

Liollio Dean
Form 4
February 19, 2013

FORM 4

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

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person *
Liollio Dean

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)
333 CLAY STREET, SUITE 1500
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/14/2013

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

HOUSTON, TX 77002

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

(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. Transaction 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 Ownership (Instr. 4)
				(A) or (D)	Amount		Price

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

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(9-02)

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

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

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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Phantom Units <u>(1)</u>	<u>(2)</u>	02/14/2013	A	125,000					<u>(3)</u>	<u>(3)</u>	Common Units	125,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Liollo Dean 333 CLAY STREET, SUITE 1500 HOUSTON, TX 77002	X		President	

Signatures

/s/ Dean Liollo 02/18/2013

 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 Issuer's 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 one-third tranches on the dates we pay annualized distributions of \$1.45, \$1.50 and \$1.55. Fifty percent of any unvested phantom units in a particular tranche that remain outstanding as of the August 2016, 2017 and 2018 distribution dates

- (3) will vest on such date and the remaining portion will be forfeited as of the August 2019 distribution date if the applicable performance conditions for such tranche have not been met by such date. DERs associated with these awards will vest in one-third increments on the August 2014, 2015 and 2016 distribution dates, provided that PNG's quarterly distribution remains at least \$1.43 (annualized) per unit.

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.