

She Dawei  
Form 4  
November 19, 2010

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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**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 \*  
She Dawei

(Last) (First) (Middle)

19TH FLOOR, BUILDING B, VAN METROPOLIS,, NO. 35 TANG YAN ROAD, HI-TECH ZONE

(Street)

XI'AN, SHAANXI PROVINCE,, F4 710065

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
China Natural Gas, Inc. [CHNG]

3. Date of Earliest Transaction (Month/Day/Year)  
05/05/2010

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
\_X\_ Officer (give title below) \_\_\_ Other (specify below)  
Chief Financial Officer

6. Individual or Joint/Group Filing(Check 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**

| 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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | Code  | V |   |  |                                   |
| Common Stock <sup>(1)</sup>     | 05/20/2010                           |  | M                              |   | V | 21,900 A \$ 4.9   | D  |                                   |
| Common Stock                    | 05/20/2010                           |  | G                              | V   |   | 21,900 D \$ 0 0   | D  |                                   |

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

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

| 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 Security (Instr. 3 and 4) |
|---|--|--------------------------------------|--|--------------------------------|---|--|---|
|   |  |                                      |  | Code V (A) (D)                 |   | Date Exercisable Expiration Date                         | Title   |
| Employee Stock Option (right to buy) <sup>(1)</sup> | \$ 4.9   | 05/05/2010                           |  | A                              | 87,600  | <sup>(2)</sup> 04/01/2015                                | Common Stock 87   |
| Employee Stock Option (right to buy)                | \$ 4.9   | 05/20/2010                           |  | M                              | 21,900  | 05/05/2010 04/01/2015                                    | Common Stock 21   |

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director 10% Owner Officer Other

She Dawei  
19TH FLOOR, BUILDING B, VAN METROPOLIS,  
NO. 35 TANG YAN ROAD, HI-TECH ZONE  
XI'AN, SHAANXI PROVINCE,, F4 710065

Chief Financial Officer

## Signatures

/s/ She Dawei 11/19/2010

\*\*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) China Natural Gas, Inc. effected a 1 for 2 reverse stock split on April 28, 2009. Figures listed herein reflect the April 28, 2009 reverse stock split.
- (2) The options vest in four equal installments. The first installment vested on May 5, 2010, and the remaining installments will vest on April 1, 2011, 2012 and 2013.

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.