

VALERO ENERGY CORP/TX
Form 4
June 30, 2006

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 *
GREEHEY WILLIAM E

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)
06/29/2006

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

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 Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock, \$.01 par value	06/29/2006		S	0.5839 D \$ 65.8609	4,426,101 ⁽¹⁾	D	
Common Stock, \$.01 par value	06/30/2006		M	29,872 A \$ 4.237	4,455,973	D	
Common Stock, \$.01 par value	06/30/2006		S ⁽²⁾	29,872 D \$ 66.2177	4,426,101	D	

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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 (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)	Amount or Number of Shares
Stock option (right to buy)	\$ 4.237	06/30/2006		M	29,872	07/31/1997 07/01/2006	Common Stock	29,872

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

GREEHEY WILLIAM E
P.O. BOX 696000
SAN ANTONIO, TX 78269-6000

X

Signatures

Jay D. Browning, as Attorney-in-Fact for William E. Greehey

06/30/2006

**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) 283,370.5839 shares held by the reporting person in a thrift plan were transferred to a brokerage account held in the name of the reporting person. In connection with that transfer, the 0.5839 fractional share was sold for cash.

(2) The sale reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on April 28, 2006.

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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