Rosetta Resources Inc.
Form 424B3
April 23, 2007

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Registration No. 333-128888

PROSPECTUS

50,000,000 Shares
Common Stock

This prospectus relates to up to 50,000,000 shares of the common stock of Rosetta Resources Inc., which may be offered for sale by the selling stockholders named in this prospectus. The selling stockholders acquired the shares of common stock offered by this prospectus in private equity placements. We are registering the offer and sale of the shares of common stock to satisfy registration rights we have granted.

We are not selling any shares of common stock under this prospectus and will not receive any proceeds from the sale of common stock by the selling stockholders. The shares of common stock to which this prospectus relates may be offered and sold from time to time directly from the selling stockholders or alternatively through underwriters or broker-dealers or agents. The shares of common stock may be sold in one or more transactions, at fixed prices, at prevailing market prices at the time of sale or at negotiated prices. Because all of the shares being offered under this prospectus are being offered by selling stockholders, we cannot currently determine the price or prices at which our shares of common stock may be sold under this prospectus. Shares of our common stock are listed on the NASDAQ Global Select Market under the symbol "ROSE." On April 20, 2007, the closing price of our common stock as reported on the NASDAQ Global Select Market was $22.13 per share. Please read "Plan of Distribution."

Investing in our common stock involves risks. You should read the section entitled "Risk Factors" beginning on page 13 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which is incorporated by reference herein, for a discussion of certain risk factors that you should consider before investing in our common stock.

You should rely only on the information contained in or incorporated by reference into this prospectus or any prospectus supplement or amendment. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 23, 2007.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC, under the Securities Act of 1933, as amended (the “Securities Act”), a registration statement on Form S-1 (No. 333-128888) with respect to the common stock offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all the information set forth in the registration statement or the exhibits and schedules which are part of the registration statement, portions of which are omitted as permitted by the rules and regulations of the SEC. Statements made in this prospectus regarding the contents of any contract or other documents are summaries of the material terms of the contract or document. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this document. Our business, financial condition, results of operations and prospects may have changed since that date. Any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference. With respect to each contract or document filed as an exhibit to the registration statement, reference is made to the corresponding exhibit. For further information pertaining to us and to the common stock offered by this prospectus, reference is made to the registration statement, including the exhibits and schedules thereto, copies of which may be inspected without charge at the public reference facilities of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of all or any portion of the registration statement may be obtained from the SEC at prescribed rates. Information on the public reference facilities may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a web site that contains reports, proxy and information statements and other information that is filed electronically with the SEC. The web site can be accessed at *www.sec.gov*.

We are required to comply with the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and, accordingly, we file current reports on Form 8-K, quarterly reports on Form 10-Q, annual reports on Form 10-K, proxy statements and other information with the SEC. Those reports, proxy statements and other information will be available for inspection and copying at the public reference facilities and internet site of the SEC referred to above.

We have elected to “incorporate by reference” certain information into this prospectus, which means we can disclose important information to you by referring you to another document filed with the SEC. The information incorporated by reference is deemed to be part of this prospectus. Please read “Incorporation by Reference.” You should only rely on the information contained in this prospectus and incorporated by reference in it. We have not authorized anyone to provide you with any additional information.

INCORPORATION BY REFERENCE

We are incorporating by reference into this prospectus the following documents filed with the SEC (excluding any portions of such documents that have been “furnished” but not “filed” for purposes of the Exchange Act):

— Our annual report on Form 10-K for the fiscal year ended December 31, 2006, filed with the SEC on March 16, 2007; and

— Our proxy statement on Schedule 14A filed with the SEC on March 30, 2007.

Any statement contained in this prospectus or a document incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is incorporated by reference in this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

The documents incorporated by reference in this prospectus are available from us upon request. We will provide a copy of any and all of the information that is incorporated by reference in this prospectus to any person, without charge, upon written or oral request. Requests for such copies should be directed to the following:

Rosetta Resources Inc.
717 Texas, Suite 2800
Houston, Texas 77002
Telephone Number: (713) 335-4000
Attention: Chief Financial Officer

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SUMMARY

This summary highlights information contained herein and incorporated by reference in this prospectus. It is not complete and does not contain all of the information you may wish to consider before investing in the shares. We urge you to read this entire prospectus and the information incorporated herein by reference carefully, including the "Risk Factors" beginning on page 13 of our Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated by reference herein and the financial statements incorporated by reference in this prospectus. References to "Rosetta", "the Company," "we," "us," and "our" refer to Rosetta Resources Inc. and our consolidated subsidiaries. The estimates of our proved reserves as of December 31, 2006 and 2005 included or incorporated by reference in this prospectus are based on reserve reports prepared by Netherland, Sewell & Associates, Inc., independent petroleum engineers ("Netherland Sewell").

We have provided definitions for some of the industry terms used in this prospectus in the "Glossary of Oil and Natural Gas Terms" beginning on page 55 of this prospectus.

Our Company

General

Rosetta Resources Inc. was formed in June 2005 to acquire Calpine Natural Gas L.P. the domestic oil and natural gas business formerly owned by Calpine Corporation and affiliates ("Calpine"). We ("Successor") acquired Calpine Natural Gas L.P. ("Predecessor") in July 2005 (hereinafter, the "Acquisition") and together with all subsequently acquired oil and gas properties is engaged in oil and natural gas exploration, development, production and acquisition activities in the United States, and operates in one business segment. Our operations are primarily concentrated in the Sacramento Basin of California, the Lobo and Perdido Trends in South Texas, the State Waters of Texas, the Gulf of Mexico and the Rocky Mountains. We have grown our existing property base through exploitation of our leasehold acreage and by: purchasing new undeveloped leases; acquiring oil and gas producing properties from third parties; and acquiring drilling prospects with third parties where we earn an ownership interest in new third party properties or otherwise participate in exploration.

Pursuant to the Acquisition, we entered into several operative contracts with Calpine, including a purchase and sale agreement (together with the interrelated agreements concurrently executed on or about July 7, 2005, are hereinafter, collectively, the "Purchase Agreement") under which we have indemnification rights and obligations with respect to Calpine. Currently, Calpine markets our oil and gas under a marketing services agreement whose term runs through June 30, 2007. We also sell a significant portion of our gas to Calpine pursuant to certain gas purchase and sales contracts, all of which were part of the Acquisition documents.

In October 1999, Calpine purchased Sheridan Energy, Inc. ("Sheridan"), a natural gas exploration and production company operating in northern California and the Gulf Coast region. Sheridan, renamed Calpine Natural Gas Company, provided the initial management team an operational infrastructure to evaluate and acquire oil and natural gas properties for Calpine. In December 1999, Calpine purchased Vintage Petroleum, Inc.'s interest in the Rio Vista Gas Unit and related areas, representing primarily natural gas reserves located in the Sacramento Basin in northern California. In October 2001, Calpine Natural Gas Company completed the acquisition of 100% of the voting stock of Michael Petroleum Corporation, a natural gas exploration and production company with operations in South Texas. Calpine Natural Gas Company was merged into Calpine in April 2002 and Calpine Natural Gas L.P. was subsequently established. In September 2004, Calpine and Calpine Natural Gas L.P. sold their natural gas reserves in the New Mexico San Juan Basin and Colorado Piceance Basin and such properties have been reflected as discontinued operations for all periods presented herein. Several members of the Calpine management team, who were responsible for operating Calpine's oil and natural gas business, joined the Company concurrently with the Acquisition.

Our Strengths

We believe our historical success is, and future performance will be, directly related to the following combination of strengths:

High Quality, Diversified Asset Base. We own a geographically diversified asset base comprised of long-lived reserves along with shorter-lived, higher return reserves. Approximately 96% of our reserves are natural gas and almost all of our assets are located in the Sacramento Basin of California, South Texas, the Gulf of Mexico and the Rocky Mountains. We believe this geographic and production profile diversity will enhance the stability of our cash flows while providing us with a large number of development and exploration opportunities, as well as support for additional acquisitions.

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Development and Exploration Drilling Inventory. We have identified over 500 drillable, low to moderate risk opportunities providing us with multiple years of drilling inventory, and we expect to drill approximately 190 of these locations during 2007. Approximately 20% of these locations are classified as proved undeveloped. We also have a large and diversified portfolio of what we designate as development and exploration prospects. Our capital expenditure budget is approximately $250 million for 2007. We will manage our exploratory risks and expenditures by selectively reducing our capital exposure in certain high risk projects by partnering with others in our industry.

Operational Control. We operate approximately 90% of our estimated proved reserves, which allows us to more effectively manage expenses and control the timing of capital allocation of our development and exploration activities.

Experienced Management Team. Our executive management team has an average of over 30 years of experience in the oil and natural gas industry as well as strong technological backgrounds.

Proven Technical and Land Personnel with Access to Technological Resources. Our technical staff of 28 includes geologists, geophysicists, landmen, engineers and technicians with an average of over 20 years of relevant technical experience. Our staff has a proven record of analyzing complex structural and stratigraphic plays using 3-D geophysical expertise, producing and optimizing low pressure natural gas reservoirs, detecting low contrast, low permeability pay opportunities, drilling, completing and fracing of deep tight natural gas reservoirs, operating in the Gulf of Mexico and managing horizontal drilling and coalbed methane operations. These core competencies helped us to achieve a drilling success rate of 85% for the year ended December 31, 2006 and has helped maximize recovery from our reservoirs. Our definition of drilling success is a well that produces hydrocarbons at sufficient rates, to allow us to recover, at a minimum, our capital investment and operating costs.

Our Strategy

Our strategy is to increase stockholder value by profitably increasing our reserves, production, cash flow and earnings using a balanced program of (1) developing existing properties, (2) exploring undeveloped properties, (3) completing strategic acquisitions, (4) maintaining financial flexibility, (5) striving to be a low cost producer and (6) maintaining financial flexibility. We will seek to accomplish these goals while working to protect shareholder interest by conserving natural resources, monitoring emerging trends, minimizing liabilities through an aggressive approach to governmental compliance, respecting the dignity of human life, and protecting the environment. The following are key elements of our strategy:

Further Development to Existing Properties. We intend to further develop the significant remaining upside potential of our properties by working over existing wells, drilling in-fill locations, drilling step-out wells to expand known field outlines, recomplete to logged behind pipe pays and lowering field line pressures through compression for additional recoveries.

Exploration Growth. We intend to focus on niche areas in which we have technological and operational advantages. This growth will come from higher-risk, higher-impact opportunities in the Gulf of Mexico, Texas and Louisiana State Waters, in deep horizons in the Sacramento Basin, and from lower-risk, longer-lived opportunities in the shallow Sacramento Basin, the Lobo and Perdido Sand Trends in South Texas, Niobrara chalk in the DJ Basin and coalbed methane in the San Juan Basin. While the majority of our prospects will be internally generated, we will, from time to time, participate in third-party drilling opportunities.

Acquisition Growth. We continually review opportunities to acquire producing properties, undeveloped acreage and drilling prospects. We focus on opportunities where we believe our reservoir management and operational expertise will enhance the value and performance of acquired properties. Acquisition targets will generally be in and around our major producing and activity areas. We will also use our minor producing field ownerships as islands of control and knowledge to make strategic acquisitions. Historically, our management team has demonstrated success in oil and gas acquisitions and has developed a significant oil and gas knowledge base in fields throughout the United States.

Maintain Technological Expertise. We intend to maintain the technological expertise that helped us achieve a drilling success rate of 85% for the year ended December 31, 2006, and helped us maximize field recoveries. We will use advanced geological and geophysical technologies, detailed petrophysical analyses, state-of-the-art reservoir engineering and sophisticated completion and stimulation techniques to grow our reserves and production.

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Endeavor to be a Low Cost Producer. We will strive to minimize our operating costs by concentrating our assets within geographic areas where we can capture operating efficiencies. This is particularly true in the Sacramento Basin and South Texas where we are a dominant producer in each region.

Maintain Financial Flexibility. We intend to optimize unused borrowing capacity under our revolving line of credit by periodically refinancing our bank debt in the capital markets when conditions are favorable. As of December 31, 2006, we had $159.0 million available for borrowing under our revolving line of credit. Additionally, we expect internally generated cash flow to provide additional financial flexibility, allowing us to pursue our business strategy. We intend to actively manage our exposure to commodity price risk in the marketing of our oil and natural gas production. As part of this strategy and in connection with our credit facilities, we entered into natural gas fixed-price swaps and costless collar transactions for a significant portion of our expected production through 2009. We may enter into other agreements, including fixed price, forward price, physical purchase and sales, futures, financial swaps, option and put option contracts.

Calpine Bankruptcy

On December 20, 2005 Calpine and certain of its subsidiaries filed for protection under federal bankruptcy laws in the United States Bankruptcy Court of the Southern District of New York (the "Bankruptcy Court"). The filing raises certain concerns regarding aspects of our relationship with Calpine which we will continue to monitor closely as the Calpine bankruptcy proceeds.

As to all of these matters, see also "Risk Factors—Risks Relating to Our Business—Calpine's recent bankruptcy filing may adversely affect us in several respects" in our Annual Report of Form 10-K for the year ended December 31, 2006, for a further discussion of the potential risks relating to Calpine's bankruptcy.

CRUDE OIL AND NATURAL GAS OPERATIONS

Production by Operating Area

The following table presents certain information with respect to our production data for the period presented:

	For the Year Ended December 31, 2006 (1)		
	Natural Gas (Bcf)	Oil (MMBbls)	Equivalents (Bcfe)
California	11.4	-	11.5
Lobo	9.3	-	9.7
Perdido	4.0	-	4.2
State Waters	1.1	-	1.1
Gulf of Mexico	1.5	0.3	3.0
Other Onshore	2.4	0.2	3.3
Rocky Mountains	0.4	-	0.4
Mid-Continent	0.2	-	0.2
	30.3	0.5	33.4

(1) Excludes properties not conveyed as part of the Acquisition of the domestic oil and natural gas properties of Calpine, as described in the footnotes for proved reserves below.

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Proved Reserves

There are a number of uncertainties inherent in estimating quantities of proved reserves, including many factors beyond our control, such as commodity pricing. Therefore, the reserve information in this report represents only estimates. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that can not be measured in an exact manner. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Except to the extent that we acquire additional properties containing proved reserves or conduct successful exploration and development activities, or both, our proved reserves will decline as reserves are produced.

As of December 31, 2006, we had 407.8 Bcfe of proved oil and natural gas reserves, including 390.2 Bcf of natural gas and 2,930 MBbls of oil and condensate. Using prices as of December 31, 2006, (adjusted for basis and quality differentials) the estimated standardized measure of discounted future net cash flows was $721.7 million. The following table sets forth by operating area a summary of our estimated net proved reserve information as of December 31, 2006:

	Estimated Proved Reserves at December 31, 2006 (1) (2) (3)			
	Developed (Bcfe)	**Undeveloped (Bcfe)**	**Total (Bcfe)**	**Percent of Total Reserves**
California	115.4	37.2	152.6	37%
Lobo	87.7	83.7	171.4	42%
Perdido	8.3	11.6	19.9	5%
State Waters	2.2	-	2.2	1%
Gulf of Mexico	13.8	1.8	15.6	4%
Other Onshore	18.4	6.6	25.0	6%
Rocky Mountains	15.0	3.5	18.5	4%
Mid-Continent	2.1	0.5	2.6	1%
Total	262.9	144.9	407.8	100%

(1) These estimates are based upon a reserve report prepared by Netherland Sewell using criteria in compliance with the SEC guidelines and excludes 23.4 Bcfe of proved oil and gas reserves with an SEC PV-10 value of $53.0 million pretax representing the total allocated value of wells and the associated leases described in footnote 2 below.

(2) At the July 2005 closing of the Acquisition, we withheld $68 million for properties (excluding that portion of the properties subject to the preferential right) which Calpine agreed to transfer legal title to us but for which Calpine had not then secured consents to assign, which the parties believed at that time were required (“Non-Consent Properties”). Subsequent analysis determined that a portion of these properties, having an allocated value withheld under the Purchase Agreement at closing of $29 million, did not require such consent. Consents now have been received for the remaining properties as to which the allocated value under the Purchase Agreement withheld at closing, was $39 million (“Cured Non-Consent Properties”). We are prepared to pay Calpine the retained portion of the original purchase price, upon our receipt from Calpine of record legal title on these properties, free of any encumbrance, subject to appropriate adjustment for the net revenues through the relevant pre-petition period

related to the Cured Non-Consent Properties, and Calpine's performance of its obligations under the "further assurances" provisions of the Purchase Agreement.

(3) Includes properties subject to additional documentation or completion of ministerial actions by federal or state agencies necessary to perfect legal title issues discovered during routine post-closing analysis after the Acquisition of the domestic oil and natural gas business from Calpine, for which Calpine is contractually obligated to assist in resolving.

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2006 Capital Expenditures

The following table summarizes information regarding development and exploration capital expenditures for the year ended December 31, 2006 (Successor), six months ended December 31, 2005 (Successor), the six months ended June 30, 2005 (Predecessor) and the capital expenditures for the year ended December 31, 2004 (Predecessor).

	Successor		Predecessor	
	Year Ended December 31, 2006	Six Months Ended December 31, 2005	Six Months Ended June 30, 2005	Year Ended December 31, 2004
	(In thousands)			
Capital Expenditures by Operating Area:				
California	$ 39,691	$ 3,933	$ 4,572	$ 8,239
Lobo	51,911	6,775	2,020	8,670
Perdido	25,971	9,268	12,441	18,683
Texas State Waters	13,028	3,023	3,417	-
Other Onshore	10,207	10,831	2,300	8,207
Gulf of Mexico	17,958	9,369	4,556	4,174
Rocky Mountains	15,299	3,035	1,102	-
Mid-Continent	3,371	317	220	300
Leasehold	16,383	9,224	2,617	3,559
New acquisitions	35,105	5,524	-	-
Delay rentals	728	143	443	507
Geological and geophysical/seismic	3,748	5,659	513	199
Total capital expenditures (1)	$ 233,400	$ 67,101	$ 34,201	$ 52,538

(1) Capital expenditures for the year ended December 31, 2006 (Successor) excludes capitalized overhead costs of $3.4 million, capitalized interest of $2.1 million and corporate other capitalized costs of $1.7 million. The six months ended December 31, 2005 (Successor) excludes capitalized interest of $0.6 million, corporate other capitalized costs of $1.6 million and capitalized overhead costs of $1.7 million. Corporate other capitalized costs consist of costs related to IT software/hardware, office furniture and fixtures and license transfer fees. The six-month period ended June 30, 2005 (Predecessor) excludes $(0.7) million of capitalized interest and $1.7 million of overhead. The amount for 2004 (Predecessor) excludes $1.3 million of capitalized interest, $3.1 million of overhead, $10.0 million of compressor station and gathering system expense and $1.4 million for acquisition properties. Our total capital expenditures in 2004 of $52.5 million, including these exclusions, corresponds to 2004 total capital costs of $69 million as defined under Statement of Financial Accounting Standards (“SFAS”) No. 19, “Financial Accounting and Reporting by Oil and Gas Producing Companies” in the Supplemental Oil and Gas Disclosure under Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2006.

Operating Data

The following table presents certain information with respect to our production and operating data for the periods presented, all of which is domestic production.

	Successor-Consolidated	Predecessor-Combined
	Year Ended	Year Ended

	December 31, 2006	Six Months Ended December 31, 2005	Six Months Ended June 30, 2005	December 31, 2004
	(In thousands, except per unit amounts)			
Production:				
Natural gas (Bcf)	30.3	12.4	14.5	37.3
Oil (MBbls)	551.3	185.6	163.8	600.0
Total equivalents (Bcfe)	33.4	13.5	15.5	40.9
Average realized sales price per unit:				
Natural gas price per Mcf	$ 7.81	$ 8.23	$ 6.59	$ 6.02
Natural gas price per Mcf excluding hedging	6.83	9.57	-	-
Oil price per Bbl	64.01	59.52	49.86	39.08
Revenue per Mcfe	$ 8.14	$ 8.38	$ 6.70	$ 6.06
Expenses per Mcfe				
Average lease operating expense (1)	$ 1.09	$ 1.16	$ 1.08	$ 0.75
Average depreciation, depletion and amortization (excluding impairments)				