

GUARANTY

This Guaranty dated _____, 20__, is made by [insert entity name for Guarantor], a [insert description of Guarantor's jurisdiction and type of incorporation/formation] ("Guarantor") [Or, for multiple Guarantors, [insert entity name for first Guarantor], a [insert description of first Guarantor's jurisdiction and type of incorporation/formation] ("insert definition for first entity") and [insert entity name for second Guarantor], a [insert description of second Guarantor's jurisdiction and type of incorporation/formation] ("insert definition for second entity") ([insert first entity definition] and [insert second entity definition] are hereafter individually and collectively referred to as "Guarantor"), jointly and severally,] in favor of [insert entity name for Creditor], a [insert description of Creditor's jurisdiction and type of incorporation/formation] ("Creditor"). [Or, for multiple Creditors, [insert entity name for first Creditor], a [insert description of first Creditor's jurisdiction and type of incorporation/formation] ("insert definition for first entity") and [insert entity name for second Creditor], a [insert description of second Creditor's jurisdiction and type of incorporation/formation] ("insert definition for second entity") ([insert first entity definition] and [insert second entity definition] are hereafter individually and collectively referred to as "Creditor").]

WITNESSETH:

WHEREAS, Creditor and [insert entity name for Debtor], a [insert description of Debtor's jurisdiction and type of incorporation/formation] ("Debtor") [Or, for multiple Debtors, insert entity name for first Debtor], a [insert description of first Debtor's jurisdiction and type of incorporation/formation] ("insert definition for first entity") and [insert entity name for second Debtor], a [insert description of second Debtor's jurisdiction and type of incorporation/formation] ("insert definition for second entity") ([insert first entity definition] and [insert second entity definition] are hereafter individually and collectively referred to as "Debtor")], have [If multiple Creditors and/or Debtors insert: , either individually or collectively,] entered into, or may hereafter enter into in the future, certain contracts, agreements or arrangements, including, but in no way limited to, contracts, agreements or arrangements involving the transportation, gathering, processing, treating, parking, lending, sale, purchase, pooling, exchange, aggregating, balancing or storage of natural gas or natural gas liquids or for products or services similar or related thereto (such contracts, agreements and arrangements, whether now existing or hereafter entered into between Debtor and Creditor, are individually referred to as an "Agreement" and collectively referred to as the "Agreements"); and

WHEREAS, to induce Creditor to extend or to continue to extend credit to Debtor, Guarantor has agreed to provide this Guaranty [For multiple Guarantors add: , jointly and severally,] to Creditor;

NOW, THEREFORE, Guarantor agrees with Creditor as follows:

- Guaranty.** Guarantor unconditionally, absolutely and irrevocably [For multiple Guarantors add: , jointly and severally,] guaranties to Creditor and its successors and assigns the full and prompt payment when due of all debts, obligations and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, secured or unsecured, primary or secondary, at any time owing by Debtor to Creditor or remaining unpaid by Debtor to Creditor incurred under, or arising out of, the Agreements (all such debts, obligations and liabilities are collectively referred to as the "Guaranteed Obligations"). Guarantor shall pay interest on any amounts due under this Guaranty as set forth in Section 18. Guarantor shall pay any and all out-of-pocket costs, including reasonable legal fees and expenses, and other expenses incurred by Creditor in enforcing Guarantor's obligations under this Guaranty; provided that Guarantor shall not be liable for such expenses of Creditor if Creditor is not successful in such enforcement action. This is a guaranty of payment and not of collection. This Guaranty is in addition to, and does not limit, any other guaranty of Guarantor. Nothing herein shall be construed as an obligation on the part of Creditor to extend credit to Debtor or to continue to extend credit to Debtor.
- Liability as principal debtor.** Creditor may recover from Guarantor as a principal debtor any Guaranteed Obligations that Creditor may not recover from Guarantor as guarantor under Section 1, and Guarantor agrees to pay all such Guaranteed Obligations to Creditor as principal debtor. The provisions of this Guaranty shall apply generally with the necessary changes as to the points of detail to the liability of Guarantor as principal debtor hereunder.

3. **Guaranty absolute.** The liability of Guarantor is unconditional, absolute and irrevocable and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, impaired, terminated, limited or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation:
- a) any action or inaction by Creditor as contemplated in Section 4;
 - b) any change in the structure, form of entity, ownership or existence of Debtor, Guarantor or Creditor or any other change in the relationship between Debtor, Creditor or Guarantor;
 - c) any change in the financial condition of Debtor, Guarantor or Creditor;
 - d) the bankruptcy, winding-up, liquidation, dissolution, insolvency, reorganization or other similar proceeding affecting Debtor or its assets or any resulting release, stay or discharge of any Guaranteed Obligations;
 - e) any event or occurrence beyond the reasonable control of any party (other than any such event or occurrence that relieves Debtor of liability for the performance of any Guaranteed Obligation under any Agreement) or act of government in relation to, or directly or indirectly affecting, any Agreement, any Guaranteed Obligations, Debtor, Guarantor or Creditor;
 - f) any law, regulation or other circumstance that might otherwise constitute a defense available to, or a discharge of, Debtor or Guarantor in respect of any of the Guaranteed Obligations, other than the payment in full of the Guaranteed Obligations; or
 - g) any lack or limitation of power, incapacity or disability on the part of Debtor or of its directors, partners or agents or any other irregularity, defect or informality on the part of Debtor in respect of any of the Guaranteed Obligations.
4. **No release.** The liability of Guarantor is not released, suspended, discharged, impaired, terminated, limited or in any way affected by anything Creditor does, suffers or permits in connection with any duties or liabilities of Debtor to Creditor or any security for those duties or liabilities, including without limitation any loss of or in respect of any security received by Creditor from Debtor or others. Creditor may, at any time and from time to time, without the consent of or notice to Guarantor, and without impairing, releasing, discharging, limiting or otherwise affecting in whole or in part the obligations of Guarantor hereunder:
- a) change the manner, place or terms of payment of, and/or exchange or extend the time of payment of, renew, amend, alter, release, discharge or terminate, any of the Agreements or the Guaranteed Obligations;
 - b) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any assets securing the Guaranteed Obligations;
 - c) exercise or refrain from exercising any rights against Debtor or others or otherwise act or refrain from acting;
 - d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof;
 - e) apply any sums, regardless of how realized, to any liability owing by Debtor to Creditor under or pursuant to the Agreements;
 - f) consent to or waive any breach of, or any act, omission or default under any Agreement or otherwise amend, modify, restate, amend and restate or supplement any Agreement;

- g) act or fail to act in any manner referred to in this Guaranty which may deprive Guarantor of any right against Debtor of the type described in Section 12 to recover any payments made pursuant to this Guaranty;
 - h) release Debtor or any other party liable in any manner for payment of any or all of the Guaranteed Obligations;
 - i) take or abstain from taking security or collateral from Debtor or from perfecting security or collateral of Debtor;
 - j) enter into new Agreements with Debtor from time to time after the date of this Guaranty, which new Agreements will, for all purposes, form a part of and be incorporated into the Guaranteed Obligations; and
 - k) otherwise deal with Debtor and any security received from Debtor or others as Creditor sees fit.
5. **No exhaustion of remedies.** Creditor is not bound or obliged to commence or exhaust its recourse against Debtor or any other persons or any security or collateral it may hold or take any other action before being entitled to demand payment from Guarantor.
6. **No set-off or counterclaim.** Payments under this Guaranty shall be made without set-off or counterclaim whatsoever and free of any deductions or withholdings.
7. **Continuing guaranty.** This Guaranty is a continuing guaranty and is binding as a continuing obligation of Guarantor. This Guaranty shall apply to any ultimate balance due or remaining due to Creditor, and Guarantor shall continue to be bound, despite the payment from time to time during the term of this Guaranty of the whole or any part of the Guaranteed Obligations owed by Debtor to Creditor. This Guaranty shall continue to be effective or shall be reinstated, as the case may be, if at any time payment of any of the Guaranteed Obligations is rendered unenforceable or is rescinded or must otherwise be returned by Creditor upon the occurrence of any action or event, including, without limitation, the bankruptcy, reorganization, winding-up, liquidation, dissolution or insolvency of Debtor or Guarantor, all as though such payment had not been made.
8. **Representations and warranties.** Guarantor represents and warrants to Creditor that:
- a) Guarantor (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or formation and (ii) has the power and authority to own its property and assets, to transact the business in which it is engaged and to enter into and perform its obligations under this Guaranty;
 - b) the execution, delivery, observance and performance of this Guaranty by Guarantor do not and will not conflict with or result in a breach of the articles, certificate, by-laws, or other organizational or formation documents of Guarantor, or of the terms or provisions of any judgment, law, decree, order, statute, rule, regulation or agreement, indenture or instrument to which Guarantor is a party or by which Guarantor or its assets are bound or to which Guarantor or its assets are subject, or constitute a default under any of them;
 - c) this Guaranty has been duly authorized, executed and delivered by Guarantor;
 - d) this Guaranty constitutes a legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms;
 - e) Debtor is a direct or indirect wholly-owned subsidiary of Guarantor; and **[Gtor to confirm this is correct]**
 - f) this Guaranty reasonably may be expected to benefit Guarantor, either directly or indirectly.

9. **Demand for payment.** Guarantor shall pay to Creditor, within five (5) business days (as determined in the location where payment is to be made) after demand by Creditor and in immediately available funds, all Guaranteed Obligations due under the Agreements. Guarantor shall make all such payments in accordance with the instructions set forth in such demand. There are no other requirements of notice, presentment or demand that are required to be made under this Guaranty.
10. **Stay of acceleration.** If acceleration of the time for payment of any amount payable by Debtor in respect of the Guaranteed Obligations is stayed on the insolvency, bankruptcy, arrangement or reorganization of Debtor or on any moratorium affecting the payment of the Guaranteed Obligations, Guarantor shall nonetheless pay immediately on demand all amounts that would otherwise be subject to acceleration.
11. **Termination.** This Guaranty is a continuing guaranty effective from and after the date hereof; however, Guarantor may terminate its liability under this Guaranty with respect to Guaranteed Obligations incurred under or arising from any Agreement entered into on or after the Effective Date (as defined below) by providing written notice of such termination to Creditor in accordance with Section 25. Guarantor's notice of termination will become effective on the thirtieth (30th) day (the "Effective Date") after receipt of the notice by Creditor. From and after the Effective Date, Guarantor will not be liable pursuant to this Guaranty for any debts, obligations or liabilities incurred under or arising out of any Agreement entered into by Debtor on or after the Effective Date; **PROVIDED, HOWEVER, Guarantor will continue to remain liable for any and all Guaranteed Obligations under Agreements entered into by Debtor prior to the Effective Date, whether such Guaranteed Obligations arose prior to, on or after the Effective Date.** In addition, the termination of this Guaranty shall not affect Guarantor's liability for interest accruing as set forth in Section 18 on all Guaranteed Obligations for which Guarantor remains liable and shall not affect Guarantor's liability for legal fees, costs and other expenses incurred by Creditor in collecting such Guaranteed Obligations.
12. **Subordination and subrogation.** If and to the extent that Guarantor makes any payment to Creditor pursuant to this Guaranty, any claim which Guarantor may have against Debtor by reason thereof shall be subject and subordinate to the prior payment in full of all of the Guaranteed Obligations. Guarantor agrees that it will not exercise any rights that it may now have or hereafter acquire against Debtor that arise from the existence, payment, performance or enforcement of the Guaranteed Obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or proceeding, or remedy of any other party against Debtor, unless and until all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been irrevocably paid, satisfied or discharged in full.
13. **Liability for Taxes.** Payments under this Guaranty shall be made in full, without set-off or counterclaim, and free and clear of and without deduction for any and all present and future taxes, liens, imposts, stamp taxes, deductions, charges or withholdings, and all liabilities with respect thereto and any interest, additions to tax and penalties imposed with respect thereto. If Guarantor shall be required by law to deduct any taxes, deductions, charges or withholdings from or in respect of any sum payable hereunder to Creditor (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this section) Creditor receives an amount equal to the sum it would have received had no such deductions been made and (ii) Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.
14. **Waivers.** Guarantor waives diligence, **[If multiple joint and several Guarantors, insert: division,]** presentment, protest, notice of acceptance of this Guaranty and notice of any liability to which it may apply, notice of dishonor or nonpayment, and any other notice not expressly required by this Guaranty.
15. **No merger.** Neither an action or proceeding brought under this Guaranty regarding the Guaranteed Obligations nor any judgment or recovery in consequence of that action or proceeding operates as a bar or defense to any further action or proceeding that may be brought under this Guaranty. Any action, proceeding, judgment or recovery does not constitute a merger of any of Creditor's rights or remedies under this Guaranty. Any judgment obtained by Creditor in whole or in part of any of the Guaranteed Obligations under this Guaranty does not constitute a merger of this Guaranty into that judgment.

[If there are multiple Debtors, delete the above s. 15 and insert the following s. 15]

15. **No merger.** Neither an action or proceeding brought under this Guaranty regarding the Guaranteed Obligations of any Debtor nor any judgment or recovery in consequence of that action or proceeding operates as a bar or defense to any further action or proceeding that may be brought under this Guaranty regarding any Debtor whether or not named in or affected by the earlier action or proceeding. Any action, proceeding, judgment or recovery does not constitute a merger of any of Creditor's rights or remedies under this Guaranty. Any judgment obtained by Creditor in whole or in part of any of the Guaranteed Obligations under this Guaranty does not constitute a merger of this Guaranty into that judgment.
16. **Foreign currency obligations.** Guarantor shall make any payments under this Guaranty in the legal currency in which Debtor is required to pay its Guaranteed Obligations (the "Original Currency"). If Guarantor makes payment in a currency other than Original Currency (whether voluntarily or under an order or judgment of a court or tribunal of any jurisdiction), the payment constitutes a discharge of Guarantor's liability only to the extent of the amount of Original Currency that Creditor is able to purchase with the amount of the currency it receives on the date of receipt utilizing Creditor's customary foreign exchange practices as in effect on such date. Guarantor agrees to indemnify and hold harmless Creditor from and against any loss arising out of any currency-related deficiency in payment. This indemnity constitutes a separate and independent obligation giving rise to a separate cause of action. A certificate of an officer of Creditor certifying any deficiency or loss is, in the absence of manifest error, prima facie evidence of that deficiency or loss.
17. **Benefit of the Guaranty.** Subject to the terms of Section 26, this Guaranty shall be binding upon Guarantor and its successors and permitted assigns and shall inure to the benefit of and be enforceable by Creditor and its successors and assigns and shall apply to Debtor and its successors and assigns.
18. **Interest.** Guarantor shall pay to Creditor interest on the unpaid portion of the Guaranteed Obligations according to the terms of the Agreements. If payment of interest is not provided for in any Agreement, then Guarantor shall pay to Creditor interest on the unpaid portion of the Guaranteed Obligations under such Agreement at an annual rate equal to the lesser of (i) two percent (2%) above the prime rate of interest from time to time published under "Money Rates" in The Wall Street Journal (or if at the time of determination thereof, such rate is not being published in The Wall Street Journal, such comparable rate from a federally insured bank in New York, New York as Creditor may reasonably determine), or (ii) the maximum rate of interest permitted by applicable law, the rate in either case to be calculated daily from and including the due date until payment is made in full.
19. **Entire agreement.** This Guaranty represents the entire rights and obligations of the parties pertaining to the subject matter hereof and supersedes all prior oral or written agreements, representations and understandings pertaining hereto.
20. **No waiver, remedies.** No failure or delay on the part of Creditor in exercising any right, power or privilege under this Guaranty and no course of dealing between Guarantor or Creditor shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Guaranty preclude any other or further exercise thereof or any other right, power or privilege. The rights, powers or remedies in this Guaranty are cumulative and not exclusive of any rights, powers or remedies which Creditor would otherwise have.
21. **Additional information.** Guarantor covenants and agrees that, so long as any part of the Guaranteed Obligations shall remain unpaid or any of the Agreements remain in effect, Guarantor will furnish to Creditor information regarding the financial condition of Guarantor as Creditor may from time to time reasonably request.
22. **Further assurances.** Guarantor agrees to promptly execute and deliver to Creditor, whenever and as often as reasonably requested to do so by Creditor, any further instruments of further assurances and consents as Creditor may deem necessary to confirm the continuing nature and extent of this Guaranty.

23. **Amendments.** No amendment or waiver of any provision of this Guaranty nor consent to any departure by Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed (i) in the case of an amendment, by Guarantor and Creditor, and (ii) in the case of a waiver or consent, by Creditor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
24. **Severability.** If any provision of this Guaranty is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will apply only to that provision and all other provisions of this Guaranty will continue in full force and effect as if such invalid or unenforceable provision were omitted. If this Guaranty is determined to be invalid or unenforceable for any reason, such invalidity or unenforceability will not apply to any of the representations and warranties provided in Section 8, which is deemed to be a separate and independent legal, valid, binding and enforceable agreement between Guarantor and Creditor and will continue in full force. Creditor is entitled to proceed with any remedy available to it as a result of Guarantor's breach of any of the representations and warranties provided in Section 8.
25. **Notices.** All notices and other communications hereunder shall be in writing and may be given in any manner described below (except that a demand notice may not be given by facsimile) to the address or facsimile number set forth below or at such other address or facsimile number for a party as shall be designated in a written notice by such party to the other party and will be deemed effective as indicated:
- a) if delivered in person or by courier, on the date it is delivered;
 - b) if sent by mail, registered or certified, postage prepaid and return receipt requested, on the date it is delivered; or
 - c) if sent by facsimile transmission, on the date it is received by the recipient,

unless the date of delivery or receipt, as applicable, is not a local business day or that communication is delivered or received, as applicable, after the close of business on a local business day, in which case that communication will be deemed given and effective on the first following day that is a local business day:

If to Guarantor, to:

Attention: _____

Fax: _____

If to Creditor, to:

North Baja Pipeline, LLC

[for multiple Creditors, list additional Creditors]

c/o TransCanada Corporation

450 – 1st Street SW

Calgary, Alberta

Canada T2P 5H1

Attention: Director, Counterparty Risk

Fax: 403-920-2359

26. **Assignment.** Guarantor may not assign its obligations under this Guaranty in part or in whole without the prior written consent of Creditor, and any purported assignment or delegation without such consent shall be null, void and of no effect. Creditor may assign all or any of its rights under this Guaranty without the consent of Debtor or Guarantor.

27. **Governing law.** This Guaranty is governed by and to be construed according to the laws of the State of New York without giving effect to any choice or conflict of law rules or provisions that would require the application of the laws of another jurisdiction. Guarantor irrevocably consents to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court, in each case located in the borough of Manhattan in New York City for the purposes of any action or proceeding arising out of or related to this Guaranty. Guarantor agrees that all claims in respect of such action or proceeding may be heard and determined in any such court and irrevocably waives, to the fullest extent permitted by law, any claim of inconvenient forum or other objection which it may now or hereafter have to the laying of venue in any such court. Guarantor also irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to Guarantor at the address specified by it pursuant to this Guaranty. Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Section shall affect Creditor's right to serve legal process in any other manner permitted by law or its right to bring any action or proceeding against Guarantor or its property in the courts of other jurisdictions.

[If there are multiple Debtors, insert the following section and renumber the remaining sections.]

28. **Independent promises.** Guarantor specifically acknowledges that this Guaranty is a contract comprising its individual and separate promises to pay the Guaranteed Obligations of each Debtor on the terms and in the manner set forth in this Guaranty.

[If there are multiple Creditors, insert the following section and renumber the remaining sections.]

28. **Separate guaranties.** Guarantor shall, at the request of any Creditor, replace this Guaranty with a new, separate guaranty for each Creditor; each such Guaranty incorporating the terms and conditions of this Guaranty.

[If there are multiple Guarantors, insert the following section and renumber the remaining sections.]

28. **Obligations Joint and Several.** Each reference to the Guarantor shall include each of the undersigned and every one of them jointly and severally and this Guaranty and all covenants and agreements herein contained shall be deemed to be joint and several.
28. **Headings and section references.** The headings contained in this Guaranty are for reference purposes only and shall not affect the meaning or interpretation of this Guaranty. Unless the context indicates otherwise, all references in this Guaranty to sections shall refer to the corresponding section of this Guaranty.
29. **Facsimile signature, counterparts.** A signature delivered by facsimile or by any other reliable electronic transmission shall be deemed to be an original signature for purposes of the Guaranty and shall be binding upon Guarantor as an original signature. Notwithstanding that Guarantor may deliver a signature by facsimile or by any other reliable electronic transmission, Guarantor covenants to deliver an originally executed counterpart of this Guaranty to Creditor within a reasonable period of time after executing the Guaranty. This Guaranty may be executed in counterparts, each of which shall be deemed an original but which together will constitute one and the same instrument.

IN WITNESS WHEREOF, Guarantor has signed and delivered this Guaranty to be effective as of the date first-above written.

[Insert Guarantor's Name]

By: _____
(Name)
(Title)

By: _____
(Name)
(Title)

[Or for multiple Guarantors: delete the above execution block and insert the following]

[Insert Guarantor's Name]

[Insert Guarantor's Name]

By: _____
(Name)
(Title)

By: _____
(Name)
(Title)

By: _____
(Name)
(Title)

By: _____
(Name)
(Title)