

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

SpectraScience, Inc.

**Bky. No. 02-42904-NCD
Chapter 11**

Debtor.

**NOTICE OF HEARING AND FINAL APPLICATION OF ATTORNEYS
FOR TRUSTEE IN POSSESSION FOR ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF COSTS AND EXPENSES**

Mackall, Crouse & Moore ("MCM") respectfully applies to the Court to allow and authorize the payment of fees in its capacity as counsel for the Trustee-in-Possession during the period between April 1, 2004, through August 2, 2004.

1. A voluntary petition commencing the above referenced bankruptcy case ("Debtor") under a Chapter 7 proceeding was filed on September 13, 2002. This case was converted to one under Chapter 11 on February 5, 2003.

2. The Court will hold a hearing on this application at 10:30 a.m. on September 22, 2004, in Courtroom No. 7 West, United States Courthouse, 300 South Fourth Street, Minneapolis, Minnesota, or as soon thereafter as counsel can be heard.

3. Any response to this application must be filed and delivered not later than September 17, 2004 which is three (3) days before the date set for the hearing (excluding Saturdays, Sundays and holidays), or filed and served by mail not later than September 13, 2004, which is seven (7) days before the date set for the hearing (excluding Saturdays, Sundays and holidays). **UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY SERVED AND FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.**

4. The Court has jurisdiction over this application pursuant to 28 U.S.C. §§ 157 and 1334, Bankruptcy Rule 5005, and Local Rule 1070-1. The application is filed pursuant to Local

Rule 2016-1 and arises under 11 U.S.C. §§ 330 and 331. MCM requests the Court allow and authorize payment of compensation for professional services rendered incurred on behalf of the trustee. This is a core proceeding. This case is now pending in this Court.

Appointment as Counsel for Trustee

5. On or about February 12, 2003, this Court authorized employment of MCM as attorneys for Trustee with respect to all matters arising in these proceedings, under a general retainer, Exhibit "A".

Description of Services

6. All of these services were necessary for the adequate representation of Trustee. The hourly rates and charges for the attorneys and paralegals rendering services in this case are their usual and customary hourly rates, and are comparable to the rates charged by other attorneys and legal assistants in this community with similar experience and expertise.

7. MCM has no agreement or understanding with any person for the sharing of compensation received or to be received for services rendered in this proceeding on behalf of Debtors, except that the fees requested herein will be shared by the partners of Mackall, Crouse & Moore.

8. In connection with these proceedings, MCM has performed substantial services for Trustee. Exhibits "B, C and D" attached hereto identify specifically the services rendered, the date upon which they were rendered, the number of hours involved, and the identity of the persons rendering the services and the value thereof. Also attached, as Exhibit "E" is an itemization of costs incurred.

9. The estate consists of cash in the hands of the Trustee amounting to \$24,818.86 as of July 31, 2004. Pursuant to the Plan, the purchaser will pay to the estate the sum of \$50,000.00.

PREVIOUS ORDERS

10. Pursuant to Court's Order entered on February 26, 2003 MCM was allowed fees in the amount of \$25,706.00 and costs in the amount of \$109.80 for the period between September 2002, through January 22, 2003, which has been paid by the Trustee.

11. Pursuant to Court's Order entered on November 5, 2003, MCM was allowed fees in the amount of \$60,729.00 and costs in the amount of \$1,156.00 for the period between February 5, 2003, through August 31, 2003, which has been paid by the Trustee.

12. Pursuant to Court's Order entered on May 12, 2004, MCM was allowed fees in the amount of \$33,408.25 and costs in the amount of \$368.49 for the period between September 1, 2003, through March 31, 2004. \$11,000.00 of said fees have been paid by the Trustee.

13. The services rendered from April 1, 2004, through August 2, 2004, are summarized as follows:

a. **General Administrative Matters**

Variety of services relating to the administration of the case and other general matters were performed. Such services also involved the preparation of applications, draft pleadings regarding conversion, meetings with creditors and attorneys. Services were also performed in a variety of miscellaneous administrative and other matters common to all Chapter 7 cases.

The fees requested in this category total \$1,205.00.

A detailed description of these services is set forth in the attached Exhibit "B". Individuals rendering these services, their hourly rates and the number of hours expended in this category are:

Linda C. Schwartz Attorney	.10 hours at \$300.00 per hour
Lorraine D. Jacobson Paralegal	9.40 hours at \$125.00 per hour

b. **Intellectual Property**

Services rendered in this category included review attorney client privilege issues with respect to third party document access, review transferability issues, review U.S. Patents Trademark Office on status of patents, review and analyze law pertaining to per market approval and other matters common in preserving patents.

The fees request in the category total \$1,535.75.

A detailed description of these services is set forth in the attached Exhibit "C".

Individuals rendering these services, their hourly rates and the number of hours expended in this category are:

James A. Wahl (2004) Attorney	2.10 hours at \$270.00 per hour
Lorraine D. Jacobson Paralegal	3.55 hours at \$125.00 per hour
Lee M. Wilka Paralegal	4.20 hours at \$125.00 per hour

c. **Plan and Disclosure Statement**

Services included in this category review of matters relating to plan and disclosure statement preparation, conferences with attorney for buyer and creditors committee, begin drafting of plan and disclosure statement, and other matters common in preparation of plan and disclosure statement. The Plan was confirmed on July 22, 2004.

The fees requested in this category total \$19,763.25.

A detailed description of these services is set forth in the attached Exhibit "D".

Individuals rendering these services, their hourly rates and the number of hours expended in this category are:

Timothy D. Moratzka Attorney	45.85 hours at \$325.00 per hour
Andrew P. Moratzka (2004) Attorney	3.60 hours at \$170.00 per hour
Lorraine D. Jacobson Paralegal	32.00 hours at \$125.00 per hour

Hourly Rates of Attorneys

13. MCM believes that the fair and reasonable value of the services rendered by MCM as counsel for Trustee from April 1, 2004, through August 2, 2004, is \$22,504.00 and costs incurred in the amount of \$452.70 on account of which MCM has received no payment.

STATUS OF CASE

14. The Plan of Reorganization has been confirmed.

WHEREFORE, MCM respectfully requests that the Court allows and authorizes:

1. Attorneys' fees in the amount of \$22,504.00 and costs in the amount of \$452.70 for a total amount of \$22,956.70 for the period of April 1, 2004, through August 2, 2004.

2. MCM requests that the Court allow the Trustee to pay attorney fees in the amount of \$22,504.00 and costs in the amount of \$452.70 for a total amount of \$22,956.70 for the period of April 1, 2004, through August 2, 2004.

DATED: _____, 2004

MACKALL, CROUNSE & MOORE, PLC

By /s/ Timothy D. Moratzka
Timothy D. Moratzka (Atty. Lic. No. 75036)
Attorneys for Trustee
1400 AT&T Tower
901 Marquette Avenue
Minneapolis, MN 55402
(612) 305-1400

VERIFICATION, I, Timothy D. Moratzka, herein, verify that I have read the foregoing application and declare under penalty of perjury that the foregoing is true and correct according to the best of my knowledge, information and belief.

Executed on: August 17, 2004

Signed: /e/Timothy D. Moratzka

U.S. BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

SpectraScience, Inc.

Bankruptcy No. 02-42904-NCD

Debtor(s)

UNSWORN DECLARATION
FOR PROOF OF SERVICE

Cheryl DeBettignies, employed by Mackall, Crouse & Moore, attorney(s) licensed to practice law in this court, with office address of 1400 AT&T Tower, 901 Marquette Avenue, Minneapolis, MN 55402-2859, declares that on the date set forth below, I served the annexed Notice of Hearing and Final Application of Attorneys for Trustee-in-Possession for Allowance of Compensation and Reimbursement of Costs and Expenses and proposed Order upon each of the entities named below by mailing to each of them a copy thereof by enclosing same in an envelope with first class mail postage prepaid and depositing same in the post office at Minneapolis, Minnesota addressed to each of them as follows:

See Attached List

And I declare, under penalty of perjury, that the foregoing is true and correct.

Dated: August 17, 2004

Signed: /e/Cheryl DeBettignies

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re:

CHAPTER 11

SpectraScience, Inc.

Bankruptcy No. 02-42904-NCD

CHAPTER 11
SERVICE LIST

United States Trustee 1015 U. S. Courthouse 300 South 4 th Street Minneapolis, MN 55415	Michael Meyer Attorney for Debtor 80 South 8 th Street Suite 4545 Minneapolis, MN 55402
Daniel Beck Attorney for Dougherty Financial Group 3000 Dain Rauscher Plaza 60 South 6 th Street Minneapolis, MN 55402	Geoffrey J. Peterson Attorney for CIT Technology Financing 175 South Third Street #900 Columbus, OH 43215
George Singer 4200 IDS Center 80 South 8 th Street Minneapolis, MN 55402	Jeff Anderson Performance Capital Group 14 Wall Street 27 th Floor New York, NY 10005
Ms. Virginia Housum Dorsey & Whitney Suite 1500 50 South Sixth Street Minneapolis, MN 55402	William Kampf Henson & Efron 220 South 6 th Street, Suite 1800 Minneapolis, MN 55402
US Attorney 600 Us Courthouse 300 South Fourth Street Minneapolis MN 55415	MN Dept Of Revenue Collection Enforcement 551 Bankruptcy Section Po Box 64447 St Paul MN 55164

Internal Revenue Service Special Procedures Branch 316 N Robert St Stop 5700 St Paul MN 55101	IRS District Counsel 650 Galtier Plaza 175 E 5th St St Paul MN 55101
Jolene M. Wise Securities & Exchange Commission Midwest Regional Office Suite 900 175 West Jackson Blvd. Chicago, Il 60604	Larry L. Estebo 1545 Larpenteur Avenue Falcon Heights, MN 55113
William H. Baxter 17836 – 6 th Avenue North Plymouth, MN 55447	John H. Burton 15460 Wing Lake Drive Minnetonka, MN 55435
Larry D. Kraning 21077 Foothill Trail Akeley, MN 56433	R. Joseph Garry 1960 Quant Avenue So. Afton, MN 55001
Xcel Energy 1518 Chestnut Avenue North Minneapolis, MN 55403	R. Joseph Carry 1960 Quant Avenue South Afton, MN 55001
Warren Ache 601 North Grapevine Drive Payson, AZ 85541	Daniel Beulke 7835 Armitage Avenue SW Montrose, MN 55363
Great America Leasing P.O. Box 609 Cedar Rapids, IA 52406	State of Minnesota Department of Manpower Service 390 N. Robert Street St. Paul, MN 55101
Hennepin County Sheriff Hennepin County Courthouse Minneapolis, MN 55415	Urologix, Inc. c/o George Singer 80 South 8 th Street #4200 Minneapolis, MN 55402
Zykronix, Inc. 357 Inverness Drive S. Suite C Englewood, CO 80112	IRS Office of Chief Counsel 380 Jackson Street #650 St. Paul, MN 55101
Donald Gilbert 633 Fox Road Lino Lakes, MN 55014	Ronald Zimmerman 5418 45 ½ Avenue N Robbinsdale, MN 55422

Ameritech SBC Cap Serv 2000 W. Ameritech Ctr Dr Suite 4C29E Hoffman Estates, IL 60195	Scott Wilson 8254 Xene Lane North Maple Grove, MN 55311
GDBA Investments c/o Monica Clark 50 South 6 th Street #1500 Minneapolis, MN 55402	Wells Fargo Shareowner P.O. Box 64875 St. Paul, MN 55165
Douglas Hawkinds 4713 Hibiscus Avenue Edina, MN 55435	Eric Wedell 777 Laurel Avenue St. Paul, MN 55104
Unishippers 1620 25 th Street South Moorhead, MN 56560	Robert Palme 11100 347 th Street Lindstrom, MN 55045
TUV America 5 Sherry Hhill Dr Danvers, MA 01923	MN Medical Fund McNamara Alum Ctr- U MN Dr. John Bond 200 Oak Street #300 Minneapolis, MN 55455
Town & Country Ofc Clean 4230 Central Avenue NE Minneapolis, MN 55421	Street Fleet 1122 16 th Avenue SE Minneapolis, MN 55414
Chester E. Sievert Jr. 103 Edgecumbe Drive Mahtomedi, MN 55115	Schwegman Lundberg et al 121 S. 8 th Street, Suite 1600 Minneapolis, MN 55402
SBC Capital Services 2550 W. Golf Road Rolling Meadows, IL 60008	Russ Davis Wholesale Inc. P.O. Box 272 Wadena, MN 56482
Poliac Research Corp. 12233 Wood Lake Drive Burnsville, MN 55337	Pitney Bowes 2225 American Drive Neenah, WI 54956
Paychex 1210 Northland Drive, #100 Mendota Heights, MN 55120	Medical Elements 303 Washington Street, #B Northfield, MN 55057

Loffler Business Systems 1310 Madrid Street, Suite 101 Marshall, MN 56258	Leef Bros 212 James Avenue North Minneapolis, MN 55405
Mark Hunt 5385 Elkton Trail Faribault, MN 55021	Doyle & Dorothy Gustafson 13426 Seward St. Omaha, NE 68154
Greene Holcomb Fisher 90 S. 7 th Street, 54 th Floor Minneapolis, MN 55402	Eschelon Telecom 730 2 nd Avenue South, #1200 Minneapolis, MN 55402
Ernst & Young 200 S. 6 th Street, #1400 Minneapolis, MN 55402	E&J Tooling & Engineering 676 S. Smith Avenue St. Paul, MN 55107
Dorsey & Whitney P.O. Box 1680 Minneapolis, MN 55480	Eugene College 12805 Hamilton Street Omaha, NE 68154
Business Data Record Services 201 9 th Avenue SW, #100 New Brighton, MN 55112	Ruth M. Bryan 10823 53 rd Avenue North Plymouth, MN 55442
Scott Anderson 1210 Mount Curve Avenue Minneapolis, MN 55403	American Financial Prtg 404 Industrial Blvd. Minneapolis, MN 55413

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In Re:

SPECTRASCIENCE, INC.,

BKY Case No. 02-42904-NCD

Debtor.

Chapter 11

**APPLICATION TO APPROVE
EMPLOYMENT OF ATTORNEY**

The Application of Timothy D. Moratzka, as Trustee of Spectrascience, Inc.
respectfully represents:

1. That on September 13, 2002, Debtor filed a Petition herein under Chapter 7 of the Bankruptcy Code. This case was converted to one under Chapter 11 on February 5, 2003.

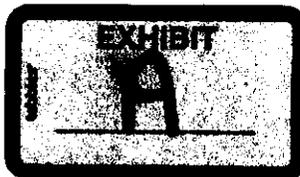
2. On February 7, 2003, your Applicant was appointed as Trustee to operate the Debtor's business and is now in possession of its property and your Applicant as Trustee is now operating its business and managing the property.

3. Trustee wishes to employ Mackall, Crouse & Moore, PLC and Timothy D. Moratzka, attorneys duly admitted to practice in this Court:

Attorneys anticipated to work on file are Timothy D. Moratzka, Patrick C. Summers, Glenn Drury , Andrew P. Moratzka, Patrick C. Summers and James Wahl

Paralegals anticipated to work on file are Lorraine D. Jacobson and Jamie Dickinson.

4. Your Applicant has selected Timothy D. Moratzka for the reason that he has considerable experience in matters of this character, and believes that Timothy D. Moratzka is well qualified to represent the Trustee.



5. That professional services the said Moratzka is to render are as follows:
- To give Trustee legal advice with respect to its powers and duties as Trustee and the continued operation of its business and management of its property;
 - To represent Applicant as Trustee in connection with the use of its cash collateral covered by various security interests and any new lendings required by Trustee in the ordinary course of the Debtor's business;
 - To represent your Applicant in any negotiations concerning the sale of all or a portion of Debtor's business;
 - To prepare, on behalf of Applicant as Trustee, the necessary applications, answers, orders, reports, and other legal papers necessary in this proceeding;
 - To formulate a Plan, Disclosure statement, and other matters necessary for the Debtor to continue in business;
 - To investigate Debtor's transactions with insiders, file administrative and other motions and proceedings required in the administration of the case; and
 - To perform all other legal services for Trustee, which may be necessary herein, and it is necessary herein, and it is necessary for Debtor, as Trustee, to employ attorneys for such professional services.
 - Preferential and avoidable transfer audit and subsequent litigation
 - Review and research title and priority issues on intellectual property
 - Review patents, enforce infringement claims
 - Litigate any priority validity or amount of claim issues
 - Terminate 401k Plan, distribution of benefits and final tax filing
 - Prepare and file estate's tax returns, if necessary
 - Negotiate termination of real estate lease
 - Defend employment claims.
 - Due diligence and potential litigation with shareholders, officers and directors and other insiders arising out of pre-petition corporate

governance and finance

- Due diligence regarding SEC issues
- Tax work

6. To the best of Trustee's knowledge, Moratzka and Mackall, Crouse & Moore have no connection with the creditors, or any other party in interest or their respective attorneys, except as disclosed on the attached.

7. Because of the extensive legal services required, your Applicant desires to employ Moratzka under a general retainer. To date, Trustee has paid to said attorney the amount of \$0.00.

7. The compensation will be at the regular hourly rates of Mackall, Crouse & Moore as follows:

- a. Members: current rates range from \$165 to \$300 per hour.
Tax preparation will be \$200.00 per hour.
- b. Associate attorneys: current rates generally range between \$125 and \$160 per hour depending upon their level of experience.
- c. Paralegals: current rates range from \$75 to \$125 per hour.

These rates are adjusted annually in November.

WHEREFORE, your Applicant prays that it be authorized to employ and appoint the said Mackall, Crouse & Moore, PLC and Timothy D. Moratzka under a general retainer to represent him as Trustee in this proceeding under Chapter 11 of the Bankruptcy Code and that they have such other and further relief as is just and equitable in the premises.

Dated: February 12, 2003

Mackall, Crouse & Moore, PLC

/s/ Timothy D. Moratzka
Timothy D. Moratzka

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re:

SPECTRASCIENCE, INC.,

BKY Case No. 02-42904-NCD

Debtor.

Chapter 11

VERIFIED STATEMENT

I, Timothy D. Moratzka, hereby state the following under penalty of perjury,
under 18 U.S.C. §1001:

To the best of my knowledge, information and belief, I have no connections with
the Debtor, creditors, other parties in interest, their respective attorneys and accountants,
the United States Trustee and persons employed in the office of the United States
Trustee, except for those connections set forth below:

1. I am a member of the United States Trustees' Panel of Private Chapter 7
Trustees.
2. I was appointed Trustee in the Chapter 7 proceeding.
3. Except as indicated, I have no contact with the Debtor or any of Debtor's
creditors.

Dated: February 12, 2003

Mackall, Crouse & Moore, PLC

/e/ Timothy D. Moratzka
Timothy D. Moratzka
1400 AT&T Tower
901 Marquette Avenue
Minneapolis, MN 55402
(612) 305-1400

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In Re:

SPECTRASCIENCE, INC.,

BKY Case No. 02-42904-NCD

Debtor.

Chapter 11

ORDER

On February 14, 2003, the Application to Employ Timothy D. Moratzka of Mackall, Crouse & Moore, PLC as attorney of the estate came before the undersigned. Based on the Application, the Recommendation of the United States Trustee, and pursuant to the provisions of Title 11, United States Code, §327,

IT IS HEREBY ORDERED the professional employment applied for is hereby approved subject to the limitations on compensation provided by Title 11, United States Code, §328.

Dated: February 14, 2003.

/e/ Nancy C. Dreher

Nancy C. Dreher

United States Bankruptcy Judge

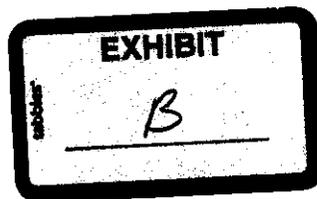
NOTICE OF ELECTRONIC ENTRY AND
FILING ORDER OR JUDGMENT
Filed and Docket Entry made on 2/14/03
Patrick G. De Wane, Clerk, By KK

e26-1

In Re: Spectrascience, Inc.
Bky. No. 02-42904-NCD

GENERAL ADMINISTRATION

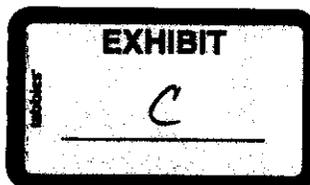
<u>Timekeeper</u>	<u>Date</u>	<u>Time</u>	<u>Service</u>	
LDJ	41904	3.00	Draft fee application for period 9/1/03 through 3/31/04.	
LDJ	42004	2.50	Finalize fee application and revise and edit exhibits to fee application.	
LCS	42704	0.10	Office conference with Jamie Dickinson regarding status of payouts from 401(k) Plan; review information regarding Merrill Lynch account.	
LDJ	71504	1.20	Draft objections to Claims RE: Plan issues	
LDJ	71504	0.40	Revise objection to claim RE: Donald Gilbert	
LDJ	72204	0.40	Admin: Filed withdrawal of Urologix Claim.	
LDJ	72204	0.40	Draft withdrawal of objection to Donald Gilbert's claim and filed same with Court.	
LDJ	80104	1.50	Draft final fee application	
		9.50		
Linda C. Schwartz (LCS)		0.1 x 300/hr.		\$ 30.00
Lorraine Jacobson (LDJ)		9.4 x125/hr.		\$ 1,175.00
				\$ 1,205.00



In Re: Spectrascience, Inc.
Bky. No. 02-42904-NCD

INTELLECTUAL PROPERTY

<u>Timekeeper</u>	<u>Date</u>	<u>Time</u>	<u>Service</u>
LMW	40904	0.50	Review correspondence and invoices from foreign counsel; update patent/trademark summary chart; forward chart to Lorraine Jacobson for review.
LMW	42204	0.35	Prepare letter to Gowling LaFleur Henderson," LLP enclosing payments for invoices (Canadian Patent Nos. 2,322,775 and 2,322,768)."
LMW	42904	0.50	Prepare Maintenance Fee Transmittal Form and cover letter filing maintenance fee for Patent No. 6,129,683."
LDJ	50404	2.50	Patent: Review patent issues with Lee Wilka and memo to Trustee.
JAW	50504	0.60	Conference with attorney Timothy Moratzka, Ms." Lorraine Jacobson and Ms. Lee Wilka regarding status of EPC Patent Applications, payment of" patent annuities and related issues concerning SpectraScience patents and trademarks; prepare correspondence to attorney Paul Topley regarding status of EPC Patent Application for Optical Biopsy Forceps System.
LDJ	50504	1.05	Patent: Attend to patent issues. Meeting with J. Wahl and Trustee RE: updates.
LMW	50504	1.10	Meeting with Jim Wahl, Tim Moratzka and" Lorraine Jacobson to discuss pending patent issues; review files and update patent summary chart; prepare letter to Canadian counsel requesting payment of seventh anniversary maintenance fees for Patent Nos. 2,253,646 and 2,253,643.00
JAW	50604	0.50	Correspondence and telephone conferences with attorney Paul Topley and Mr. Chet Sievert regarding status of EPC Patent Application for Optical Biopsy Forceps System and information required to respond to outstanding official action.



LMW	50604	0.50 Review invoices; request checks from Lorraine Jacobson; prepare letter to Gowling LaFleur Henderson, LLP enclosing payments for invoices" (Canadian Patent No. 2,322,775 - Invoice No." 15556136 and Patent No. 2,322,768 - Invoice No." 15556137).
JAW	50704	0.50 Examine correspondence from Mr. Chet Sievert regarding Optical Biopsy Forceps European Patent Application; assemble documents for review by Mr. Sievert and prepare correspondence to Mr. Sievert regarding EPC application issues.
JAW	51004	0.50 Telephone conference with attorney Paul Topley regarding proposed response to official action on Optical Biopsy Forceps EPC Patent Applications; prepare correspondence to attorney Topley and Messrs. Chet Sievert and Jim Hitchin regarding EPC patent application matters.
LMW	51804	0.50 Review fax from Gowlings regarding outstanding invoice; review file and e-mail payment information to Ms. Tamara Lewis; telephone conference with Ms. Lewis regarding same.
LMW	62404	0.50 Review correspondence and miscellaneous invoices from foreign counsel; update chart.
LMW	63004	0.25 Review various patent issues with Lorraine Jacobson.

9.85

James A. Wahl (JAW)	2.1 x \$270/hour =	\$ 567.00
Lee M. Wilka (LMW)	4.2 x \$125/hour	\$ 525.00
Lorraine Jacobson (LDJ)	3.55 x \$125/hour	\$ 443.75
	9.85	\$ 1,535.75

In Re: Spectrascience, Inc.
Bky. No. 02-42904-NCD

PLAN AND DISCLOSURE STATEMENT

<u>Timekeeper</u>	<u>Date</u>	<u>Time</u>	<u>Service</u>
TDM	40104	1.25	Revision conference: exhibits to disclosure statement
LDJ	40104	1.50	Plan: Attend to Press Release submission to appropriate papers.
LDJ	40104	0.75	Plan: Attend to service and filing of Motion to be Excused from Mailing.
LDJ	40104	0.75	Plan: Attend to service of Order on Disclosure Statement, Disclosure Statement and Plan."
TDM	40704	1.25	Conf. call with shareholder group re: disclosure statement
TDM	40904	2.50	Review and analysis of SEC issues and plan provisions-safe harbor application.
TDM	41404	1.20	Respond to calls from misc. creditors re: disclosure and status.
LDJ	41404	1.50	PLAN: Compile data for meeting with shareholders
LDJ	42704	0.50	PLAN: Revise order to be excused from mailing and forward same to court for signing.
LDJ	42704	0.20	Plan: Call to Court RE: revising order on Motion to be excused from filing.
TDM	42804	2.50	Review Mass General License, draft response to" Mass General re audit of activity under license and forward disclosure documentation.
LDJ	42804	0.50	PLAN: E-mail to C. Morris re: Mass General License Agreement. Forward copy of Plan and Disclosure Statement to Mr. Morris
LDJ	42804	0.30	PLAN: E-Mail to J. Severance and J. Hitchin RE: Mass General License.
APM	50104	0.10	Review and analyze bankruptcy docket in order to assess whether objections to debtor's disclosure statement had been filed.
TDM	50204	2.25	Review and respond to informal objections of



SEC to Disclosure Statement.

APM	50204	0.30 Review and analyze letter from SEC dated April 30, 2004, which asserted that adequate" information had not been provided in debtor's disclosure statement.
LDJ	50304	0.50 Plan: Review concerns of SEC and contact Court advise informal objections.
TDM	50404	1.50 Drafting conference with SEC and investor; memos to file.
APM	50404	0.20 Conference with Tim Moratzka regarding strategy for amending disclosure statement to conform with SEC's requests.
TDM	50504	2.75 Drafts, revisions, phone calls and filing of" revisions to disclosure stmt.
TDM	50504	2.00 Conf. with Clerk, additional revisions to" Disclosure Statement, attend to e-filing," correspondence with Atty Kampf for creditors committee
APM	50504	0.50 Conference with Tim Moratzka regarding strategy for the hearing on the approval of the disclosure statement.
LDJ	50504	0.90 Plan: Attend to misc. filing issues and amending disclosure statement.
APM	50604	2.20 Review and analyze amended disclosure statement. Conference with Tim Moratzka regarding disclosure statement hearing strategy. Attend disclosure statement hearing. Conference with Tim Moratzka regarding post-hearing strategy. Review and analyze email from SEC.
TDM	50704	1.50 Correspondence and revisions to D/S and Plan documents.
TDM	51104	1.20 Revisions to D/S and Plan documents.
LDJ	51204	2.90 Telephone conference with Jana S. RE: Exhibits to Disclosure Statement and review revised Disclosure Statement. Attend to revisions and filing Disclosure Statement and plan dated May 12, 2004 with Court. Call to cour re; hearing" on approval of Plan. E-mail to Bill Kampf. E-mail to Mary Cox. Call to Mary Cox.

Telephone conference with Jana S. re: mailing of Plan and Disc. Statement.

LDJ	51304	1.65 Plan: Re-file Plan and Disc. Statement. Telephone conference with Jana RE; Shareholders list for mailing. Telephone conference with Bill Kampf's office RE; signature pages for Disc. Statement. Review for Plan mailing and begin to compile service lists, etc. E-mailed" filed copy of Plan and Disc. Statement to Jana S. Telephone conference with A. Himmell re; service. Telephone conference with Corbin at Wells Fargo RE: mailing to shareholders.
APM	51704	0.30 BILL N/C: Telephone conference with Tim Moratzka, Lorraine Jacobson, and Corbine at" Wells Fargo regarding the mailing of the SpectraScience plan.
TDM	51804	2.50 Final round of revisions to plan documents.
LDJ	51804	4.35 Work on plan issues/mailing/documents to be included, meeting with Trustee. Telephone" conference with J. Severance RE: Disclosure errors. Review for Expiration Time. Telephone conference with Steve Creasey. Compile correct and complete docs for mailing packet
LDJ	51904	0.50 Plan: Attend to misc. matters re; mailing and preapre packet for approval.
LDJ	52004	4.35 Plan: Finalize Plan package, forward to Court" for approval. E-mail package to J. Severance," J. Hitchin, M. Cox, Corbin at Wells Fargo." Several phone calls.
TDM	52704	4.00 Handle phone calls from various interest holders re: plan options; review continued objections of SEC and respond; memo to file on fee applications.
TDM	60904	1.00 Conferences with Hitchin and Severance re: notice to shareholders.
TDM	61404	1.25 Calls and correspondence from shareholders.
TDM	61604	2.50 Conference with Chas, Schwab brokerage; conf." with Mary O'Toole at State Street; conf. with John COvern at UBS Financial: all regarding the terms of the rights offering and balloting; deal with renoticing on ballot issues.

LDJ	61704	0.50 Calls from shareholders RE: Plan confirmation
LDJ	62104	1.25 Begin drafting of Continued hearing on Plan Confirmation, call to court for new hearing" date. Revise ballot
LDJ	62104	0.35 PLAN: MEETING WITH TRUSTEE RE; CONTINUED HEARING.
LDJ	62204	1.35 Call to Mary Cox RE: Notice of COntinued hearing. Attend to service of Continued Notice of Hearing.
LDJ	62204	0.95 Reconcile Bank Statements. Prepare and file Monthly report
LDJ	62304	1.20 Plan: attend to service of continued hearing on shareholders, etc. (approx. 750)."
TDM	62804	0.50 Phone conferences with various creditors re: rights offering and ballots; phone conference with Vincent from Bear Stearns re: ballots.
TDM	63004	1.25 Conferences with various stock brokerhouses: PDI Waterhouse; Strong; conferences with several shareholders; all regarding plan treatment and voting.
LDJ	63004	0.60 Return numerous calls to creditors/shareholders RE: plan
LDJ	63004	0.50 PLAN: CALLS TO AND FROM CREDITORS. MEETING WITH LEE W. REVIEW PATENT ISSUES AND FEES DUE.
TDM	70604	1.25 Conf. with various shareholders regarding voting rights.
LDJ	70604	0.50 Attend to misc. Plan issues. Calls from creditors/shareholders.
TDM	70704	1.75 Attend to misc. calls from creditors and shareholders; memo to file on confirmation issues; conf. with investor to update on confirmation issues.
LDJ	71304	1.20 Plan: Review ballots and ballot register. Attend to confirmation issues. Call to Chet Sievert. Call to George Singer. Draft Objection to Claims.
TDM	71404	1.20 Phone conferences with nominee holders

regarding ballots.

TDM	71604	4.25	Conferences with stock transfer agent, funds" custodian, creditor's committee counsel," investors counsel all regarding confirmation hearing; review revise and edit proxy materials furnished by investors counsel.
TDM	71904	1.50	Phone conferences with creditors regarding balloting report; phone conferences with Atty Singer regarding claim withdrawal.
LDJ	71904	0.40	PLAN: Attend to Plan issues. Review ballot register.
TDM	72004	0.75	Review file for preparation for Confirmation hearing; check tabulation, claim withdrawal" and Hitichin testimony issues.
LDJ	72004	2.05	Prepare file for confirmation hearing. Telephone conferences with Mary Cox RE: Confirmation and ballot report. Meeting with Trustee. Call to Court RE: claim issue.
TDM	72104	2.25	File review, phone conferences in preparation" for confirmation hearing; attend confirmation hearing; conferences after confirmation regarding plan execution issues.
LDJ	8/2/2004	2	Prepare and file Final Report per Order re Plan Disbursement.

83.45

Timothy D. Moratzka (TDM)	45.85 hours @ 325/hour = \$14,901.25
Andrew P. Moratzka (APM)	3.6 hours @ 170/hour = \$ 612.00
Lorraine D.	34.00 hours @ 125/hour = \$ 4,250.00

TOTAL

\$19,763.25

IN RE: Spectrascience, Inc.
BANKRUPTCY NO. 02-42904-NCD
ATTORNEY: Timothy D. Moratzka

<u>DATE</u>	<u>SERVICES RENDERED</u>	<u>COST</u>
6/1/04	Metro Legal Services	9.00
6/1/04	Photocopy (.25 x 10)	2.00
6/1/04	Photocopy (.25 x 3)	.75
6/1/04	Long distance telephone	.03
6/4/04	LD telephone	4.60
6/4/04	Photocopy (.25 x 145)	36.25
6/22/04	Photocopy (.25 x 2)	.50
6/22/04	Photocopy (.25 x 2)	.50
6/23/04	Postage	285.75
7/1/04	Long distance telephone	1.22
7/7/04	Photocopy (.25 x 1)	.25
7/7/04	Photocopy (.25 x 16)	4.00
7/7/04	Long distance fax	2.25
7/12/04	Telecopies	10.00
7/12/04	Telecopies	10.00
7/16/04	Telecopies	9.50
7/16/04	Telecopies	4.25
7/16/04	Telecopies	9.50
7/16/04	Telecopies	5.75
7/19/04	Photocopy (.25 x 226)	<u>56.60</u>
	TOTAL:	\$452.70

CLD/eld#711534v1



UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

SpectraScience, Inc.

Bankruptcy No. 02-42904

Debtor.

Chapter 11

**ORDER ALLOWING FEES AND EXPENSES FOR
ATTORNEYS FOR TRUSTEE**

This matter came for hearing on September 22, 2004, on the Final Application of Attorneys for Trustee-in-Possession for Allowance of Interim Compensation and Reimbursement of Costs and Expenses. Appearances were noted on the record.

Based upon the proceedings herein and being determined that the services rendered and expenses incurred on behalf of the Trustee were reasonable and necessary.

IT IS HEREBY ORDERED:

1. The application of Mackall, Crouse and Moore for fees in the amount of \$22,504.00 for services rendered and costs in the amount of \$452.70 is allowed for the period between April 1, 2004, through August 2, 2004.

2. The Trustee is allowed to pay \$22,504.00 for fees and \$452.70 for costs for a total amount of \$22,956.70 for the period between April 1, 2004, through August 2, 2004.

DATED: _____

The Honorable Nancy C. Dreher
United States Bankruptcy Judge