

Edgar Filing: Rosetta Resources Inc. - Form FWP

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Form FWP
August 17, 2006

EnerCom's 1st Oil & Gas Conference
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Issuer Free Writing Prospectus
Filed Pursuant To Rule 433

Registration Statement No. 333-128888

August 17, 2006

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling (713) 335-4000. The prospectus relating to this offering is available by clicking on the following link:

<http://www.sec.gov/Archives/edgar/data/1340282/000119312506027644/d424b3.htm>.

Disclaimer

WILCOX #14
NORTHERN CALIFORNIA
Corporate Profile

**Includes non-consent properties 19.6 Bcfe. Reserve information based on 12/31/05.*

717 TEXAS AVENUE
HOUSTON, TEXAS
ROSETTA CORPORATE HEADQUARTERS

Corporate Profile (as of 12/31/05)

Ø

Established as separate entity July 2005.

Ø

Total employee count: 111

Ø

Principal Offices: Houston, Texas

Denver, Colorado

Ø

Field Offices: Rio Vista, California

Laredo, Texas

Ø

Net producing wells: 487

Ø

Proved SEC Reserves*: 379 Bcfe

Ø

**Significant Proved & Probable drilling
location inventory of just under 600.**

Ø

Historical drilling success: > 80%

Corporate Profile (continued)

Ø

Issued 50 MM common shares July 2005 under Section 144A.

Ø

Initial financing included borrowings of \$325 MM.

Ø

Became publicly traded entity in February 2006.

Ø

Stock trades on NASDAQ under symbol "ROSE".

Ø

First Half 2006 production of 15.7 Bcfe, up 16% from Second Half 2005.

Ø

Cumulative earnings of \$37 MM from July 7, 2005 through June 30, 2006.

Ø

Book capitalization at June 30, 2006

Debt	\$240 MM
Equity	<u>777</u>
Total	\$1,017 MM

Proved SEC Reserves (at 12/31/05)

**Includes non-consent properties, representing 19.6 Bcfe.*

Proved SEC Reserves & Values (at 12/31/05)

Proved

Undeveloped

133 Bcfe

Proved

Developed

246 Bcfe

Proved

Undeveloped

\$474 MM

Proved

Developed

\$925 MM

Reserves = 379 Bcfe*

PV10 = \$1,399 MM*

**Includes non-consent properties, representing \$72.5 MM (PV10) and 19.6 Bcfe.*

Drillable Locations for Proved and Probable Reserves
(at 6/30/06)

Sacramento Basin	127
DJ Basin	208
San Juan Basin	44
Uinta	35
Lobo	95
Perdido	48
Offshore / State Waters	8
Other Onshore	9
Total	574

STATE TRACT 100 #1
GALVESTON BAY, TEXAS
2nd Quarter 2006 Financial Results

Quarterly Results (in Millions)

	Three Months Ended June 30, 2006 <i>(unaudited)</i>
Production (Bcfe)	8.0
MMcfe/day	87.9
Realized Price (\$/Mcf)	\$7.92
Total Revenues	\$63.4
Net Income	\$10.0
EPS Diluted	\$0.20
Avg Shares Outstanding(Diluted)	50.4

Financial Highlights (in Millions)

		Six Months Ended June 30, 2006
		<i>(unaudited)</i>
Cash and Cash Equivalents		\$93.2
Total Assets		\$1,134.6
Long Term Debt		\$240.0
Stockholder's Equity		\$776.7
Cash from Operations		\$93.4
Debt/Total Capital		24%

Our current capital expenditure program on an annual basis is funded from cash from operations.

Hedge Position (Mmbtu/day)

	2006	2007	2008	2009
Total Fixed Swaps	45,000	36,300	30,876	26,141
Average Price	\$7.92	\$7.62	\$7.30	\$6.99
Total Collars	10,000	--	--	--
Average Price				
Floor	\$8.83	--	--	--
Ceiling	\$14.00	--	--	--

§

Rosetta uses hedges to lower exposure to commodity volatility.

§

It also provides a stable cash flow for future acquisitions and our extensive capital program.

Ø

Contractual gas sales continuing.

Ø

Non-consent property status report presented to Calpine.

Ø

Settlement discussions underway.

Ø

Objective is global solution:

§

Calpine conveys good title for non-consent properties for \$68 MM.

§

Preferential right properties retained by Calpine. Rosetta retains \$7MM.

§

Settlement statement finalized.

§

Other administrative matters settled to satisfaction of Rosetta.

Calpine Transaction

DRIVER 20-1
SACRAMENTO BASIN, CALIFORNIA
Operations Update

83% Success Rate

<i>(as of July 31, 2006)</i>	Wells Drilled	
	Gross	Net
California	14	14.0
Rockies	22	20.4
MidCon	2	0.3
Offshore	2	0.8
Lobo	8	8.0
Perdido	3	1.5
State Waters	4	1.2
Other	9	4.5
Total	64	50.7

Drilling Activity Recap – 2006 Year To Date

**Includes cured non-consent* properties.

Sacramento Basin

Ø

167 producing wells and over 62,000 net
acres in the Rio Vista Field.

Ø

Current average net production 33 MMcfe/d*.

Ø

143 currently shut-in or idle wells, over 50
potential drilling locations, 33 other potential
development drilling locations, and
numerous workover and recompletion
projects.

Ø

Over 50 leads and prospects in the
Sacramento Basin Extension have been
catalogued to date, with numerous wells
identified and believed to contain bypassed
pay.

Ø

Began a drilling program in early November
2005, drilled 16 wells to date, all successful.
7 of these wells currently on production, 5 to
6 additional wells to be producing by the
end of August 2006.

Ø

Expect to drill an additional 12 to 14 wells in
2006. One drilling rig active in field. May get
deep rig in September.

Ø

Two completion rigs currently working on Rosetta properties in the Rio Vista Field area. Performed 20 recompletions since
June 30, 2005. Expect to get 1 more completion rig by the end of August 2006.

Rio Vista Wells (*November 5, 2005 – July 26, 2006*)

Ø

Over 1.1 Tcf of gas produced to the
North, East and South of Rio Vista
field.

Ø

Only 5 penetrations to date in this
90-square mile field area.

Ø

Welch 13 well, completed in the
Winters with initial producing rate of
3 MMcfe/d.

Ø

Wilcox 14 well has reached total
depth with good mud log shows and
calculated pay on open hole logs.
The well is currently testing.

Ø

Identification of additional locations
is currently underway.

Rio Vista Unit

Sacramento Basin Winters Play

Sacramento Basin – Bradford Island 3D Shoot

Ø

Acquiring 12.0 sq. mi. (~7700 acres)

proprietary 3D seismic data over the
Southern Rio Vista Gas Unit.

Approximately 70% (~ 5400 acres) of
the 3D covers acreage with no seismic
coverage.

Ø

Prospective zones include the

Nortonville, Capay, Hamilton, Martinez,
and McCormick.

Ø

Low risk 20 BCF reserve potential –

shallow zones only.

Ø

Established Upper Capay production in 2000.

Ø

**Determined lower limit to gas at or near -4510
ss.**

Ø

**In Feb. 2006 drilled RVGU 263 and
established new lower limit to gas.**

Ø

**Followed by the drilling of RVGU 265, 266,
and 270 which established the lower limit
-4560 ss.**

Ø

**This additional gas column in the Upper
Capay Southern Extension alone has added
18 Bcf of proved and probable reserves to
date.**

Ø

**In addition, the north east faultblock has
shown additional potential with shows in
Welch #12 and RVGU 237.
Rio Vista Upper Capay Southern Extension**

Miocene and Frio Amplitude Plays
Anomalina and Vicksburg Amplitude
Plays
Upper Wilcox Structural Plays
Lobo Play
Perdido Play
Middle and Lower Wilcox Plays
Sligo Reef Structural Plays
South Texas Trends

S. Callaghan and El Corazon Ranch (42,000 est. of the total) acreage

Ø

The Company has approximately
70,000 net acres (est.) square miles of 3-D seismic.

Ø

225 active operated and 100
non-operated wells.

Ø

Current net production is 28
MMcfe/day*.

Ø

95 proved and probable locations.

Ø

Drilled 7 successful wells to date.
Net production for the first 5 wells is
currently 10 MMcfe/d.

Ø

Plan to drill 15 additional wells in
2006.

Ø

Two rigs under contract.

**Includes non-consent properties.*

2006 Dry Hole

Next 12 Months Drilling Location

Future Location

2006 Discovery

Currently Drilling

Current Producer

South Texas – Lobo

SCR 232		SCR 234		SCR 235		SCR 236
	ECR 1		ECR 2		ECR 3	

TD 8176'
 TD 8883'
 TD 8850'
 TD 8740'
 TD 7600'
 TD 7956'

Lobo Stratigraphic Column

LOBO STRAYS

LOBO 'B' SAND

WALKER

LOBO 1

L1 PAY

LOBO 2

LOBO 3

LOBO 6a SAND

LOBO 6b SAND

LOBO 6c SAND

LOBO 6d SAND

TD 8078'

2006 New Wells

Lobo Wells

Ø

Company owns a 50% non-operated working interest in approximately 18,000 net acres (*est.*) in the Perdido Sand Trend.

Ø

Horizontal drilling has been very successful in developing these sands at 9,500 to 12,000 feet.

Ø

Currently have 28 producing wells of which 8 are horizontal.

Ø

Last three infill horizontal wells are averaging a total of 11 MMcfe/d gross.

Ø

Current net production is 9 MMcfe/d*.

Ø

All 48 future locations will be horizontal.

Ø

3 new wells drilled in 2006 to date. First two wells are producing 5 MMcfe/d (gross) each. The third well is being fracture stimulated and is scheduled to be producing by mid August 2006.

Ø

Currently drilling 1 well with 4 additional wells planned for 2006.

**Includes non-consent properties.*

Perdido Acreage

Current horizontal producers

Approved horizontal locations

Future horizontal locations

South Texas – Perdido

Gulf of Mexico Activity Areas

Ø

Working interest in 11 blocks
ranging from 20% to 100% (NRI
of 15% - 79%).

Ø

Current net production is 9
MMcfe/day from 7 producing
wells.

Ø

22,000 net acres (est.) under
lease.

Ø

A recent discovery at Main
Pass 118 tested 12.4 MMcf/day
and 512 Bbls/day, gross.

Ø

Successful bidder in 2006
offshore lease sale with 50%
working interest in S.
Timbalier Block 293 and Block
226 and 25% in East Cameron
Block 178.

Gulf Coast Offshore Exploration

Texas State Waters

Ø

The Company is exploring in the Vicksburg and Frio trends in Galveston Bay, Texas, pursuing sands that exhibit strong hydrocarbon indicators on 3-D seismic.

Ø

Current net production is 3.5 MMcfe/day.

Ø

Three successful wells drilled to date.

Ø

Five additional locations are planned, with working interest of 28.9% to 40%. Two will be drilled in 2006.

T B - 2

St Tr 100 Ut

Bonfish

Kerr McGee Farm-Out

Dolphin

Producing

Waiting on Completion

Location

Rosetta Acreage

TEXAS STATE WATERS

KGA 18-13 Colorado
Coiled Tubing Drilling

Basin	Locations	Planned 2006 Wells
DJ	208	70
San Juan	44	26
Uinta	35	4
Green River	2	2
Total	289	102

Rocky Mountain Focus Areas

Ø

Producing formation – Niobrara chalk at
2,500 feet.

Ø

Company owns 72,000 net acres in this
shallow gas play.

Ø

21 wells drilled to date.

Ø

Expect to drill approximately 208 additional
locations, majority 80-acre spacing, on our
existing leases and leases being finalized
with 70 planned in 2006.

Ø

This 3-D supported play has been
approved for 40-acre spacing. 61 square
miles of 3-D survey acquired in 2006.

Ø

Drilling and completion cost per well is
\$225,000.

Rosetta Leases

DJ Basin

Rocky Mountains – DJ Basin

Ø

8,481 net acres with
Fruitland Coal potential at
1,600 feet.

Ø

Company has identified 44
drillable development
locations.

Ø

Drilling and completion costs
of \$280,000 per well.

Ø

Drilled and completed 11
wells to date.

Rosetta

Leases

San Juan Basin

Rocky Mountains – San Juan Basin

Uinta Basin

Ø

Actively pursuing an emerging Mesa Verde and Wasatch basin-centered gas play in Eastern Utah, 6500-7500 ft. depths.

Ø

The Company has 2,800 net acres under lease in the Uinta Basin.

Ø

35 drillable locations.

Ø

Leased additional acreage to South. Rosetta

Leases

Rocky Mountains – Uinta Basin

Production

87

114

131

Actual

Actual

Forecast

Exit Rate

Forecast

** Includes non-consent properties – (approx. 4 MMcfe/d)*
(MMCFE/D)

Ø Well Activity	
§ Drill	188 Wells
§ Recompletions / Workovers	68 Wells
Ø Average Production	105 MMcfe/d
Ø Capital Expenditures	\$199 MM
Ø Proved Reserve Additions	80 Bcfe

** Includes non-consent properties – (approx. 4 MMcfe/d)*
2006 Goals

Investment Considerations

Ø

Quality Asset Base

Ø

Production Growth Momentum

Ø

Significant Drilling Location Inventory

Ø

Competitive Cost Structure

Ø

Strong Balance Sheet

Ø

**Experienced Technical Staff, Making Use of Industry Best
Practices and State of the Art Technology.**

Conclusion
EAST CAMERON BLOCK 89 #1
OFFSHORE, LOUISIANA

Forward-Looking Statements

This presentation may contain “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those reflected in these statements. These risks include, but are not limited to: the risks inherent and specific to, the oil and gas industry and risk that effect business’ in general. Additional information on these and other factors which could affect the Company’s operations or financial result are included in the Company’s other reports on file with the United States Securities and Exchange Commission. Forward-looking statements are based on the estimate and opinion of the Company’s management at the time the statements are made. The Company assumes no obligation to update forward-looking statements should circumstance or management’s estimates or opinions change.
