

VALERO ENERGY CORP/TX
 Form 4
 February 03, 2005

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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 *
KLESSE WILLIAM R

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)
02/02/2005

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
EVP and COO

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)
				(A) or (D)	Price		
Common Stock, \$.01 par value	02/02/2005		M	13,998 A	\$ 0 328,855	D	
Common Stock, \$.01 par value	02/02/2005		M	14,000 A	\$ 0 342,855	D	
Common Stock, \$.01 par value	02/02/2005		M	10,800 A	\$ 0 353,655	D	

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Common Stock, \$01 par value 02/02/2005 F 14,141 D \$ 58.775 339,514 ⁽¹⁾ D

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

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SEC 1474 (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
					V	(A)	(D)	Date Exercisable	Expiration Date		
Common Stock, \$01 par value	<u>(2)</u>	02/02/2005		A		12,000		<u>(2)</u>	02/02/2008	common stock	12,000
Common Stock, \$01 par value	<u>(3)</u>	02/02/2005		M		9,332		02/02/2005	02/02/2005	common stock	9,332
Common Stock, \$01 par value	<u>(3)</u>	02/02/2005		M		9,333		02/02/2005	02/02/2006	common stock	9,333
Common Stock, \$01 par value	<u>(3)</u>	02/02/2005		M		7,200		02/02/2005	02/02/2007	common stock	7,200

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KLESSE WILLIAM R P.O. BOX 696000			EVP and COO	

SAN ANTONIO, TX 78269-6000

Signatures

J. Stephen Gilbert, as Attorney-in-Fact for William R.
Klesse

02/03/2005

__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 339,514 amount does not include 11,149.8444 shares indirectly owned by the reporting person in a thrift plan.

Award of performance shares under the Valero Energy Corporation 2001 Executive Stock Incentive Plan. The performance shares vest

(2) annually in one-third increments beginning on the first anniversary of the grant date and are payable in 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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