

VALERO ENERGY CORP/TX

Form 4

January 20, 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 *
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)

SAN ANTONIO, TX 78269-6000

(City) (State) (Zip)

3. Date of Earliest Transaction
(Month/Day/Year)
01/18/2006

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

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

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 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)
Common Stock, \$.01 par value	01/18/2006		M	30,000 A \$ 0	362,662	D	
Common Stock, \$.01 par value	01/18/2006		M	25,200 A \$ 0	387,862	D	
Common Stock, \$.01 par value	01/18/2006		M	13,001 A \$ 0	400,863	D	
Common Stock, \$.01	01/18/2006		F	24,858 D \$ 59.04	376,005 ⁽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 An of Underlying Securities (Instr. 3 and 4)		
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
performance shares	(2)	01/18/2006		A		11,700		(2)	01/18/2009	common stock
performance shares	(3)	01/18/2006		M		20,000		01/18/2006	01/18/2006	common stock
performance shares	(3)	01/18/2006		M		16,800		01/18/2006	01/18/2007	common stock
performance shares	(3)	01/18/2006		M		8,667		01/18/2006	01/18/2008	common stock

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 01/20/2006

__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)

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The 376,005 amount does not include 11,581.3903 shares indirectly owned by the reporting person in a thrift plan and 390 shares held in the name of the reporting person's spouse. On December 15, 2005, Valero's common stock split 2-for-1, resulting in a 2-for-1 increase in the reported shares beneficially owned by the reporting person.

- (2) Award of performance shares; the performance shares vest annually in one-third increments beginning on the first anniversary of the grant date and are payable in shares of common stock in amounts ranging from zero to 200 percent of the performance shares.
- (3) Settlement of previously awarded performance shares at 150% of base shares.

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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