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September 24, 2004

Mr. Jonathan G. Katz, Secretary  
Office of the Chief Accountant  
Securities and Exchange Commission  
450 5<sup>th</sup> Street N.W.  
Washington, D.C. 20549-0609

**Re: File Reference No. S7-32-04**

Dear Mr. Katz:

We appreciate the opportunity to offer our comments in response to the Commission's proposal that, if adopted, would postpone the final phase-in of compliance dates to accelerate the deadlines of quarterly and annual reports as defined in Exchange Act Rule 12b-2. Valero Energy Corporation ("Valero") is a publicly traded Delaware corporation headquartered in San Antonio, Texas, and is a Fortune 500 company and one of the largest independent U.S. refining companies in terms of refining capacity. Valero owns and operates 15 refineries in the United States, Canada and the Caribbean, and it markets refined products through an extensive bulk and rack marketing network, and a network of approximately 4,500 retail outlets in the United States and eastern Canada.

We commend the Commission's effort to provide some level of relief to public companies who over the last year have been burdened with adopting new accounting pronouncements, implementing the Sarbanes-Oxley Act of 2002 (the "Act") and complying with accelerated filing requirements. During the last year, Valero has asked its employees to commit an immense amount of time and effort to comply with the Act's requirements and meet the Commission's objective to provide more timely and accurate financial information to the investing public. We have dedicated a large number of employees to these endeavors and at a tremendous cost to our company.

We support the Commission's proposal to postpone the phase-in requirements for all companies that are "accelerated filers" in regard to the next annual report and the following year's quarterly filings. We believe that this additional time will help us complete our first assessment of the internal controls over financial reporting in a thorough manner, especially given that many of the controls are performed by employees who are also responsible for preparing the annual and quarterly reports. We believe the postponement will allow Valero the necessary time to ensure that the proper resources are dedicated to performing and testing control activities and reaching our overall assessment of internal controls over financial reporting.

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Additionally, we believe that this postponement will improve the quality and accuracy of financial statements and footnote disclosures. The investing public, first and foremost, expects the financial information that we provide to be reliable and accurate. The Act is another step to help ensure that the underlying controls and infrastructure are in place to satisfy this expectation. This expectation, however, may not be met if companies are unnecessarily constrained by time. We believe the investing public will not be harmed by postponing the implementation of the accelerated filing requirements.

In conclusion, we support the Commission's effort to reduce the current burden on public companies by postponing the accelerated filing requirements.

If you have any questions regarding our comments, please feel free to contact me at (210) 345-2146.

Sincerely,



Michael S. Ciskowski  
Executive Vice President and  
Chief Financial Officer