



**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

In connection with the recent election of Don O Shea to the additional position of Chief Accounting Officer of PAA Natural Gas Storage, L.P. ( PNG ), Mr. O Shea s annual salary has been increased to \$140,000.

**Item 8.01. Other Events.**

On September 9, 2010, Plains All American Pipeline, L.P. ( PAA ) entered into transaction grant agreements with Greg L. Armstrong, Harry N. Pefanis and Al Swanson, pursuant to which these individuals acquired phantom common units, phantom series A subordinated units and phantom series B subordinated units representing a portion of the limited partner interests of PNG issued to PAA in connection with PNG s IPO. Distribution equivalent rights, payable by PAA in cash, were also granted with respect to the phantom common units and phantom series A subordinated units. The phantom units will vest and be payable as follows: (i) the phantom common units will vest 50% on May 5, 2011 and 50% on May 5, 2012, and be payable one-for-one by PAA in Common Units of PNG; (ii) the phantom series A subordinated units will vest in connection with the conversion of the Series A Subordinated Units into Common Units, and be payable one-for-one by PAA in Common Units of PNG; and (iii) the phantom series B subordinated units will vest in tranches of 20%, 21%, 15%, 22% and 22%, respectively, in connection with the conversion of the First through Fifth Tranches of Series B Subordinated Units. Upon vesting, the phantom series B subordinated units will be payable one-for-one by PAA in Series A Subordinated Units or Common Units of PNG it receives upon conversion of the Series B Subordinated Units. Any phantom series A subordinated units and any phantom series B subordinated units that have not vested as of December 18, 2018 will be automatically cancelled on such date.

The number of phantom units of each class or series granted by PAA to Messrs. Armstrong, Pefanis and Swanson is set forth below:

	Phantom Common Units	Phantom Series A Subordinated Units	Phantom Series B Subordinated Units	Total
Greg L. Armstrong	62,000	62,000	62,000	186,000
Harry N. Pefanis	42,000	42,000	42,000	126,000
Al Swanson	21,000	21,000	21,000	63,000

Terms used but not defined herein have the meanings set forth in the Second Amended and Restated Agreement of Limited Partnership of PNG.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PAA Natural Gas Storage, L.P.

Date: September 10, 2010

By: PNGS GP LLC, its general partner

By: /s/ Al Swanson

Name: Al Swanson

Title: Senior Vice President and Chief  
Financial Officer