

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

Rosetta Resources Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

We'll take our first question from Neal Dingmann, Dahlman Rose.

Neal Dingmann - Dahlman Rose

Good morning, guys. Nice quarter.

Randy Limbacher

Hi, Neal.

Neal Dingmann - Dahlman Rose.

I was wondering, Randy, you had mentioned about more of the drilling or exploration or capital budget, I should say, going after some of the development areas, two questions around that. What do you foresee, as far as, or maybe even directly towards Mike around some of the expenses around that LOE and some of the G&A, since drilling will be focused more on the developmental side? And then, I was wondering because of that, if you are going to be converting some puds etceteras, what your thoughts are, as far as, reserve growth this year?

Randy Limbacher

Mike, you want to talk about the ---

Mike Rosinski

Well, I will talk first Neal on LOE. All the reports that we gave you had our LOE around \$1 per Mcfe. And in fact on a year-over-year basis we were slightly down, '06 versus '07. I see us continuing in that range, possibility there will be some improvements as time goes on, but I see that as a stable area.

On the G&A side, we're going to continue to have to deal with Calpine, that's going to add a bit over and above that target of \$0.50 per Mcfe. And the other issues, major issues SOX compliance and so forth are for the most part behind us. Obviously, CEO transition is behind us. There may be some new staffings being done, along the lines of what Randy mentioned, that could keep us above that \$0.50 per Mcfe target for a while longer. But again, Calpine goes away, get our staffing aligned, and I think I see us going us back towards that goal of \$0.50 per Mcfe.

Randy Limbacher

And Neal, on the second part of your question help me understand what you're looking for there?

Neal Dingmann - Dahlman Rose

I'm just wondering, around the reserve growth a lot of times, I didn't know if I understood you correct Randy, if some of the drilling was going to be going after some of the puds and just converting those developments or if it will be going on after some of the 2P, 3P and actually turning those into proven.

Randy Limbacher

I would just say it's a combination of both, but if you look at 2006 we converted about 17Bs and to and that 2007 we converted 36Bs, 37Bs. And so, I mean that's kind of the range you have seen over the last couple of years. If you look at this year's program going forward again about \$210 million is going to be on development drilling and closing step outs. And then we've about \$80 million targeted for, we called it exploration, but it's really the things that we will do to build sustainable growth for the future. We got some land and seismic identified in our core areas already in the Lobo, in the DJ Basin.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.