GUARANTY

This Guaranty (“Guaranty”), dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “**Effective Date**”), is made by**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**, a [entity type] formed under the laws of the state of [state] (“**Guarantor**”), in favor of \_\_\_\_\_\_\_\_\_, a [entity type] formed under the laws of the state of [state] (“**Beneficiary**”).

WHEREAS, from time to time, **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**, a [entity type] formed under the laws of the state of [state] ("**Counterparty**"), and Beneficiary have entered into and may in the future enter into one or more contracts, agreements and commitments for the storage or transportation of natural gas, as may be amended from time to time (referred to hereinafter collectively as “**Agreement**”);

AND WHEREAS, Counterparty is a [wholly-owned subsidiary] of Guarantor, and Guarantor has received and will receive substantial direct and/or indirect benefits from the Agreement entered into and to be entered into between Counterparty and Beneficiary;

AND WHEREAS, as an inducement to Beneficiary to enter into the Agreement, Guarantor has agreed to provide this Guaranty;

AND WHEREAS, Guarantor has agreed to execute and deliver this Guaranty with respect to Counterparty's payment obligations under all of the Agreement, whether now existing or entered into in the future;

NOW THEREFORE, in consideration of the premises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor hereby agrees as follows:

1. **Guaranty.** Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Beneficiary, as a primary obligor and not merely as a surety, the timely and complete payment when due of Counterparty’s payment obligations arising under each Agreement, whether such obligations exist now or arise hereafter, together with any interest thereon and any and all fees and costs associated with the collection of such payment obligations and/or the enforcement of this Guaranty, including attorneys’ fees and court costs (all such obligations being collectively referred to as the “**Obligations**” and each, an “**Obligation**”). In the event Counterparty defaults in the payment of any Obligation, in whole or in part, within ten (10) days after receiving written notice from Beneficiary, Guarantor shall make such payment or otherwise cause same to be paid to Beneficiary in cash or by wire transfer of immediately available funds to an account specified in writing by Beneficiary. Guarantor shall remain bound by this Guaranty notwithstanding any modification or amendment to any of the Obligations. This Guaranty may be enforced by Beneficiary at any time without the necessity of first resorting to or exhausting any other security or collateral.

2. **Effectiveness.** This Guaranty is effective as of the Effective Date and shall remain in full force and effect until all Obligations have been paid in full by Guarantor to Beneficiary in cash or immediately available funds.

3. **Waivers.**

(a) Guarantor waives any right to require as a condition to its obligations hereunder any of the following should Beneficiary seek to enforce the obligations of Guarantor:

(i) presentment, demand for payment, notice of dishonor or non-payment, protest, notice of protest, or any similar type of notice;

(ii) any suit be brought against, or any other action be brought against, or any notice of default or other similar notice be given to, or any demand be made upon Counterparty or any other person or entity;

(iii) notice of acceptance of this Guaranty, of the creation or existence of the Obligation, and/or any action by Beneficiary in reliance hereon or connection herewith;

(iv) notice of entering into any Agreement between Counterparty and Beneficiary, and/or any amendments, supplements or modifications thereto, or any waiver of consent under any Agreement, including waiver of the payment and performance of the Obligation thereunder; and/or

(v) notice of any increase, reduction or rearrangement of the Obligation under any Agreement, or any extension of time for payment of any amounts due Beneficiary under any Agreement.

(b) Guarantor also waives the right to require, substantively or procedurally, that a judgment has been previously rendered against Counterparty or any other person or entity, or that Counterparty or any other person or entity be joined in any action against Guarantor.

4. **Assignment.** Guarantor shall not assign its duties hereunder without the prior written consent of Beneficiary acting in its sole discretion. Beneficiary shall be entitled to assign its rights hereunder in its sole discretion upon prior written notice to Guarantor. Any attempted assignment without such prior written consent or notice, as applicable, shall be null and void and of no force or effect. All covenants, promises, and agreements by Guarantor contained in this Guaranty shall bind and inure to the benefit of its permitted successors and assigns.

5. **Notice.** All demands, notices or other communications to be given by any party to another must be in writing and shall be deemed to have been given when delivered personally or otherwise actually received or on the third (3rd) day after being deposited in the United States mail if registered or certified, postage prepaid, or one (1) day after delivery to a nationally recognized overnight courier service, fee prepaid, return receipt requested, and addressed as follows:

Guarantor's Name & Address Beneficiary’s Name & Address

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5400 Westheimer Court

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Houston, TX 77056

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Attn: Credit Manager

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Phone: 713-627-6565

Fax: 713-989-1717

or such other addresses as they may change from time to time by giving prior written notice to the other party.

6. **Applicable Law; WAIVER OF JURY TRIAL.** THIS GUARANTY SHALL IN ALL RESPECTS BE GOVERNED BY, ENFORCED UNDER AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. Further, each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any proceedings relating to this Guarantee.

7. **Effect of Certain Events.** Guarantor agrees that its liability hereunder will not be released, reduced, impaired or affected by the occurrence of any one or more of the following events:

(a) the insolvency, bankruptcy, reorganization, or disability of Counterparty or other similar proceeding affecting Counterparty or its assets or any resulting release or discharge of any Obligation (other than the payment in full in cash or immediately available funds of all Obligations);

(b) the renewal, consolidation, extension, modification or amendment from time to time of any Agreement;

(c) the failure, delay, waiver, or refusal by Beneficiary to exercise any right or remedy held by Beneficiary with respect to any Agreement;

(d) the sale, encumbrance, transfer or other modification of the ownership of Counterparty or Guarantor, or the change in the financial condition or management of Counterparty or Guarantor;

(e) the existence of any claim, set-off or other rights Guarantor may have against Counterparty or Beneficiary; and/or

(f) the settlement or compromise of any Obligation.

8. **Representations and Warranties**. Guarantor hereby represents and warrants the following:

(a) Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its [incorporation] [formation] and has full [corporate] [limited liability company] power to execute, deliver and perform this Guaranty;

(b) the execution, delivery and performance of this Guaranty: (i) has been and remain duly authorized by all necessary [corporate] [limited liability company] action and does not contravene Guarantor’s constitutional documents or any contractual restriction binding on Guarantor or any of its assets; and (ii) does not violate any law applicable to Guarantor or any of its assets; and

(c) this Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other similar laws and to general principles of equity.

9. **Subrogation**. Until all Obligations which may be or become payable under the Agreement have been irrevocably and indefeasibly paid to Beneficiary in full in cash or immediately available funds, Guarantor shall not by virtue of this Guaranty be subrogated to any rights of Counterparty or claim in competition with Beneficiary against Counterparty in connection with any matter relating to or arising from the Obligations or this Guaranty. If any amount shall be paid to Guarantor on account of such subrogation rights at any time before all of the Obligations have been irrevocably paid to Beneficiary in full in cash or immediately available funds, such amounts shall be held in trust for the benefit of Beneficiary and shall promptly be paid to Beneficiary and applied to the applicable unsatisfied Obligation(s) by Beneficiary.

10. **Amendment**. No term or provision of this Guaranty shall be amended, modified, altered, waived, supplemented or terminated unless first agreed to by Guarantor and Beneficiary and then set forth in a written amendment to this Guaranty.

11. **Guarantor’s Liability**. If any payment to Beneficiary of any Obligation (or any part thereof) is rescinded or must otherwise be returned for any reason (such as a preference or fraudulent transfer under the *Federal Bankruptcy Code*), Guarantor shall remain liable for the payment of such Obligation as if such payment had not been made.

12. **Entire Agreement**. This Guaranty embodies the entire agreement and understanding between the Guarantor and Beneficiary regarding payment of the Obligations under the Agreement and supersedes all prior agreements and understandings relating to the subject matter hereof.

13. **Further Assurances**. Guarantor agrees, upon the written request of Beneficiary, to execute and deliver to Beneficiary, from time to time, any additional instruments or documents reasonably considered necessary by Beneficiary to cause this Guaranty to be, become or remain valid and effective in accordance with its terms.

14. **Severability**. Whenever possible, each provision of this Guaranty shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under applicable law in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

15. **No Waiver; Rights Cumulative**. Any of the terms, covenants, representations, warranties, or conditions of this Guaranty may be waived only by a written instrument executed by Beneficiary. No failure by Beneficiary to exercise any of its rights under this Guaranty shall operate as a waiver thereof or affect in any way the right of Beneficiary at a later time to enforce the performance of such provision. No waiver by Beneficiary of any condition, or any breach of any term, covenant, representation, or warranty contained in this Guaranty, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of any breach of any other term, covenant, representation, or warranty. The rights of Beneficiary under this Guaranty shall be cumulative, and the exercise or partial exercise of any such right shall not preclude the exercise of any other right.

16. **Counterparts**. This Guaranty may be executed in any number of counterparts, including by facsimile or other electronic transmission (such as a “pdf”), each of which shall collectively and separately constitute one and the same agreement.

17. **Rules of Construction**. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes,” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified. Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Guaranty.

18. **Electronic or Facsimile Signature, Electronic Transmission.** This signed Guaranty may be delivered by facsimile or exchanged by any reliable electronic transmission, and may be stored electronically as a photocopy (such as in .pdf format), which shall be deemed to be an original signature for purposes of the Guaranty and shall be binding upon Guarantor as an original signature. The parties consent to the use of facsimile, electronic and/or digital signatures for execution of the Guaranty and further agree that use of facsimile, electronic and/or digital signatures will be binding, enforceable, and admissible into evidence in any dispute regarding the Guaranty.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty effective as of the date first herein written.

**GUARANTOR**

By:

Name:

Title:

A**CCEPTED:**

**BENEFICIARY**

**By its general partner,**

**Spectra Energy Transmission Services, LLC**

By:

Name:

Title: