



Comstock Resources, Inc. Reports Second Quarter 2018 Financial and Operating Results

August 8, 2018

COMSTOCK RESOURCES, INC. REPORTS SECOND QUARTER 2018 FINANCIAL AND OPERATING RESULTS

FRISCO, TEXAS, August 8, 2018 - Comstock Resources, Inc. ("Comstock" or the "Company") (NYSE: CRK) today reported financial and operating results for the three months and six months ended June 30, 2018.

Financial Results for the Three Months and Six Months Ended June 30, 2018

Comstock produced 22 billion cubic feet of natural gas and 90,000 barrels of oil or 22.3 billion cubic feet of natural gas equivalent ("Bcfe") in the second quarter of 2018. Natural gas production averaged 239 million cubic feet ("MMcf") per day, an increase of 25% over natural gas production in the second quarter of 2017. The growth in natural gas production is primarily attributable to the continuing successful results from Comstock's Haynesville shale drilling program. 19 MMcf per day of the Company's net natural gas production had to be shut-in during the second quarter due to curtailments necessary to complete facility upgrades to handle higher volumes resulting from the Company's drilling activity in Caddo Parish, Louisiana and offset frac activity. The capacity expansion is expected to be completed in the next week. Oil production in the second quarter of 2018, which averaged 990 barrels of oil per day, declined from the 2,674 barrels per day produced in the second quarter of 2017 as a result of the sale of the Company's South Texas Eagle Ford shale producing properties, which was completed on April 27, 2018.

Comstock's average realized natural gas price, including hedging gains, decreased 12% to \$2.64 per Mcf in the second quarter of 2018 as compared to \$2.99 per Mcf realized in the second quarter of 2017. The Company's average realized oil price increased by 27% to \$57.56 per barrel in the second quarter of 2018 as compared to \$45.34 per barrel in the second quarter of 2017. Oil and gas sales were \$62.6 million (including realized hedging gains) in the second quarter of 2018 as compared to 2017's second quarter sales of \$62.9 million. EBITDAX, or earnings before interest, taxes, depreciation, depletion, amortization, exploration expense and other noncash expenses, was \$44.0 million in the second quarter of 2018, as compared to EBITDAX of \$43.8 million in the second quarter of 2017. Operating cash flow generated in the second quarter of 2018 was \$26.1 million as compared to \$25.9 million in the second quarter of 2017. Excluding the results of the Company's Eagle Ford shale properties that were sold in the second quarter of 2018, EBITDAX would have been \$41.2 million for the second quarter of 2018 as compared to EBITDAX of \$36.5 million for the second quarter of 2017 and operating cash flow would have been \$23.3 million in the second quarter of 2018 as compared to \$18.7 million for the second quarter of 2017.

Comstock reported a net loss of \$34.0 million or \$2.22 per share for the second quarter of 2018 as compared to a net loss of \$21.4 million or \$1.45 per share for the second quarter of 2017. The second quarter of 2018 results included a loss on sale of oil and gas properties of \$6.8 million, an unrealized loss from derivative financial instruments of \$2.7 million, \$0.4 million of costs associated with the Company's unsuccessful April 2018 tender offer and \$12.2 million of non-cash interest expense associated with the amortization of discounts recognized and costs incurred on the debt exchange that occurred in 2016. Financial results for the second quarter of 2017 included an unrealized gain from derivative financial instruments of \$3.9 million, and \$9.5 million of non-cash interest expense associated with the amortization of discounts recognized and costs incurred on the debt exchange that occurred in 2016. Excluding these items from each year's results, the net loss for the second quarter of 2018 would have been \$11.9 million or \$0.78 per share as compared to a net loss of \$15.8 million or \$1.07 per share in the second quarter of 2017.

Comstock produced 43 billion cubic feet of natural gas and 280,000 barrels of oil or 45.0 billion cubic feet of natural gas equivalent in the first six months of 2018 compared to 31.3 Bcf of natural gas and 508,000 barrels of oil or 34.4 Bcfe in the first six months of 2017. Natural gas production averaged 238 million cubic feet per day in the first six months of 2018, an increase of 41% over 2017 natural gas production. Oil production in the first six months of 2018 declined due to the sale of the Eagle Ford shale producing properties in the second quarter.

Comstock's average realized natural gas price, including hedging gains, decreased 8% to \$2.73 per Mcf in the first six months of 2018 as compared to \$2.98 per Mcf realized in the first six months of 2017. The Company's average realized oil price increased by 38% to \$65.12 per barrel in the first six months of 2018 as compared to \$47.04 per barrel in the first six months of 2017. Primarily as a result of the higher natural gas production, oil and gas sales increased by 17% to \$136.6 million (including realized hedging gains) as compared to \$117.2 million in the first six months of 2017.

EBITDAX of \$97.7 million in the first six months of 2018 was 25% higher than the EBITDAX of \$78.0 million generated in the first six months of 2017. Operating cash flow generated in the first six months of 2018 increased 48% to \$61.9 million as compared to operating cash flow of \$41.9 million in the first six months of 2017. Excluding the results of the Company's Eagle Ford shale properties sold in the second quarter of 2018, EBITDAX would have been \$86.1 million for the first six months of 2018 as compared to EBITDAX of \$62.6 million for the first six months of 2017 and operating cash flow would have been \$50.2 million in the first six months of 2018 as compared to \$26.4 million for the first six months of 2017.

Comstock reported a net loss of \$75.9 million or \$4.99 per share for the first six months of 2018 as compared to a net loss of \$44.4 million or \$3.06 per share for the first six months of 2017. The results for 2018 include a loss on sale of oil and gas properties of \$35.4 million, an unrealized loss from derivative financial instruments of \$1.5 million, \$0.4 million of costs associated with the Company's April 2018 tender offer and \$23.2 million of non-cash interest expense associated with the amortization of discounts recognized and costs incurred on the debt exchange that occurred in 2016. Financial results for the first six months of 2017 included an unrealized gain from derivative financial instruments of \$11.2 million and \$14.9 million of non-cash interest expense associated with the amortization of discounts recognized and costs incurred on the debt exchange that occurred in 2016.

Excluding these items from results for each period, the net loss for the first six months of 2018 would have been \$15.4 million or \$1.01 per share as compared to a net loss of \$40.7 million, or \$2.81 per share in the first six months of 2017.

Drilling Results

Comstock reported the results to date of its 2018 drilling program. During the first six months of 2018, Comstock spent \$89.9 million on its development and exploration activities and drilled 17 horizontal natural gas wells (5.1 net) and had eight wells (1.2 net) drilling at June 30, 2018. Comstock also completed 11 (4.0 net) operated wells that were drilled in 2017. Since the last operational update, Comstock has completed nine additional operated Haynesville/Bossier shale wells. The average initial production rate of these wells was 24 MMcf per day. The nine operated wells had completed lateral lengths ranging from 7,467 feet to 9,752 feet and each well was tested at initial production rates of 16 to 34 MMcf per day. Comstock has six (1.6 net) operated Haynesville shale wells that are in the process of being completed.

In order to protect the returns that the Haynesville shale drilling program can generate, the Company has hedged, in the aggregate, 59 MMcf per day of its natural gas production in the last six months of 2018 at a NYMEX equivalent of \$3.00 per Mcf. The Company also has natural gas collars in place for the period July 1, 2018 through June 30, 2019 for approximately 60 MMcf per day of its production with a floor price of \$2.50 per Mcf and a price ceiling of \$3.30 per Mcf to \$3.50 per Mcf.

Other

Pending approval by the Company's stockholders at the upcoming annual meeting to be held on August 10, 2018, Comstock anticipates closing the previously announced contribution by Arkoma Drilling, L.P. and Williston Drilling, L.P. of their Bakken shale properties on August 14, 2018. On that date, the Company will also repurchase substantially all of its outstanding debt pursuant to an outstanding tender offer with the proceeds from a \$850.0 million senior notes offering completed on August 3, 2018 and borrowings under a new bank credit facility with an initial borrowing base of \$700.0 million.

Comstock has planned a conference call for 10:00 a.m. Central Time on August 8, 2018, to discuss the operational and financial results for the second quarter of 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 7684899 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 August 8, 2018 and will continue until 1:00 p.m. August 15, 2018. To hear the replay, call 855-859-2056 (404-537-3406 if calling from outside the US). The conference call access code is 7684899.

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 Q2 2018 Financial and Operating Results](#)