

VALERO ENERGY CORP/TX  
 Form 4  
 July 11, 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 \*  
 EDWARDS S EUGENE

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  
 Officer (give title below)  
 \_\_\_\_ 10% Owner  
 \_\_\_\_ Other (specify below)  
 EVP

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	(D)	Price
Common Stock, \$.01 par value	07/07/2006		M		60,000	A	\$ 8.4363 160,697
Common Stock, \$.01 par value	07/07/2006		F		13,364	D	\$ 66.17 147,333
Common Stock, \$.01 par value	07/07/2006		M		60,000	A	\$ 7.515 207,333

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Common Stock, \$01 par value	07/07/2006	F	13,100	D	\$ 66.17	194,233	D
Common Stock, \$01 par value	07/07/2006	S	60,000	D	\$ 65.4251	134,233	D
Common Stock, \$01 par value	07/07/2006	S	30,000	D	\$ 66.9133	104,233 <sup>(1)</sup>	D

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	\$ 8.4363	07/07/2006		M	60,000	07/18/2004	07/18/2011	Common Stock	60,000
Stock Option (right to buy)	\$ 7.515	07/07/2006		M	60,000	09/18/2005	09/18/2012	Common Stock	60,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
				EVP

EDWARDS S EUGENE  
P.O. BOX 696000  
SAN ANTONIO, TX 78269-6000

## Signatures

Jay D. Browning, as Attorney-in-Fact for S. Eugene  
Edwards

07/11/2006

\_\_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) The 104,233 amount does not include 8,184.9001 shares indirectly owned by the reporting person in a thrift plan.

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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