

**FIRM STORAGE SERVICE PRECEDENT AGREEMENT
BETWEEN
TRES PALACIOS GAS STORAGE LLC
AND
CUSTOMER**

This Precedent Agreement (“Agreement”) is made and entered into effective as of the ____ day of October 1, 2007 by and between TRES PALACIOS GAS STORAGE LLC, a Delaware limited liability company, herein called “Company” and _____ a _____ corporation, herein called “Customer” (each of Company and Customer, a “Party,” and collectively, the “Parties”). This Agreement shall become effective on the date of its execution by both Parties and shall remain in effect until the earlier of the date service commences pursuant to Paragraph 3 below or the date on which either Party exercises its termination rights pursuant to this Agreement.

WHEREAS, Company is developing a new salt-cavern natural gas storage facility to be located in Matagorda County, Texas with a planned working capacity of approximately 36 Bcf (the “Tres Palacios Gas Storage Project”); and

WHEREAS, Customer wants to purchase firm storage services from Company following the Tres Palacios Gas Storage Project’s completion of the conversion of existing caverns to natural gas storage service; and

WHEREAS, Company has filed an application (the “FERC Certificate Application”) with the Federal Energy Regulatory Commission (“FERC”) requesting certificates of public convenience and necessity under Section 7 of the Natural Gas Act (collectively, the “FERC Certificate”) to construct, own and operate the Tres Palacios Gas Storage Project; and

WHEREAS, Customer acknowledges that the performance by Company of the firm natural gas storage service requested by Customer will require Company to seek authorization from FERC and various state and local authorities and, having received the necessary FERC and state and local authorizations, to construct the Tres Palacios Gas Storage Project; and

WHEREAS, Customer and Company now wish to enter into an agreement pursuant to which, upon the satisfaction or waiver of the conditions precedent enumerated below, they will execute one or more firm storage service agreements on the terms described herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and intending to be legally bound, Company and Customer agree as follows:

1. Company shall proceed with due diligence to seek all necessary authorizations, contract rights, property rights, financing arrangements and regulatory or

other approvals, including but not limited to any necessary authorizations from FERC, the Railroad Commission of Texas and the Texas Commission on Environmental Quality, (i) to construct the Tres Palacios Gas Storage Project, (ii) to render natural gas storage services in interstate commerce at market-based rates and to place into effect Company's *pro forma* FERC Gas Tariff provisions and, if necessary, specific service agreement provisions enabling Company to provide Customer the options set forth herein, and (iii) to reserve the rights described in Paragraph 3 below (collectively, the "Authorizations"). Customer agrees that it will not oppose, obstruct or otherwise interfere with Company's efforts to obtain the Authorizations and, upon Company's request, will provide a written statement supporting Company's application for an Authorization; *provided, however*, that nothing herein shall be deemed to preclude Customer from protesting any Company regulatory filings that may be inconsistent with the terms of this Agreement.

2. Subject to the satisfaction or waiver of the conditions set forth herein, and Company's receipt of contractual commitments that, in Company's judgment, are adequate to support commercial development of the Tres Palacios Gas Storage Project, Company will proceed to construct the Tres Palacios Gas Storage Project. Company's obligation to construct facilities under this Agreement is solely limited to the Tres Palacios Gas Storage Project facilities approved in the FERC Order granting the FERC Certificate, as such authorization may be amended from time to time.

3. Following the satisfaction or waiver of the conditions set forth herein and subject to the terms and conditions of this Agreement, Company and Customer will execute and deliver one or more Firm Storage Service Agreements substantially in the form set forth in Attachment 1 hereto (each, a "Service Agreement") pursuant to which Company will render firm storage services for Customer consistent with the parameters set forth in Attachment 2.

a. Service in the quantities and having the characteristics specified in Attachment 2 for Phase I Service shall commence on the later of (i) the date on which Company is first able, in its sole judgment, to render service to Customer from the first of the Tres Palacios Gas Storage Project caverns to be converted to natural gas storage service (the "Cavern 1 Completion Date") or (ii) July 1, 2008 (the later of the two dates being the "Phase I Service Commencement Date"). The term of the Phase I Service (the "Phase I Service Term") shall extend from the Phase I Service Commencement Date to March 31, 2012, *provided, however*, that if the Phase I Service Commencement Date is deferred to April 1, 2009 at Customer's option under Paragraph 6 below, the Phase I Service Term shall extend to March 31, 2013.

b. Service in the quantities and having the characteristics specified in Attachment 2 for Phase II Service shall commence on the later of (i) the date on which Company is first able, in its sole judgment, to render service to Customer from the second of the Tres Palacios Gas Storage Project caverns to be converted to natural gas storage service (the "Cavern 2 Completion Date")

or (ii) April 1, 2009 (the later of the two dates being the “Phase II Service Commencement Date”). The term of the Phase II Service (the “Phase II Service Term”) shall extend from the Phase II Service Commencement Date to March 31, 2013.

c. Service in the quantities and having the characteristics specified in Attachment 2 for Phase III Service shall commence on the later of (i) the date on which Company is first able, in its sole judgment, to render service to Customer from the third of the Tres Palacios Gas Storage Project caverns to be converted to natural gas storage service (the “Cavern 3 Completion Date”) or (ii) April 1, 2010 (the later of the two dates being the “Phase III Service Commencement Date”). The term of Phase III Service (the “Phase III Service Term”) shall extend from the Phase III Service Commencement Date to March 31, 2014.

d. The Parties acknowledge and agree that it may be necessary or desirable for them to execute a separate Service Agreement covering service under each of the Phases described in subparagraphs a. - c. above.

4. Company’s obligation to execute a Service Agreement is subject to (i) Company’s receipt of the Authorizations in form and substance satisfactory to Company; (ii) Company’s acquisition of all real and personal property interests required for the construction and operation of the Tres Palacios Gas Storage Project; (iii) Company’s determination that undertaking the Tres Palacios Gas Storage Project and providing service from it are economically viable; and (iv) Company’s determination that it will be able to obtain financing for the Tres Palacios Gas Storage Project on terms acceptable to Company. If Company does not provide notice to Customer on or before January 4, 2008 that Company, in its sole discretion, deems each of the conditions precedent specified in this Paragraph 4 to be satisfied or waived and that Company has commenced construction of the Tres Palacios Storage Project, either Party shall have the right to terminate this Agreement, which right may be exercised by providing written notice to the other Party within thirty (30) days following such date.

5. If Company fails to achieve the Cavern 1 Completion Date by September 1, 2008, Customer shall have the right (exercisable by notice given by September 15, 2008) to defer the Phase I Service Commencement Date to April 1, 2009. If Company achieves the Cavern 1 Completion Date between September 1, 2008 and December 1, 2008, Customer shall have the one-time right (exercisable by notice given within fifteen (15) days of the actual Cavern 1 Completion Date) to commence Phase I Service on a date prior to April 1, 2009 of Customer’s choosing.

6. Upon determining, in its sole discretion, (i) that all of the conditions precedent herein pertaining to the achievement of the Cavern 1 Completion Date have been satisfied or waived, and (ii) that it has made sufficient progress in constructing the Tres Palacios Gas Storage Project to be able to project with confidence the likely Cavern

1 Completion Date, Company shall so notify Customer and, within thirty (30) days after such notice, Company and Customer shall execute and deliver a Service Agreement covering at a minimum the Phase I Service. Company shall provide the notice described in the preceding sentence not less than sixty (60) days prior to the anticipated Phase I Service Commencement Date. In like manner, upon determining, in its sole discretion, (i) that all of the conditions precedent herein pertaining to the achievement of the Cavern 2 Completion Date have been satisfied or waived, and (ii) that it has made sufficient progress in constructing the Tres Palacios Gas Storage Project to be able to project with confidence the likely Cavern 2 Completion Date, Company shall so notify Customer and, within thirty (30) days after such notice, Company and Customer shall execute and deliver a Service Agreement covering the Phase II Service (if such service is not covered by the Service Agreement executed in accordance with the preceding sentence). Company shall provide the notice described in the preceding sentence not less than sixty (60) days prior to the anticipated Phase II Service Commencement Date. Upon determining, in its sole discretion, (i) that all of the conditions precedent herein pertaining to the achievement of the Cavern 3 Completion Date have been satisfied or waived, and (ii) that it has made sufficient progress in constructing the Tres Palacios Gas Storage Project to be able to project with confidence the likely Phase III Service Commencement Date, Company shall so notify Customer and, within thirty (30) days after such notice, Company and Customer shall execute and deliver a Service Agreement covering the Phase III Service (if such service is not covered by the Service Agreement executed in accordance with the preceding sentence). Company shall provide the notice described in the preceding sentence not less than sixty (60) days prior to the anticipated Phase III Service Commencement Date.

7. Unless terminated sooner as provided herein, this Agreement shall terminate as to Phase I Service upon the Parties' execution of the Service Agreement covering Phase I Service, as to Phase II Service upon the Parties' execution of the Service Agreement covering Phase II Service, and as to Phase III Service upon the Parties' execution of the Service Agreement covering Phase III Service. Upon termination of this Agreement as to the last of the Service Agreements executed hereunder, neither Party shall have any further rights or obligations under this Agreement other than the obligations relating to the establishment and maintenance of Customer's creditworthiness set forth in Paragraph 8 and the obligations relating to confidentiality set forth in Paragraph 20, which shall survive the termination of this Agreement as specified in Paragraph 8 and Paragraph 20, as applicable.

8. Notwithstanding anything contained in this Agreement to the contrary, Company shall have no obligation to execute a Service Agreement unless and until Customer shall have demonstrated to Company's satisfaction that Customer is creditworthy consistent with the creditworthiness provisions of Company's FERC Gas Tariff, a *pro forma* copy of which is included in Company's FERC Certificate Application, except as specified in this Paragraph 8. In order to deem Customer creditworthy, Company may demand financial assurances in an amount equal to the Monthly Demand Charge specified on Attachment 2 as to the relevant Phase, multiplied

by the Maximum Storage Quantity specified on Attachment 2 for that Phase, multiplied by 12. The provisions of this Paragraph 8 relating to the establishment and maintenance of Customer's creditworthiness shall survive the termination of this Agreement under Paragraph 7 and shall be deemed to be incorporated into each Service Agreement executed pursuant to this Agreement.

9. Each Party represents and warrants to the other as follows:

(a) Such Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is in good standing in each other jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of such Party or its ability to perform its obligations under this Agreement or a Service Agreement.

(b) The execution, delivery and performance of this Agreement by such Party has been duly authorized by all necessary action on the part of such Party in accordance with such Party's charter documents and do not and will not require the consent of any trustee or holder of any indebtedness or other obligation of such Party or any other party to any other agreement with such Party.

(c) This Agreement has been duly executed and delivered by such Party. This Agreement constitutes the legal, valid, binding and enforceable obligation of such Party, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting creditor's rights generally and by general equitable principles.

(d) No governmental authorization, approval, order, license, permit, franchise or consent, and no registration, declaration or filing with any governmental authority is required on the part of such Party in connection with the execution and delivery of this Agreement.

(e) There is no pending or, to the best of such Party's knowledge, threatened action or proceeding affecting such Party before any court, government authority or arbitrator that could reasonably be expected to materially and adversely affect the financial condition or operations of such Party or the ability of such Party to perform its obligations hereunder, or that purports to affect the legality, validity or enforceability of this Agreement.

10. Any notice and/or request provided for in this Agreement or any notice which either Party may desire to give to the other shall be in writing transmitted by facsimile, and mailed by registered or certified mail to the post office address of the Party intended to receive the same, as the case may be, as follows:

Company: Tres Palacios Gas Storage LLC
c/o NGS Energy Fund LP
61 Wilton Road
Westport, Connecticut 06880
Fax No. (203) 341-0380
Attn: Laura Luce

Customer: _____

Attn: _____

Email: _____

Fax No. _____

In all instances, the Parties shall use their best efforts to provide notice by facsimile prior to 5 p.m. Eastern Time. Notice received before 5 p.m. Eastern Time shall be deemed effective the day of receipt. Notice received after 5 p.m. Eastern Time shall be deemed effective the day following receipt.

11. Any entity which shall succeed, by purchase, merger, consolidation or other transfer, to the properties of either Company or Customer, substantially as an entirety, shall upon 30 days' written notice to the other Party be entitled to the rights and shall be subject to the obligations of its predecessor in interest under this Agreement. Upon providing thirty (30) days advance written notice, either Party may, without relieving itself of its obligations under this Agreement, assign its lawful rights hereunder to a company with which it is affiliated. No other assignment of this Agreement or of any of the rights or obligations hereunder shall be made without the prior written consent of the other Party, which consent shall not be unreasonably withheld and which shall be provided within thirty (30) days of receipt of written notice of the assignment. It is agreed, however, that the restrictions on assignment contained in this Paragraph shall not in any way prevent either Party from pledging or mortgaging its rights hereunder as security for its indebtedness and in the event of such a pledge or mortgage by Company, Customer shall promptly execute and deliver, at its sole expense, such consents to assignment, opinions of counsel and other documents or instruments as may reasonably be requested by the Company's lenders, investors or financial institutions.

12. THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

13. THE LIABILITIES OF THE PARTIES UNDER THIS AGREEMENT SHALL BE LIMITED TO THOSE EXPRESSLY STATED HEREIN. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR

SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES, INCLUDING LOST PROFITS.

14. This Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are superseded by this Agreement. No modification of the terms and provisions of this Agreement shall be made except by the execution by both Parties of a written agreement.

15. No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Agreement shall operate or be construed as a waiver of any future default(s), whether of a like or of a different character, nor in any manner release the defaulting Party from performance of any other provision, condition or requirement set forth herein.

16. This Agreement, and the respective obligations of the Parties hereunder, are subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction over the Tres Palacios Gas Storage Project or Company. Neither Party shall be held in default for failure to perform if such failure is due to compliance with such laws, orders, rules or regulations; *provided, however*, that such Party shall take all commercially reasonable actions to resume performance or to mitigate the damages caused by its non-performance.

17. If any provision of this Agreement is declared null and void or voidable by FERC or a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use their commercially reasonable efforts to agree upon an equitable adjustment of the provisions of this Agreement with a view to effecting its purpose.

18. No presumption shall operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Agreement.

19. This Agreement shall not create any rights in third Parties, and no provisions hereof shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than Company or Customer.

20. This Agreement and the terms set forth herein are confidential and the Parties agree not to disclose such terms other than as set forth in this Agreement and in the Confidentiality Agreement signed by the Parties, if any, and as required by applicable law or any securities exchange; provided that (i) each Party may disclose the terms hereof to its officers, employees, agents, lenders and other advisors that have a bona fide need to know such information and that have agreed to use this information only for the purposes intended herein and to agreed to keep such information confidential, and (ii) Company may disclose the terms hereof (x) to FERC or other regulatory authority having jurisdiction for the purpose of obtaining any regulatory approval required for the

construction or operation of the Tres Palacios Gas Storage Project, and (y) to any lender, underwriter or investor, their advisors and counsel, in connection with the solicitation and consummation of the financing of the Tres Palacios Gas Storage Project, subject to each such entity's undertaking in writing to keep such information confidential. The provisions of this Paragraph shall survive for a period of one calendar year after the termination of this Agreement.

21. Each Party agrees to execute and deliver all such other and additional instruments and documents and to do such other acts as may be reasonably necessary to effectuate the terms and provisions of this Agreement.

22. This Agreement may be executed in counterparts, and all such executed counterparts shall form part of this Agreement. A signature delivered by facsimile shall be deemed to be an original signature for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first hereinabove written.

TRES PALACIOS GAS STORAGE LLC

By: _____
Name: _____
Title: _____

CUSTOMER

By: _____
Name: _____
Title: _____

**Tres Palacios Gas Storage LLC
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Firm Storage Service Precedent Agreement
Attachment 1
Pro Forma FSS Service Agreement**

FIRM STORAGE SERVICE AGREEMENT

(For Use Under Rate Schedule FSS)

This Agreement is made as of the _____ day of _____, _____, by and between TRES PALACIOS GAS STORAGE LLC, a Delaware limited liability company herein called "TRES PALACIOS," and _____, a _____, herein called "Customer," (each of TRES PALACIOS and Customer, a "Party," and collectively, the "Parties"), pursuant to the following recitals and representations:

WHEREAS, TRES PALACIOS owns and operates an underground natural gas storage facility known as the Tres Palacios Gas Storage facility, located in Texas, and is authorized to provide natural gas storage and related services in interstate commerce by way of the Tres Palacios Gas Storage facility; and

WHEREAS, Customer has requested that TRES PALACIOS provide certain firm natural gas storage services for Customer; and

WHEREAS, TRES PALACIOS has agreed to provide such firm storage services for Customer subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, TRES PALACIOS and Customer agree as follows:

ARTICLE I - SCOPE OF AGREEMENT

Following the commencement of service hereunder, in accordance with the terms of TRES PALACIOS' Rate Schedule FSS, and of this Agreement, TRES PALACIOS shall on any Day receive for injection into storage in the Tres Palacios Gas Storage facility for Customer's account a quantity of Gas up to Customer's Maximum Daily Injection Quantity as set forth on Exhibit "A" hereto (subject to the injection ratchets set forth in Exhibit "C" hereto), shall store quantities of Gas so injected up to a Maximum Storage Quantity as set forth on Exhibit "A" hereto (on a cumulative basis), and on demand on any Day shall withdraw from Customer's Storage Inventory and deliver to Customer a quantity of Gas up to Customer's Maximum Daily Withdrawal Quantity as set forth on Exhibit "A: hereto.

ARTICLE II – POINTS OF RECEIPT AND DELIVERY

The point(s) at which the Gas is to be tendered by Customer to TRES PALACIOS under this Agreement shall be the point(s) designated on Exhibit "B" hereto (Customer's Point(s) of Receipt).

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The point(s) at which the Gas is to be tendered by TRES PALACIOS to Customer under this Agreement shall be the point(s) designated on Exhibit "B" hereto (Customer's Point(s) of Delivery).

ARTICLE III - PRICE

3.1. Customer agrees to pay TRES PALACIOS the following charges for all Gas storage service furnished to Customer hereunder:

Storage reservation charge	_____
Withdrawal reservation charge	_____
Injection reservation charge	_____
Storage injection charge	_____
Storage withdrawal charge	_____
Fuel reimbursement	_____

3.2. Customer further agrees to pay TRES PALACIOS all other applicable fees and charges as set forth in the General Terms and Conditions and in Rate Schedule FSS.

3.3. Customer shall reimburse TRES PALACIOS for all applicable taxes as may be assessed against TRES PALACIOS for the receipt, injection, storage, withdrawal and/or delivery of Customer's Gas. In addition, Customer shall reimburse TRES PALACIOS for Customer's pro rata portion, calculated using the same methodology as that used to assess the tax, of all ad valorem taxes, property taxes and/or other similar taxes on Customer's gas in storage assessed against and paid by TRES PALACIOS.

ARTICLE IV - INCORPORATION OF RATE SCHEDULE AND TARIFF PROVISIONS

This Agreement shall be subject to the terms and conditions specified in TRES PALACIOS' Rate Schedule FSS and the provisions of TRES PALACIOS' FERC Gas Tariff, as filed with the Federal Energy Regulatory Commission, together with the General Terms and Conditions applicable thereto (including any changes in said Rate Schedule, Tariff or General Terms and Conditions as may from time to time be filed and made effective by TRES PALACIOS).

ARTICLE V - TERM OF AGREEMENT

This Agreement shall be effective as of _____, ____ and shall remain in force and effect until _____, ____ (the "Primary Term").

ARTICLE VI - NOTICES

Except as otherwise provided in the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be in writing and may be sent by facsimile transmission or mailed to the post office address of the Party intended to receive the same, as follows:

TRES PALACIOS: _____

Attention: _____

CUSTOMER:

NOTICES: _____

Attention: _____

BILLING: _____

Attention: _____

or to such other address as either Party shall designate by formal written notice to the other. In all instances, the Parties shall use their best efforts to provide notice by facsimile prior to 5 p.m. Eastern Time. Notice received before 5 p.m. Eastern Time shall be deemed effective the day of receipt. Notice received after 5 p.m. Eastern Time shall be deemed effective the day following receipt.

ARTICLE VII - TRANSFER AND ASSIGNMENT OF ALL AGREEMENTS

Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of TRES PALACIOS or of Customer, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Otherwise, no assignment of this Agreement or any of the rights or obligations thereunder shall be made by Customer, except pursuant to the General Terms and Conditions of TRES PALACIOS' FERC Gas Tariff. It is agreed, however, that the restrictions on assignment contained in this Article shall not in any way

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prevent either Party to the Agreement from pledging or mortgaging its rights thereunder as security for its indebtedness.

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ARTICLE VIII - LAW OF AGREEMENT

THE INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO DOCTRINES GOVERNING CHOICE OF LAW.

ARTICLE IX - LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

Unless expressly herein provided, neither Party shall be liable to the other for indirect, special, consequential, incidental, punitive or exemplary damages.

ARTICLE X - PRIOR AGREEMENTS CANCELLED

TRES PALACIOS and Customer agree that this Agreement, as of the date hereof, shall supersede and cancel the following Agreement(s) between the parties hereto:

Storage Service Agreement, dated _____, ____.

ARTICLE XI - WAREHOUSEMEN'S LIEN

11.1 CUSTOMER HEREBY ACKNOWLEDGES THAT TRES PALACIOS SHALL BE ENTITLED TO, AND TRES PALACIOS HEREBY CLAIMS, A LIEN ON ALL GAS RECEIVED BY TRES PALACIOS FROM CUSTOMER, AND ALL PROCEEDS THEREOF, UPON SUCH RECEIPT BY TRES PALACIOS, AS PROVIDED IN SECTION 7-209 OF THE TEXAS UNIFORM COMMERCIAL CODE WITH THE RIGHTS OF ENFORCEMENT AS PROVIDED THEREIN AND HEREIN. IN NO WAY LIMITING THE FOREGOING, CUSTOMER HEREBY ACKNOWLEDGES THAT TRES PALACIOS SHALL BE ENTITLED TO, AND TRES PALACIOS HEREBY CLAIMS, A LIEN FOR ALL CHARGES FOR STORAGE OR TRANSPORTATION (INCLUDING DEMURRAGE AND TERMINAL CHARGES), INSURANCE, LABOR, OR CHARGES PRESENT OR FUTURE IN RELATION TO THE RECEIVED GAS, AND FOR EXPENSES NECESSARY FOR PRESERVATION OF THE RECEIVED GAS OR REASONABLY INCURRED IN THE SALE THEREOF, PURSUANT TO LAW, AND THAT SUCH LIEN SHALL EXTEND TO LIKE CHARGES AND EXPENSES IN RELATION TO ALL SUCH RECEIVED GAS.

11.2 IF DEEMED NECESSARY BY A COURT OF LAW, PURSUANT TO SECTION 7-202(2) OF THE TEXAS UNIFORM COMMERCIAL CODE, SHIPPER HEREBY AGREES THAT:

(i) THIS AGREEMENT, WITH ALL SCHEDULES AND EXHIBITS HERETO, AND ALL OF THE MONTHLY STATEMENTS RENDERED BY TRES PALACIOS TO CUSTOMER PURSUANT TO THE GENERAL TERMS AND CONDITIONS

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CONTAINED IN TRES PALACIOS' TARIFF, SHALL BE DEEMED A "WAREHOUSE RECEIPT" FOR ALL PURPOSES WITH RESPECT TO ARTICLE 7 OF THE TEXAS UNIFORM COMMERCIAL CODE, REGARDLESS OF WHEN THE GAS STORED PURSUANT TO THE CONTRACT IS RECEIVED;

(ii) THE LOCATION OF THE WAREHOUSE, TO WHOM THE GAS WILL BE DELIVERED, RATE OF STORAGE AND HANDLING CHARGES, AND DESCRIPTION OF THE GOODS ARE AS SET FORTH, RESPECTIVELY, IN THE PREAMBLE OF THIS AGREEMENT, EXHIBIT B OF THIS AGREEMENT, THE MONTHLY INVOICE (AS DESCRIBED IN SECTION 14.1 OF THE GENERAL TERMS AND CONDITIONS) AND SECTION 2.16 OF THE GENERAL TERMS AND CONDITIONS;

(iii) THE ISSUE DATE OF THE WAREHOUSE RECEIPT WITH RESPECT TO EACH RECEIPT OF GAS SHALL BE DEEMED TO BE THE DATE SUCH GAS WAS RECEIVED,

(iv) THE CONSECUTIVE NUMBER OF THE RECEIPT SHALL BE DEEMED BASED ON THE DATES OF RECEIPT WHEN LISTED IN CHRONOLOGICAL ORDER, BEGINNING WITH THE FIRST RECEIPT OF GAS UNDER THE TERMS OF THE CONTRACT, AND

(v) THE SIGNATURE OF TRES PALACIOS ON THE CONTRACT SHALL BE DEEMED TO BE THE SIGNATURE OF THE WAREHOUSEMAN.

ARTICLE XII - MISCELLANEOUS

12.1. This Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are superseded by this Agreement. No modification of the terms and provisions of this Agreement shall be made except by the execution by both Parties of a written agreement.

12.2. No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Agreement shall operate or be construed as a waiver of any future default(s), whether of a like or of a different character, nor in any manner release the defaulting Party from performance of any other provision, condition or requirement set forth herein.

12.3. If any provision of this Agreement is declared null and void or voidable by a court of competent jurisdiction, such declaration shall in no way affect the validity or effectiveness of the other provisions of this Agreement, which shall remain in full force and effect, and the Parties shall thereafter use their commercially reasonable efforts to

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agree upon an equitable adjustment of the provisions of this Agreement with a view to effecting its purpose.

12.4. No presumption shall operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Agreement.

12.5. This Agreement shall not create any rights in third parties, and no provisions hereof shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than TRES PALACIOS or Customer.

12.6. This Agreement may be executed in counterparts, and all such executed counterparts shall form part of this Agreement. A signature delivered by facsimile shall be deemed to be an original signature for purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in several counterparts by their authorized agents as of the date first written above.

TRES PALACIOS GAS STORAGE LLC

By _____

Title_____

Customer_____

By _____

Title_____

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Exhibit A to the Firm Storage Service Agreement
between TRES PALACIOS and
_____ (Customer)
dated _____

I. Maximum Daily Injection Quantity (“MDIQ”):

Effective Date or Event:	MDIQ
_____	_____ Dth
_____	_____ Dth
_____	_____ Dth

II. Maximum Storage Quantity (“MSQ”):

Effective Date or Event:	MSQ
_____	_____ Dth
_____	_____ Dth
_____	_____ Dth

III. Maximum Daily Withdrawal Quantity (“MDWQ”):

Effective Date or Event:	MDWQ
_____	_____ Dth
_____	_____ Dth
_____	_____ Dth

Notes:

1. The MDIQ, MSQ or MDWQ values set forth for a specified period shall remain in effect until the conclusion of the Gas Day preceding the date or event specified as the date or event on which a revised MDIQ, MSQ or MDWQ is to become effective.

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2. Additional lines may be added if TRES PALACIOS and Customer agree to more than three sets of date ranges defining specific MDIQ, MSQ and/or MDWQ values.

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Exhibit B to the Firm Storage Service Agreement
 between TRES PALACIOS and
 _____(Customer)
 dated _____

Effective: _____

Point(s) of Receipt and Point(s) of Delivery:

Pipeline Name	MDRQ	MDDQ
Transcontinental Gas Pipe Line Corporation	_____	_____
Florida Gas Transmission Company, LLC	_____	_____
Tennessee Gas Pipeline Company	_____	_____
Texas Eastern Transmission, L.P.	_____	_____
Valero Natural Gas Pipe Line Company	_____	_____
Enterprise Channel Pipeline Company	_____	_____
Enterprise Valero Pipeline Company	_____	_____
Natural Gas Pipeline Company of America	_____	_____
Kinder Morgan Tejas Pipeline, L.P.	_____	_____
Central Texas Gathering System	_____	_____
_____	_____	_____

Notes:

1. Any point with an MDRQ and/or MDDQ that is greater than zero (0) is considered to be a Primary Point. All other points are considered to be Secondary Points.

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Attachment 1
Pro Forma FSS Service Agreement

2. A Firm Storage Service Agreement may include multiple pages of Exhibit B if the Parties agree that the quantities associated with any primary receipt and/or delivery points shall change during the Primary Term.

**Tres Palacios Gas Storage LLC
CUSTOMER
Firm Storage Service Precedent Agreement
Attachment 1
Pro Forma FSS Service Agreement**

Exhibit C to the Firm Storage Service Agreement
between TRES PALACIOS and
_____ (Customer)

The quantity of Gas Customer may inject pursuant to the Firm Storage Service Agreement at any time shall be subject to the following ratchet provisions (Customer shall choose the level of injection ratchets from the following options):

Customer Election

Injection Ratchets:

Level of MSQ MDIQ Multiplier

_____ TRES PALACIOS will establish ratchet percentage values that will reflect performance characteristics of installed compression facilities and projected cavern performance. These values will be inserted in this Rate Schedule at the time TRES PALACIOS files actual tariff sheets.

_____ No Injection Ratchets

**Tres Palacios Gas Storage LLC
CUSTOMER
Firm Storage Service Precedent Agreement
Attachment 2
Firm Service Parameters**

**FIRM SERVICE PARAMETERS
(For Service Pursuant to Firm Storage Service Precedent Agreement
Between Tres Palacios Gas Storage LLC and _____
dated October 1, 2007)**

Seller: Tres Palacios Gas Storage LLC (“Company”)
Buyer: _____ (“Customer”)
Nature of Service: Firm Storage Service pursuant to Rate Schedule FSS of Company’s FERC Gas Tariff

Term and Quantities:

Phase I Service: Beginning on the “Phase I Service Commencement Date,” as that term is defined in Paragraph 3(a) of the Firm Storage Service Precedent Agreement (subject to the option granted by Paragraph 6 thereof), and continuing for a primary term concluding on March 31, 2012 (or, if the Phase I Service Commencement Date is deferred to April 1, 2009 at Customer’s option under Paragraph 6, the Phase I Service Term shall extend to March 31, 2013).

Phase II Service: Beginning on the “Phase II Service Commencement Date,” as that term is defined in Paragraph 3(b) of the Firm Storage Service Precedent Agreement, and continuing for a primary term concluding on March 31, 2013.

Phase III Service: Beginning on the “Phase III Service Commencement Date,” as that term is defined in Paragraph 3(c) of the Firm Storage Service Precedent Agreement, and continuing for a primary term concluding on March 31, 2014.

<i>Quantities</i>	<i>Per Phase</i>	<i>Cumulative</i>
Maximum Storage Quantity (“MSQ”), Phase I:	___ MMDth	--
MSQ, Phase II:	___ MMDth	___ MMDth
MSQ, Phase III:	___ MMDth	___ MMDth
Maximum Daily Injection Quantity (“MDIQ”), Phase I:	_____ Dth	--
MDIQ, Phase II:	_____ Dth	_____ Dth
MDIQ, Phase III:	_____ Dth	_____ Dth
Maximum Daily Withdrawal Quantity (“MDWQ”), Phase I:	_____ Dth	--
MDWQ, Phase II:	_____ Dth	_____ Dth
MDWQ, Phase III:	_____ Dth	_____ Dth

Tres Palacios Gas Storage LLC
CUSTOMER
Firm Storage Service Precedent Agreement
Attachment 2
Firm Service Parameters
Page 2

Monthly Demand Charge, all Phases: \$0.____ /Dth of MSQ

Storage Injection Charge, all Phases: \$0.015 /Dth

Storage Withdrawal Charge, all Phases: \$0.00 /Dth

Fuel Reimbursement: 1.5 % of quantities injected, in kind

Primary Receipt Points:

Pipeline	Phase I	Phase II	Phase III
	_____ Dth	_____ Dth	_____ Dth
	_____ Dth	_____ Dth	_____ Dth
	_____ Dth	_____ Dth	_____ Dth
	_____ Dth	_____ Dth	_____ Dth

Primary Delivery Points:

Pipeline	Phase I	Phase II	Phase III
	_____ Dth	_____ Dth	_____ Dth
	_____ Dth	_____ Dth	_____ Dth
	_____ Dth	_____ Dth	_____ Dth