

VALERO ENERGY CORP/TX
 Form 4
 November 01, 2004

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 *
GREEHEY WILLIAM E

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)
10/29/2004

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: Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount or Price		
Common Stock, \$.01 par value	10/29/2004		M		183,334 ⁽¹⁾	A	\$ 0 3,216,714 D
Common Stock, \$.01 par value	10/29/2004		D		183,334 ⁽¹⁾	D	\$ 42.45 3,033,380 ⁽²⁾ 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

SEC 1474 (9-02)

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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 of Number of Shares
phantom stock	(3)	10/29/2004		M	183,334 (4)	10/29/2004	10/29/2004	common stock	183,334

Reporting Owners

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

Signatures

J. Stephen Gilbert, as Attorney-in-Fact for William E. Greehey
 11/01/2004

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).

- The reporting person did not purchase or sell any shares of common stock in the settlement of this award. Although the reporting person's phantom stock could be settled only in cash, the SEC has nevertheless taken the position that the cash settlement of phantom stock is reportable on Form 4 in both Table II (as a disposition of the phantom stock derivative security), and Table I (on two lines) as a deemed acquisition and simultaneous disposition of the underlying stock on which the value of the settlement is based. Accordingly, the amounts shown in Table I are reported solely to comply with the SEC's reporting principles and do not represent actual purchases or sales of shares of common stock.
- (1) The reporting person did not purchase or sell any shares of common stock in the settlement of this award. Although the reporting person's phantom stock could be settled only in cash, the SEC has nevertheless taken the position that the cash settlement of phantom stock is reportable on Form 4 in both Table II (as a disposition of the phantom stock derivative security), and Table I (on two lines) as a deemed acquisition and simultaneous disposition of the underlying stock on which the value of the settlement is based. Accordingly, the amounts shown in Table I are reported solely to comply with the SEC's reporting principles and do not represent actual purchases or sales of shares of common stock.
 - (2) The 3,033,380 amount does not include 139,938.2510 shares indirectly owned by the reporting person in benefit plans.
 - (3) One-for-one conversion. The phantom stock can be settled only in cash.
 - (4) This derivative security was originally reported as covering 91,667 shares. On October 7, 2004, Valero's common stock split 2-for-1, resulting in a 2-for-1 increase in the reported phantom shares and shares of common stock beneficially owned by the reporting person.

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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