McGee Richard K. Form 4 May 26, 2010

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB APPROVAL OMB

3235-0287 Number: January 31,

Expires: 2005 Estimated average

burden hours per

response... 0.5

if no longer subject to Section 16. Form 4 or

Check this box

Form 5 obligations may continue. See Instruction

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

(Print or Type Responses)

1(b).

(Last)

1. Name and Address of Reporting Person *

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

McGee Richard K.

PAA NATURAL GAS STORAGE

(Check all applicable)

LP [PNG]

(Middle)

3. Date of Earliest Transaction

Director 10% Owner X_ Officer (give title _ Other (specify

(Month/Day/Year) 05/24/2010

below) VP-Legal & Bus Dev & Secretary

333 CLAY STREET, SUITE 1500

(First)

(Street)

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year)

Applicable Line) _X_ Form filed by One Reporting Person

Form filed by More than One Reporting

Person

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

HOUSTON, TX

Security

(Instr. 3)

(City) (Zip) 1.Title of 2. Transaction Date 2A. Deemed

(State)

(Month/Day/Year) Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of Securities Beneficially Owned (I) Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (Instr. 4) (Instr. 4)

(A)

Reported Transaction(s)

(Instr. 3 and 4) Code V Amount (D) Price

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

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

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5. Number of	6. Date Exercisable and	7. Title and Amount of	8. Pı
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transacti	orDerivative	Expiration Date	Underlying Securities	Deri
Security	or Exercise		any	Code	Securities	(Month/Day/Year)	(Instr. 3 and 4)	Secu

Edgar Filing: McGee Richard K. - Form 4

(Instr. 3)	tr. 3) Price of Derivative Security		(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					(Inst
				Code V	(A)	(D) Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Units (1)	<u>(2)</u>	05/24/2010		A	55,000	(3)	<u>(4)</u>	Common Units	55,000	9
Phantom Units (5)	<u>(6)</u>	05/24/2010		A	55,000	<u>(7)</u>	(8)	Common Units	55,000	9

Reporting Owners

Reporting Owner Name / Address	Relationships					
	Director	10% Owner	Officer	Other		

McGee Richard K. 333 CLAY STREET, SUITE 1500 HOUSTON, TX

VP-Legal & Bus Dev & Secretary

Signatures

/s/ Richard K.
McGee

**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) Grant of Phantom Units under Long-Term Incentive Plan (includes associated distribution equivalent rights (payable in cash)).
- (2) One Common Unit is deliverable, upon vesting, for each Phantom Unit that vests.
 - These Phantom Units will vest in equal 1/3 increments as follows: one-third will vest upon the later of the May 2012 distribution date and the date the Issuer pays a quarterly distribution of at least \$0.3875 per unit; one-third will vest upon the later of the May 2013 distribution
- (3) date and the date the Issuer pays a quarterly distribution of at least \$0.450 per unit; and one-third will vest upon the later of the May 2014 distribution date and the date the Issuer pays a quarterly distribution of at least \$0.475 per unit. The associated DERs will vest in equal 25% increments upon achieving quarterly distribution levels of \$0.370, \$0.390, \$0.440 and \$0.475 per unit.
- (4) Any Phantom Units that have not vested as of the May 2015 distribution date, and any associated DERs, shall expire on such date.
- (5) Grant of Phantom Units under Long-Term Incentive Plan.
- (6) One Common Unit is deliverable, upon vesting, for each Phantom Unit that vests.
- (7) These Phantom Units will vest in equal 25% increments as follows: 25% will vest on the first distribution date following the date on which the Issuer's Series A Subordinated Units convert into Common Units; 25% will vest on the first distribution date following the date on which the first tranche of the Issuer's Series B Subordinated Units convert into Series A Subordinated Units or Common Units; 25% will vest on the first distribution date following the date on which the second tranche of the Issuer's Series B Subordinated Units convert into Series A Subordinated Units or Common Units; and 25% will vest on the first distribution date following the date on which the third tranche of the Issuer's Series B Subordinated Units convert into Series A Subordinated Units or Common Units. The Series A Subordinated Units will convert into Common Units at the end of the subordination period described in the Issuer's Registration Statement on Form S-1 (333-164492). The Series B Subordinated Units will convert into Series A Subordinated Units upon satisfaction

Reporting Owners 2

Edgar Filing: McGee Richard K. - Form 4

of certain operational and financial conditions described in the Issuer's Registration Statement (or directly into Common Units if the subordination period has already ended at the time such operational and financial conditions are satisfied).

(8) Any Phantom Units that remain outstanding as of December 31, 2014 shall expire without vesting on such date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.