

VALERO ENERGY CORP/TX

Form 4

August 10, 2006

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

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

OMB APPROVAL

OMB
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(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)

SAN ANTONIO, TX 78269-6000

(City) (State) (Zip)

3. Date of Earliest Transaction
(Month/Day/Year)
08/09/2006

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

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

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, \$.01 par value	08/09/2006		S		35,000	D	\$ 67.48	69,233	D	
Common Stock, \$.01 par value	08/09/2006		M		12,800	A	\$ 9.83	82,033	D	
Common Stock, \$.01 par value	08/09/2006		F		5,845	D	\$ 67.7	76,188	D	
Common Stock, \$.01	08/09/2006		M		3,780	A	\$ 21.36	79,968	D	

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par value

Common

Stock, \$.01 08/09/2006

F 2,135 D \$ 67.7 77,833 ⁽¹⁾ D

par value

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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Stock Option (right to buy)	\$ 9.83	08/10/2006		M	12,800	10/29/2004 10/29/2013	Common Stock 12,800
Stock Option (right to buy)	\$ 21.36	08/10/2006		M	3,780	10/21/2005 10/21/2014	Common Stock 3,780

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
EDWARDS S EUGENE P.O. BOX 696000 SAN ANTONIO, TX 78269-6000			EVP	

Signatures

J. Stephen Gilbert, as Attorney-in-Fact for S. Eugene
Edwards

08/10/2006

**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 77,833 amount does not include 8,348.2101 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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