

## GUARANTEE

THIS GUARANTEE (this "Guarantee"), effective as of [effective date], is issued and delivered by [name of guarantor] (the "Guarantor"), for the account of [name of guaranteed party] (the "Obligor"), and for the benefit of Union Gas Limited, an Ontario Corporation (the "Beneficiary").

### Background Statement

In connection with any indebtedness owing by the Obligor to Beneficiary pursuant to or arising from, any and all gas purchase, delivery, storage or services agreements entered into from time to time between Beneficiary and Obligor pursuant to which Beneficiary will purchase gas from, or deliver or store gas for, or provide gas services to Obligor which may be amended from time to time (herein referred to as the "Agreements"), the Beneficiary has requested that the Guarantor deliver to the Beneficiary this Guarantee.

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor and the Beneficiary hereby agree as follows:

1. Guarantee; Limitation of Liability. The Guarantor hereby absolutely, irrevocably and unconditionally guarantees to the Beneficiary the timely performance when due of all of the Obligor's obligations under the Agreement, together with all reasonable costs, expenses, late payment charges, and interest where applicable (including court costs and reasonable attorney's fees) incurred or expended by the Beneficiary in connection with the enforcement of such obligations (the "Guaranteed Obligations"); provided, however, that the Guarantor's aggregate liability hereunder shall not exceed [dollar amount].

Subject to the other terms of this Guarantee, the liability of the Guarantor under this Guarantee is limited to performance of the Obligor's obligations expressly required under the Agreement, including, without limitation, all payment obligations of the Obligor, and, except as specifically provided therein, the Guarantor shall not be liable for or required to pay any consequential or indirect loss (including but not limited to loss of profits), exemplary damages, punitive damages, special damages, or any other damages or costs.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor may amend or otherwise modify the Agreement from time to time hereafter, and that the Beneficiary may delay or extend the date on which any payment must be made by the Obligor pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder, all without notice to or further assent by the Guarantor, who shall remain bound by this Guarantee notwithstanding any such act by the Beneficiary.

3. Waiver of Rights; Reservation of Rights of the Obligor. The Guarantor expressly waives (i) protest, (ii) notice of default by the Obligor or any other person or entity, (iii) notice of acceptance of this Guarantee by the Beneficiary, (iv) demand on the Obligor or any other person or entity for payment of any of the Guaranteed Obligations, and (v) right to require that a judgment have been previously rendered against the Obligor or any other person or entity, or that the Obligor or any other person or entity be joined in any action against the Guarantor. Without limiting the Guarantor's own defenses and rights hereunder, the Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have to payment of all or any portion of the Guaranteed Obligations except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guarantee.

4. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guarantee without the necessity at any time of resorting to or exhausting any other security or collateral. This Guarantee is a continuing guarantee of performance, including, without limitation, payments, and not merely of collection.

5. Term of Guarantee. This Guarantee and the rights and obligations hereunder shall terminate and be of no further force or effect (and no party hereto shall have any further liability hereunder) at such time as all the Guaranteed Obligations have been fully performed or discharged, or, if Guarantor issues written notice of termination, twenty (20) days after the date Union receives such written notice; provided, however, regardless of such termination, (i) a party hereto shall be entitled to seek any remedy to which it may be entitled at law or in equity for any breach by the other party of any provision in this Guarantee that occurs prior to such termination; and (ii) this Guarantee shall continue to be effective or be reinstated if at any time any payment made or value received with respect to a Guaranteed Obligation is rescinded or must otherwise be returned by the Beneficiary upon the insolvency, bankruptcy or reorganization of the Obligor, or otherwise, all as though such payment had not been made or value received.

6. Representations. The Guarantor hereby represents and warrants that: (i) it is a corporation, partnership, limited liability company, or other legal entity duly formed, validly existing and in good standing under the laws of its jurisdiction of formation; (ii) it has the power and authority to execute, deliver and perform this Guarantee under its formation documents; (iii) the execution, delivery and performance by it of this Guarantee have been duly authorized by all requisite corporate, partnership, limited liability company, or other legal entity action; (iv) this Guarantee constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms; (v) the execution, delivery and performance by it of this Guarantee will not violate, conflict with or result in a breach of, any material provisions of any of the terms and conditions of its formation documents, any material agreement to which it is a party, or any order binding on it, except in each case, to the extent such violation, conflict or breach would not have a material adverse effect on its ability to perform its obligations under this Guarantee; and (vi) it (directly or indirectly) will benefit from the transactions contemplated in the Agreement.

7. Subrogation. The Guarantor shall be subrogated to all rights of the Beneficiary against the Obligor in respect of any amounts paid by the Guarantor pursuant to this Guarantee; provided, however, until all of the Obligor's payment obligations under the Agreement have been paid in full, (i) the Guarantor shall have no right of subrogation in respect of any amounts paid by the Guarantor pursuant to this Guarantee, and (ii) hereby waives and agrees not to assert any right to enforce by way of subrogation any remedy which the Beneficiary now has or may hereafter have against the Obligor.

8. Governing Law. This Guarantee shall be governed by and construed in accordance with the internal laws of the Province of Ontario, without regard to the principles of conflicts of laws thereof.

9. Waiver of Jury Trial. The Guarantor and the Beneficiary waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guarantee.

10. Entire Agreement; Acceptance; Amendments. This Guarantee integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. By acceptance of this Guarantee, the Beneficiary agrees to be bound by the terms and provisions hereof. This Guarantee may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

11. Headings. The headings of the various Sections of this Guarantee are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

12. No Third-Party Beneficiary. This Guarantee is given by the Guarantor solely for the benefit of the Beneficiary, and is not to be relied upon by any other person or entity.

13. Assignment. Neither the Guarantor nor the Beneficiary may assign its rights or obligations under this Guarantee without the prior written consent of the other, which consent may not be unreasonably withheld or delayed, except that: the Beneficiary may, upon 30 days prior written notice, make an assignment of all of its rights and obligations under this Guarantee without such consent in conjunction with the assignment by the Beneficiary of all of its rights and obligations under the Agreement, provided that such assignment is expressly permitted under the Agreement. Any purported assignment in violation of this Section 13 shall be null and void and of no force or effect.

14. Notices. All notices, demands and requests hereunder by a party hereto to the other party hereto shall be in writing, and shall be delivered by hand, nationally recognized overnight courier, or facsimile, addressed as specified for each such party below in this Section 14. If delivered by hand or nationally recognized overnight courier, the day on which a notice, demand or request is delivered shall be the date on which such delivery is made, and if delivered by facsimile, the day upon which sender receives from its facsimile machine the correct answerback of the addressee and confirmation of uninterrupted transmission by a transmission report or the recipient confirming by telephone to the sender that the recipient has received the facsimile message shall be the date on which such delivery is made; provided that a notice given in accordance with this Section 14 but received on any day other than a business day or after business hours in the place of receipt, shall be deemed to be received on the next business day in that place. A party hereto may change its address or facsimile number specified for notices herein by designating a new address or facsimile number for notices by notice to the other party hereto in accordance with this Section 14.

If to the Guarantor, at:

[name and address of Guarantor]

Attention:

Telephone:

Facsimile:

If to the Beneficiary, at:

Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario  
N7M 5M1

Attention: Credit Department

Telephone: (519) 352-3100

Facsimile: (519) 436-5390

15. Payment on Demand. The liability of the Guarantor shall be payable immediately upon written demand and such demand shall be conclusively deemed to have been effectually made and given when Notice has been given to the Guarantor.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be duly executed effective as of the day and year first above written.

The Guarantor:

[name of Guarantor]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_