

SMITH ARTHUR L
Form 4
August 16, 2011

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
SMITH ARTHUR L

2. Issuer Name **and** Ticker or Trading
Symbol

PAA NATURAL GAS STORAGE
LP [PNG]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)

1400 POST OAK BLVD., SUITE
560

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)

08/12/2011

☒ Director ☐ 10% Owner
☐ Officer (give title below) ☐ Other (specify below)

4. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check
Applicable Line)
☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person

HOUSTON, TX 77056

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Units	08/12/2011		M		1,875	A	\$ 0 1,875

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
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SEC 1474
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Title and Amount of Underlying Securities (Instr. 3 and 4)
				Code	V	(A)	(D)	Amount or Number of Shares
Phantom Units	<u>(1)</u>	08/12/2011		M			1,875	<u>(2)</u> <u>(3)</u> Common Units 1,875
Phantom Units	<u>(1)</u>	08/12/2011		A		1,875		<u>(2)</u> <u>(3)</u> Common Units 1,875

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
SMITH ARTHUR L 1400 POST OAK BLVD., SUITE 560 HOUSTON, TX 77056	X

Signatures

/s/ Arthur L.
Smith 08/11/2011

__Signature of
Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) One common unit is deliverable, upon vesting, for each phantom unit that vests.
- (2) 3,750 Phantom units vest on annually on the August distribution date, with automatic re-grant of equivalent amount. The number of phantom units vesting in August 2011 is prorated from the date of grant.
- (3) Upon termination of service as a director, other than because of death, disability or retirement.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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