

VALERO ENERGY CORP/TX
 Form 4
 July 07, 2006

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 *
KING GREGORY C

2. Issuer Name and Ticker or Trading Symbol
VALERO ENERGY CORP/TX [VLO]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
P.O. BOX 696000
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
07/07/2006

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

SAN ANTONIO, TX 78269-6000
 (City) (State) (Zip)

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

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 Indirect Beneficial Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock, \$.01 par value	07/07/2006		M		40,000	A	\$ 7	452,372	D
Common Stock, \$.01 par value	07/07/2006		M		120,000	A	\$ 8.4363	572,372	D
Common Stock, \$.01 par value	07/07/2006		F		35,363	D	\$ 66.17	537,009	D

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Common Stock, \$0.01 par value	07/07/2006	S	80,000	D	\$ 67.0013	457,009	D	
Common Stock, \$0.01 par value	07/07/2006	S	29,744	D	\$ 67	427,265	D	
Common Stock, \$0.01 par value	07/07/2006	G V	45,000	D	\$ 0	382,265	D	
Common Stock, \$0.01 par value	07/07/2006	S	390	D	\$ 67	0	I	By spouse
Common Stock, \$0.01 par value	07/07/2006	I	11,700	D	\$ 66.25	0	I	By 401(k) plan

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 Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount of Number of Shares
Stock Option (right to buy)	\$ 7	07/07/2006		M	40,000	05/04/2001	05/04/2010	Common Stock	40,000
Stock Option (right to buy)	\$ 8.43	07/07/2006		M	120,000	07/18/2002	07/18/2011	Common Stock	120,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KING GREGORY C P.O. BOX 696000 SAN ANTONIO, TX 78269-6000			President	

Signatures

J. Stephen Gilbert, as Attorney-in-Fact for Gregory C. King	07/07/2006
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__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).

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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