



Comstock Resources, Inc. Reports Second Quarter 2017 Financial and Operating Results

August 7, 2017

COMSTOCK RESOURCES, INC. REPORTS SECOND QUARTER 2017 FINANCIAL AND OPERATING RESULTS

FRISCO, TEXAS, August 7, 2017 - 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, 2017.

Financial Results for the Three Months Ended June 30, 2017

Comstock produced 17.3 billion cubic feet of natural gas and 243,000 barrels of oil or 18.8 billion cubic feet of natural gas equivalent ("Bcfe") in the second quarter of 2017. Natural gas production averaged 190 million cubic feet ("MMcf") per day, reflecting growth of 37% from pro forma natural gas production in the second quarter of 2016 (excluding divestitures completed in 2016). Natural gas production in the second quarter was also 22% higher than the first quarter of 2017. The growth in natural gas production is attributable to Comstock's successful Haynesville shale drilling program. The second quarter production rate was impacted by severe storms and tornadoes in the Company's Haynesville operating area in May 2017, causing electric power outages in the region. These power outages caused certain natural gas treating facilities to go off line, making it necessary for Comstock to shut-in wells during the quarter. Shut-in production, net to the Company's interest, related to the power outages and to wells that were shut-in for offset frac activity averaged 8.2 MMcf per day in the second quarter. Oil production in the second quarter of 2017, which averaged 2,674 barrels of oil per day, declined by 31% from the 3,900 barrels per day produced in the second quarter of 2016. The decrease in oil production is the result of the lack of drilling in the Company's South Texas Eagle Ford shale properties.

Oil and natural gas prices improved in the second quarter of 2017. Comstock's average realized natural gas price, including hedging gains, increased 50% to \$2.99 per Mcf in the second quarter of 2017 as compared to \$1.99 per Mcf realized in the second quarter of 2016. The Company's average realized oil price increased by 7% to \$45.34 per barrel in the second quarter of 2017 as compared to \$42.21 per barrel in the second quarter of 2016. The higher realized prices and the growth in natural gas production caused oil and gas sales to increase by 50% in the second quarter of 2017 to \$62.9 million (including realized hedging gains) as compared to 2016's second quarter sales of \$41.8 million. EBITDAX, or earnings before interest, taxes, depreciation, depletion, amortization, exploration expense and other noncash expenses, was \$43.8 million in the second quarter of 2017, more than double the EBITDAX of \$19.3 million generated in the second quarter of 2016. Operating cash flow generated in the second quarter of 2017 was \$25.9 million as compared to an operating cash flow deficit of \$8.3 million in the second quarter of 2016.

Comstock reported a net loss of \$21.4 million or \$1.45 per share for the second quarter of 2017 as compared to net income of \$4.9 million or \$0.41 per diluted share for the second quarter of 2016. The second quarter of 2017 results include an unrealized gain from derivative financial instruments of \$3.9 million and \$9.5 million of non-cash interest expense associated with the discounts recognized and costs incurred on the debt exchange that occurred in 2016. Financial results for the second quarter of 2016 included a net gain on extinguishment of debt of \$56.2 million, impairments on unevaluated acreage and oil and gas properties of \$1.7 million, a \$1.6 million loss on sale of oil and gas properties, an unrealized loss from derivative financial instruments of \$1.1 million, and a charge of \$0.1 million to reflect a change in state tax law. Excluding these items from each year's results, the net loss for the second quarter of 2017 would have been \$15.8 million or \$1.07 per share as compared to a net loss of \$46.8 million or \$4.05 per share in the second quarter of 2016.

Comstock produced 31.3 billion cubic feet of natural gas and 508,000 barrels of oil or 34.4 billion cubic feet of natural gas equivalent in the first six months of 2017 compared to 27.3 Bcf of natural gas and 772,000 barrels of oil or 32.0 Bcfe in the first six months of 2016. Natural gas production averaged 173 million cubic feet per day in the first six months of 2017, an increase of 24% over pro forma 2016 natural gas production, excluding divestitures completed in 2016. Oil production in the first six months of 2017 declined by 34% from the first six months of 2016.

Comstock's average realized natural gas price, including hedging gains, increased 54% to \$2.98 per Mcf in the first six months of 2017 as compared to \$1.94 per Mcf realized in the first six months of 2016. The Company's average realized oil price increased by 40% to \$47.04 per barrel in the first six months of 2017 as compared to \$33.69 per barrel in the first six months of 2016. The higher realized prices and the growth in natural gas production caused oil and gas sales to increase by 48% to \$117.2 million (including realized hedging gains) as compared to \$79.0 million in the first six months of 2016. EBITDAX of \$78.0 million in the first six months of 2017 was 129% higher than the EBITDAX of \$34.0 million generated in the first six months of 2016. Operating cash flow generated in the first six months of 2017 was \$41.9 million as compared to an operating cash flow deficit of \$22.3 million in the first six months of 2016.

Comstock reported a net loss of \$44.4 million or \$3.06 per share for the first six months of 2017 as compared to a net loss of \$51.7 million or \$4.82 per share for the first six months of 2016. The results for 2017 include an unrealized gain from derivative financial instruments of \$11.3 million and \$14.9 million of non-cash interest expense associated with the discounts recognized and costs incurred on the debt exchange that occurred in 2016. Financial results for the first six months of 2016 included impairments on oil and gas properties and unevaluated leases of \$32.2 million, a loss on sales of oil and gas properties of \$0.9 million, an income tax charge to reflect a change in state law of \$4.5 million, an unrealized gain from derivative financial instruments of \$1.4 million and a net gain on extinguishment of debt of \$89.6 million. Excluding these items from results for each period, the net loss for the first six months of 2017 would have been \$40.7 million or \$2.81 per share as compared to a net loss of \$102.2 million, or \$9.52 per share in the first six months of 2016.

2017 First Six Months Drilling Results

During the first six months of 2017, Comstock spent \$86.6 million on its development and exploration activities and drilled ten horizontal natural gas wells (8.1 net) and had four wells (2.0 net) drilling at June 30, 2017. Since the last operational update, Comstock has completed five operated Haynesville shale wells. The average initial production rate of these wells was 27 MMcf per day. One of the wells set new a Company record for initial production rates. The Headrick 14-11 #2 well in Desoto Parish, Louisiana was drilled to a total vertical depth of 11,539 feet with a 6,861 foot lateral. This well was tested with an initial production rate of 37 MMcf per day. The Nash 19-18 #1 well was drilled in Desoto Parish, Louisiana to a total vertical depth of 11,514 feet with a 5,382 foot lateral. This well was tested with an initial production rate of 26 MMcf per day. Drilled from the same pad, the Nash 19-18 #2 well was drilled to a total vertical depth of 11,524 feet with a 5,347 foot lateral, and was tested with an initial production rate of 25 MMcf per day. The Powell 28 #2 well in Desoto Parish, Louisiana was drilled to a total vertical depth of 11,099 feet with a 4,453 foot lateral. This well was tested with an initial production rate of 20 MMcf per day. The Pace 8-17 #1 well in Desoto Parish, Louisiana was drilled to a total vertical depth of 11,183 feet with a 7,471 foot lateral. This well was tested with an initial production rate of 25 MMcf per day. Comstock is currently completing the Grantham 30-31 #1 and the Headrick 14-11 #1, which have 7,500 foot laterals, and has three wells waiting to be completed.

In order to protect the returns that the Haynesville shale drilling program can generate, the Company has hedged, in the aggregate, 100 MMcf per day of its 2017 third and fourth quarter natural gas production at a NYMEX equivalent of \$3.38 per Mcf and has hedged approximately 29 MMcf per day of natural gas production in the first quarter of 2018 at \$3.38 per Mcf.

Other

Comstock has planned a conference call for 10:00 a.m. Central Time on August 7, 2017, to discuss the operational and financial results for the second quarter of 2017. 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 53521618 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 7, 2017 and will continue until 1:00 p.m. August 14, 2017. To hear the replay, call 855-859-2056 (404-537-3406 if calling from outside the US). The conference call access code is 53521618.

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 2017 Financials](#)