

Edgar Filing: Rosetta Resources Inc. - Form FWP

Rosetta Resources Inc.  
Form FWP  
August 17, 2006

EnerCom's 1<sup>st</sup> Oil & Gas Conference  
August 17, 2006

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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](http://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

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**WILCOX #14**  
**NORTHERN CALIFORNIA**  
Corporate Profile

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*\*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.*

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**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.*

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

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

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**STATE TRACT 100 #1**  
GALVESTON BAY, TEXAS  
2<sup>nd</sup> Quarter 2006 Financial Results

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**Quarterly Results (in Millions)**

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

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**Financial Highlights (in Millions)**

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

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

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**Hedge Position (Mmbtu/day)**

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

§

**Rosetta uses hedges to lower exposure to commodity volatility.**

§

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

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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**

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**DRIVER 20-1**  
**SACRAMENTO BASIN, CALIFORNIA**  
Operations Update

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*83% Success Rate*

<i>(as of July 31, 2006)</i>	<b>Wells Drilled</b>	
	<b>Gross</b>	<b>Net</b>
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
<b>Total</b>	<b>64</b>	<b>50.7</b>

**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.

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

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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**

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**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.

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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**

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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**

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**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**

<b>SCR 232</b>		<b>SCR 234</b>		<b>SCR 235</b>		<b>SCR 236</b>
	<b>ECR 1</b>		<b>ECR 2</b>		<b>ECR 3</b>	

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**

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**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**

**Bonefish**

**Kerr McGee Farm-Out**

**Dolphin**

Producing

Waiting on Completion

Location

Rosetta Acreage

**TEXAS STATE WATERS**

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**KGA 18-13 Colorado**  
Coiled Tubing Drilling

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

**Rocky Mountain Focus Areas**

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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**

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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**

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**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**

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**Production**

**87**

**114**

**131**

**Actual**

**Actual**

**Forecast**

**Exit Rate**

**Forecast**

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

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

*\* 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.**

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**Conclusion**  
**EAST CAMERON BLOCK 89 #1**  
**OFFSHORE, LOUISIANA**

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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.

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