

VALERO ENERGY CORP/TX
Form 4
May 16, 2007

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

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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)
05/14/2007

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

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 | (A) or (D) | Price |
| Common Stock, \$.01 par value | 05/14/2007 | | M | | 134,800 | A | \$ 9.1512 715,586 |
| Common Stock, \$.01 par value | 05/14/2007 | | S | | 134,800 | D | \$ 73.5909 580,786 |
| Common Stock, \$.01 par value | 05/14/2007 | | M | | 5,144 | A | \$ 9.1512 585,930 |

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| | | | | | | | |
|------------------------------|------------|---|-------|---|------------|------------------------|---|
| Common Stock, \$01 par value | 05/14/2007 | S | 5,144 | D | \$ 73.5909 | 580,786 | D |
| Common Stock, \$01 par value | 05/14/2007 | M | 1,384 | A | \$ 11.5525 | 582,170 | D |
| Common Stock, \$01 par value | 05/14/2007 | S | 1,384 | D | \$ 73.5909 | 580,786 ⁽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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount Number Shares |
| Employee Stock Option (right to buy) | \$ 9.1512 | 05/14/2007 | | M | 134,800 | 12/31/2001 12/01/2008 | Common Stock 134,800 |
| Employee Stock Option (right to buy) | \$ 9.1512 | 05/14/2007 | | M | 5,144 | 12/31/2001 02/07/2010 | Common Stock 5,144 |
| Employee Stock option (right to buy) | \$ 11.5525 | 05/14/2007 | | M | 1,384 | 12/22/2005 02/07/2010 | Common Stock 1,384 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------|-------|
| | Director | 10% Owner | Officer | Other |
| KLESSE WILLIAM R P.O. BOX 696000 SAN ANTONIO, TX 78269-6000 | X | | COB and CEO | |

Signatures

J. Stephen Gilbert, as Attorney-in-Fact for William R. Klesse
05/16/2007

__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 580,786 amount does not include 23,151.6150 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.