



Comstock Resources, Inc. Reports Fourth Quarter and Calendar Year 2017 Financial and Operating Results

February 26, 2018

COMSTOCK RESOURCES, INC. REPORTS FOURTH QUARTER AND CALENDAR YEAR 2017 FINANCIAL AND OPERATING RESULTS

FRISCO, TEXAS, February 26, 2018 - Comstock Resources, Inc. ("Comstock" or the "Company") (NYSE: CRK) today reported financial and operating results for the three months and year ended December 31, 2017.

Financial Results

Comstock produced 22 billion cubic feet of natural gas and 214,000 barrels of oil or 23.5 billion cubic feet of natural gas equivalent ("Bcfe") in the fourth quarter of 2017. Natural gas production averaged 241 million cubic feet ("MMcf") per day, reflecting growth of 90% from pro forma natural gas production in the fourth quarter of 2016 (excluding the divestitures completed in 2016). The growth in natural gas production was driven by Comstock's successful Haynesville shale drilling program.

Oil and natural gas prices improved in the fourth quarter of 2017. Comstock's average realized natural gas price, including hedging gains, increased 3% to \$2.94 per Mcf in the fourth quarter of 2017 as compared to \$2.85 per Mcf realized in the fourth quarter of 2016. The Company's average realized oil price increased by 23% to \$56.48 per barrel in the fourth quarter of 2017 as compared to \$45.96 per barrel in the fourth quarter of 2016. The higher realized prices and the growth in natural gas production caused oil and gas sales to increase by 59% in the fourth quarter of 2017 to \$77.3 million (including realized hedging gains) as compared to 2016's fourth quarter sales of \$48.5 million. EBITDAX, or earnings before interest, taxes, depreciation, depletion, amortization, exploration expense and other noncash expenses, was \$56.0 million in the fourth quarter of 2017, an increase of 105% over EBITDAX of \$27.2 million generated in the fourth quarter of 2016. Operating cash flow generated in the fourth quarter of 2017 was \$37.6 million as compared to operating cash flow of \$9.2 million in the fourth quarter of 2016.

Comstock reported a net loss of \$42.3 million or \$2.86 per share for the fourth quarter of 2017 as compared to a net loss of \$54.9 million or \$4.48 per share for the fourth quarter of 2016. The loss included several unusual items including an impairment charge of \$44.0 million, primarily of the Company's South Texas oil properties which are held for sale, \$10.9 million of non-cash interest expense associated with the discounts recognized and costs incurred on the debt exchange that occurred in 2016, an unrealized loss from derivative financial instruments of \$1.9 million and a \$19.1 million income tax benefit due to the new U.S. federal income tax law. Financial results for the fourth quarter of 2016 included impairments on oil and gas properties and unevaluated leases and losses realized from divestitures of \$2.8 million, an unrealized loss from derivative financial instruments of \$6.0 million, an income tax charge to reflect a change in state law of \$3.4 million, and charges associated with the debt exchange totaling \$11.1 million. Excluding these items from each year's results, the net loss for the fourth quarter of 2017 would have been \$4.6 million or \$0.31 per share as compared to a net loss of \$31.6 million or \$2.58 per share in the fourth quarter of 2016.

Comstock produced 73.5 billion cubic feet of natural gas and 951,000 barrels of oil or 79 billion cubic feet of natural gas equivalent in the year ended December 31, 2017 compared to 54 Bcf of natural gas and 1.4 million barrels of oil or 62 Bcfe in 2016. Natural gas production averaged 201 million cubic feet per day in 2017, an increase of 46% over pro forma 2016 natural gas production, excluding the divestitures completed in 2016. Oil production in 2017 declined by 31% from 2016.

Comstock's average realized natural gas price, including hedging gains, increased 28% to \$2.97 per Mcf in the 2017 as compared to \$2.32 per Mcf realized in 2016. The Company's average realized oil price increased by 28% to \$49.02 per barrel in the year ended December 31, 2017 as compared to \$38.24 per barrel in the year ended December 31, 2016. The higher realized prices and the growth in natural gas production caused oil and gas sales to increase by 49% to \$264.7 million (including realized hedging gains) as compared to \$177.8 million in the year ended December 31, 2016. EBITDAX of \$184.3 million in the year ended December 31, 2017 was 103% higher than the EBITDAX of \$90.9 million generated in the year ended December 31, 2016. Operating cash flow generated in the year ended December 31, 2017 was \$111.7 million as compared to an operating cash flow deficit of \$8.2 million in the year ended December 31, 2016.

Comstock reported a net loss of \$111.4 million or \$7.61 per share for the year ended December 31, 2017 as compared to a net loss of \$135.1 million or \$11.52 per share for the year ended December 31, 2016. The results for the year ended December 31, 2017 include an unrealized gain from derivative financial instruments of \$7.3 million, impairments and loss on sale of oil and gas properties of \$45.0 million, \$35.7 million of non-cash interest expense associated with the discounts recognized and costs incurred on the debt exchange that occurred in 2016 and the \$19.1 million benefit due to the new U.S. federal tax law change. Financial results for the year ended December 31, 2016 include impairments on oil and gas properties and unevaluated leases and losses realized from divestitures of \$125.5 million, an unrealized loss from derivative financial instruments of \$7.5 million, an income tax charge to reflect a change in state law of \$7.2 million, and a gain of \$176.5 million from extinguishment of debt, less the amortization of the original issue discount from the notes issued in the debt exchange completed in September 2016. Excluding these items from results for each period, the net loss for the year ended December 31, 2017 would have been \$57.1 million or \$3.90 per share as compared to a net loss of \$171.4 million, or \$14.61 per share in the year ended December 31, 2016.

In order to protect returns for the previously reported \$170 million Haynesville shale drilling program in 2018, the Company has, in the aggregate,

hedged 42 million cubic feet per day of its first quarter production at a NYMEX equivalent of \$3.26 per Mcf and 60 million cubic feet of second through fourth quarter production at a NYMEX equivalent of \$3.00 per Mcf. Comstock will continue to add to these positions.

2017 Drilling Results

During 2017, Comstock spent \$178.8 million on its development and exploration activities and drilled 30 horizontal natural gas wells (15.7 net) and had four operated wells (1.5 net) drilling at December 31, 2017. Since the last operational update, Comstock has completed six operated Haynesville shale wells. The two Derrick wells drilled in the Logansport area of DeSoto Parish set a new corporate record with both wells exceeding 6.5 MMcf per day per 1,000 feet of completed lateral. The Derrick 21 #2 well was drilled to vertical depth of 11,957 feet with a 4,549 foot lateral and the Derrick 21 #3 well was drilled to a total vertical depth of 11,942 feet with a 4,552 foot lateral. Both wells were each tested with an initial production rate of 30 MMcf per day. Comstock also reported results of its first two joint venture wells drilled in Caddo Parish, Louisiana. The Hunter 28-21 #1 was drilled to a total vertical depth of 11,182 feet with a 9,301 foot lateral and the Hunter 28-21 #2 well was drilled to a total vertical depth of 11,088 feet with a 9,135 foot lateral. Both wells were each tested with an initial production rate of 27 MMcf per day. Comstock also had two wells, the Bogle 36-1 #1 and #2 in DeSoto Parish, Louisiana, which were successful but their initial rates had to be limited due to certain operational constraints. The Bogle 36-1 #1 with a 7,818 completed lateral was tested at 16 MMcf per day and the Bogle 36-1 #2 with a 5,228 completed lateral was tested at 14 MMcf per day.

Comstock also announced a successful Bossier well drilled in Sabine Parish, Louisiana. The BSMC LA 18-7 #1 well was drilled to a total vertical depth of 11,219 feet with a 7,489 foot lateral. This well was tested with an initial production rate of 21 MMcf per day.

Comstock is currently performing frac operations on the Florsheim 9-16 #1 and the Florsheim 9-16 #2 wells which have 9,400 foot laterals and the BSMC 13-24 #1 and BSMC 13-24 #3 Bossier shale wells that have approximately 9,800 foot laterals. Comstock also has an additional five wells in various stages of completion and has an additional two Haynesville shale horizontal wells waiting to be completed.

Other

Comstock has planned a conference call for 10:00 a.m. Central Time on February 26, 2018, to discuss the operational and financial results for the year ended December 31, 2017 as well as update investors on its refinancing plans for 2018. Investors wishing to participate should visit the Company's website at www.comstockresources.com for a live web cast or dial 844-776-7840 (international dial-in use 661-378-9538) and provide access code 4886189 when prompted. If you are unable to participate in the original conference call, a web replay will be available approximately 24 hours following the completion of the call on Comstock's website at www.comstockresources.com. The web replay will be available for approximately one week. A replay of the conference call will be available beginning at 1:00 p.m. CT February 26, 2018 and will continue until 1:00 p.m. March 5, 2018. To hear the replay, call 855-859-2056 (404-537-3406 if calling from outside the US). The conference call access code is 4886189.

This press release may contain "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties which could cause actual results to differ materially from those described herein. Although the Company believes the expectations in such statements to be reasonable, there can be no assurance that such expectations will prove to be correct.

Comstock Resources, Inc. is an independent energy company based in Frisco, Texas and is engaged in oil and gas acquisitions, exploration and development primarily in Texas and Louisiana. The Company's stock is traded on the New York Stock Exchange under the symbol CRK.

[CRK Q4 2017 Financial and Operating Results](#)