VALERO L P Form 4 July 24, 2006

FORM 4

OMB APPROVAL

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

OMB Number: 3235-0287

if no longer subject to Section 16. Form 4 or

Check this box

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Expires: January 31, 2005
Estimated average burden hours per

Form 4 or Form 5 obligations may continue. See Instruction

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

response... 0.5

1(b).

(Print or Type Responses)

07/20/2006

Units

Name and Addi Hill Dan J	ress of Reportin	g Person *	2. Issuer Name and Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer		
			VALERO L P [VLI]	(Check all applicable)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction			
			(Month/Day/Year)	X Director 10% Owner		
P.O. BOX 696000			07/20/2006	Officer (give title below) Other (specify below)		
	(Street)		4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check		
SAN ANTONI	IO. TX 7826	9-6000	Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting		
(City)		(7:n)		Person		

(City)	(State) (Z	Zip) Table	I - Non-De	erivative S	ecurities Ac	quired, Disposed o	of, or Beneficial	ly Owned
1.Title of Security	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if	3.	4. Securit		5. Amount of Securities	6. Ownership Form: Direct	7. Nature of Indirect
(Instr. 3)	(Monui/Day/Teal)	any	Code	nAcquired (A) or Disposed of (D)		Beneficially	(D) or	Beneficial
		(Month/Day/Year)	(Instr. 8)	(Instr. 3, 4	4 and 5)	Owned Following	Indirect (I) (Instr. 4)	Ownership (Instr. 4)
					(A)	Reported	(Instr. 1)	(mstr. 1)
					or	Transaction(s) (Instr. 3 and 4)		
Common			Code V	Amount	(D) Price			
Committee	07/20/2006		A .	207(1)	A 0 0	2 220	D	

397 ⁽¹⁾ A

\$0

2,329

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 required to respond unless the form displays a currently valid OMB control number.

SEC 1474

(9-02)

D

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)		4. Transactio	5. orNumber	6. Date Exercisal Expiration Date		7. Title and Amount of	8. Price of Derivative	9. Nu Deriv
Security (Instr. 3)	or Exercise Price of Derivative Security	(Month Day/ Teal)	any (Month/Day/Year)	Code (Instr. 8)	of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Yea e	ar)	Underlying Securities (Instr. 3 and 4)	Security (Instr. 5)	Secur Bene Owne Follo Repo Trans (Instr
				Code V	(A) (D)	Date Ex Exercisable Da	•	Title Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships						
· · · · · · · · · · · · · · · · · · ·	Director	10% Owner	Officer	Other			
Hill Dan J P.O. BOX 696000 SAN ANTONIO, TX 78269-6000	X						

Signatures

Amy L. Perry as Attorney-in-Fact for Dan
J. Hill
07/24/2006

**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) Award of restricted units. The restricted units vest annually in equal increments over a three-year period beginning in July 2007.

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.

Reporting Owners 2