount
 - Questionable (explain in comments section below.) I have have not made additional inquiry to the billing law firm.
- Reimbursement:
 - The agency listed above is the agency who will reimburse the Attorney General's Office.
 - The agency has approved the bill (or has given blanket approval) and is prepared to reimburse our office.
- Please provide a written update on the case and any comments or instructions you have on the bill:
see attached please expedite

6. Signature: [Signature] Date: 4-17-02

Section to be completed by the Executive Division Attorneys: Ray Hintze, please reviews approve/disapprove the attached law firm billing and forward absolutely no later than ASAP to Tippy Khaysavang for payment.

- Approved. I have reviewed the attached billing and the information completed by the Responsible Attorney and I am satisfied that the time incurred and the rates billed are in accordance with the contract for work approved. The bill is approved for payment. (If the billing is not approved, indicate the reason and immediately inform Tippy Khaysavang.)
- Not Approved. Reason: _____
- Please provide any additional information you have on the case, and comments or instructions you have on the bill:

- Signature: _____ Date: _____

Bunch & Brock

805 Security Trust Building
271 West Short Street
Lexington, KY 40507

Please Make Check Payable to:
W. Thomas Bunch

Mary Ann Wright
DOGM
159 W.N. Temple, Suite 1210
Box 145801
Salt Lake City UT 84114-5801

Billing Statement

February 28, 2002

FOR PROFESSIONAL SERVICES RENDERED

	<u>Hrs/Rate</u>	<u>Amount</u>
2/1/2002 MBB -- Receipt and review of e-mail (Agreed Order Continuing Standstill Period); drafted Response with Super-priority language; telephone conference with John Maycock re: status (1.8); appearance at hearing for Lodestar (2.2); drafted confirmation letter to Robert Sartin re: super-priority status (2.9)	6.90 150.00/hr	1,035.00
WTB -- Strategy conference with MBB; editing Agreed Order of Continuance (.5); editing language in Agreed Order of Standstill (.25); final review and editing of Sartin contract correspondence for printing (.13)	0.88 300.00/hr	264.00
2/4/2002 MBB -- Drafted letter to Jeff Marks re: drop-dead deadlines (1.9)	1.90 150.00/hr	285.00
2/5/2002 WTB -- Editing Time-line for Marks (.13); continued editing Time-line for Marks and re-did correspondence (.75)	0.88 300.00/hr	264.00
MBB -- Edited letter to Jeff Marks (1.3); telephone conference with John Maycock re: update (.1)	1.40 150.00/hr	210.00

Mary Ann Wright
Page 2

	<u>Hrs/Rate</u>	<u>Amount</u>
2/6/2002 MBB -- Telephone conference with John Maycock re: drop-dead provision (.2); edited letter to Jeff Marks (1.2); finalized letter to Marks after comments from Maycock (.8)	2.20 150.00/hr	330.00
2/11/2002 MBB -- E-mail to Jeff Marks and receipt and forward of e-mail to John Maycock (.1); e-mail receipt and return to Mary Ann Wright re: billing inquiry (.1); telephone conference with John Maycock re: Settlement Order (.2)	0.40 150.00/hr	60.00
2/14/2002 MBB -- E-mail correspondence to Jeff Marks re: Settlement Order (.2)	0.20 150.00/hr	30.00
MBB -- E-mail letter to Jeff Marks re: Settlement Order (.2)	0.20 150.00/hr	30.00
2/15/2002 WTB -- Editing proposed Agreed Order (.5)	0.50 300.00/hr	150.00
MBB -- Receipt and review of e-mail letter from Robert Sartin (.1)	0.10 150.00/hr	15.00
2/18/2002 WTB -- Editing Agreed Order (2.1)	2.10 300.00/hr	630.00
MBB -- Review of Settlement Order (.8); telephone conference with John Maycock re: Settlement Order and authorization to incur attorney's fees to edit same (.4); conference with WTB re: editing of Settlement Order (.4); editing Settlement Order (1.1)	2.70 150.00/hr	405.00
2/19/2002 MBB -- E-mail letter to John Maycock (.2); telephone conference with John Maycock re: editing changes (.3); edited Settlement Order (1.8); telephone conference with Robert Sartin re: Settlement Order and editing (.3); edited Settlement Order (night) (2.2)	4.80 150.00/hr	720.00
2/20/2002 WTB -- Telephone conference with Maureen Carman re: editing Agreed Order with MBB (.63); telephone update with John Maycock (.1)	0.73 300.00/hr	219.00
MBB -- Telephone conference with John Maycock, Jeff Marks and Robert Sartin re: Settlement Order (.9); edited Settlement Order (1.3); final version of Order (editing) (.8)	3.00 150.00/hr	450.00

Mary Ann Wright

Page 3

	<u>Hrs/Rate</u>	<u>Amount</u>
2/21/2002 MBB -- Numerous telephone conferences with John Maycock re: changes on Settlement Order (.2); telephone conference with Jeff Marks and Robert Sartin re: Order (.9); edited and re-drafted Order (1.1); numerous e-mails re: changes of Order (.8); conference with WTB and John Maycock (.4); made major revisions of Order with Robert Sartin after 4:00 p.m. (.8); major editing of Robert Sartin's changes after 4:15 p.m. (1.8)	5.60 150.00/hr	840.00
2/22/2002 WTB -- Editing of Agreed Order (.5); re-editing Agreed Order after Robert Sartin, MBB and John Maycock made changes (.5)	1.00 300.00/hr	300.00
MBB -- Major editing with John Maycock, Robert Sartin and Jeff Marks (all day) with numerous e-mails and revisions (verified Agreed Order with client); obtained client's authorization (5.5)	5.50 150.00/hr	825.00
2/25/2002 MBB -- E-mail letter to client (.1)	0.10 150.00/hr	15.00
2/28/2002 MBB -- Receipt of Agreed Order entered by the Court (.1)	0.10 150.00/hr	15.00
Total Time Charges:	41.19	\$7,092.00
EXPENSES:		
2/1/2002 FedEx charge on December 18, 2001 (\$24.40); copying and postage (\$1.84)		26.20
2/7/2002 Long distance telephone charges		2.57
2/19/2002 Westlaw research for Utah's Annotated Statutes for January 2002 (\$469.96); Westlaw research for December, 2001 (\$28.92)		498.88
Total Expenses		\$527.65
Total Time and Expense Charges:		\$7,619.65
Previous balance		\$40,416.15

Mary Ann Wright
Page 4

Amount

BALANCE DUE AND OWING:

\$48,035.80