
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

 %

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For The Quarter Ended March 31, 2001**

OR

 —

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

Commission File No. 0-16741

COMSTOCK RESOURCES, INC.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of
incorporation or organization)

94-1667468

(I.R.S. Employer
Identification Number)

5300 Town and Country Blvd., Suite 500, Frisco, Texas 75034

(Address of principal executive offices)

Telephone No.: **(972) 668-8800**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.

Yes % No

The number of shares outstanding of the registrant's common stock, par value \$.50, as of May 10, 2001 was 29,157,673.

COMSTOCK RESOURCES, INC.

QUARTERLY REPORT

For The Quarter Ended March 31, 2001

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2001	December 31, 2000
	<u>(Unaudited)</u>	<u></u>
	(In thousands)	
Cash and Cash Equivalents	\$ 4,316	\$ 7,105
Accounts Receivable:		
Oil and gas sales	35,167	34,637
Joint interest operations	2,930	4,574
Other Current Assets	3,141	2,842
Total current assets	<u>45,554</u>	<u>49,158</u>
Property and Equipment:		
Unevaluated oil and gas properties	5,891	5,206
Oil and gas properties, successful efforts method	681,946	659,505
Other	2,597	2,589
Accumulated depreciation, depletion and amortization	<u>(241,147)</u>	<u>(232,387)</u>
Net property and equipment	449,287	434,913
Other Assets	5,591	5,859
	<u>\$ 500,432</u>	<u>\$ 489,930</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Portion of Long-Term Debt	\$ —	\$ 101
Accounts Payable and Accrued Expenses	55,321	45,544
Total current liabilities	<u>55,321</u>	<u>45,645</u>
Long-Term Debt, less current portion	199,000	234,000
Deferred Taxes Payable	32,883	22,555
Reserve for Future Abandonment Costs	7,557	7,557
Stockholders' Equity:		
Preferred stock--\$10.00 par, 5,000,000 shares authorized, 1,757,310 shares outstanding	17,573	17,573
Common stock--\$0.50 par, 50,000,000 shares authorized, 29,157,673 and 28,837,755 shares outstanding at March 31, 2001 and December 31, 2000, respectively	14,579	14,419
Additional paid-in capital	131,600	129,896
Retained earnings	42,907	19,329
Deferred compensation-restricted stock grants	(988)	(1,044)
Total stockholders' equity	<u>205,671</u>	<u>180,173</u>
	<u>\$ 500,432</u>	<u>\$ 489,930</u>

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended	
	March 31,	
	2001	2000
	(In thousands, except per share amounts)	
Revenues:		
Oil and gas sales	\$ 67,399	\$ 33,071
Other income	147	72
Total revenues	<u>67,546</u>	<u>33,143</u>
Expenses:		
Oil and gas operating	9,500	7,386
Exploration	2,831	—
Depreciation, depletion and amortization	11,999	11,712
General and administrative, net	829	495
Interest	5,505	6,215
Total expenses	<u>30,664</u>	<u>25,808</u>
Income before income taxes	36,882	7,335
Income tax expense	(12,909)	(2,567)
Net income	<u>23,973</u>	<u>4,768</u>
Preferred stock dividends	(395)	(683)
Net income attributable to common stock	<u>\$ 23,578</u>	<u>\$ 4,085</u>
Net income per share:		
Basic	<u>\$ 0.81</u>	<u>\$ 0.16</u>
Diluted	<u>\$ 0.68</u>	<u>\$ 0.14</u>
Weighted average shares outstanding:		
Basic	<u>29,001</u>	<u>25,375</u>
Diluted	<u>35,074</u>	<u>33,153</u>

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY For the Three Months March 31, 2001 (Unaudited)

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Deferred Compensation- Restricted Stock Grants</u>	<u>Total</u>
	(In thousands)					
Balance at December 31, 2000 . . .	\$ 17,573	\$ 14,419	\$ 129,896	\$ 19,329	\$ (1,044)	\$ 180,173
Restricted stock grants	—	—	—	—	56	56
Value of stock options issued for exploration prospect	—	—	997	—	—	997
Issuances of common stock	—	160	707	—	—	867
Net income attributable to common stock	—	—	—	23,578	—	23,578
Balance at March 31, 2001	<u>\$ 17,573</u>	<u>\$ 14,579</u>	<u>\$ 131,600</u>	<u>\$ 42,907</u>	<u>\$ (988)</u>	<u>\$ 205,671</u>

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three Months Ended	
	March 31,	
	2001	2000
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 23,973	\$ 4,768
Adjustments to reconcile net income to net cash provided by operating activities:		
Compensation paid in common stock	56	56
Exploration	2,831	—
Depreciation, depletion and amortization	11,999	11,712
Deferred income taxes	10,328	2,568
Gain on sale of properties	(12)	—
Working capital provided by operations	49,175	19,104
Decrease (increase) in accounts receivable	1,114	(2,011)
Increase in other current assets	(299)	(766)
Increase in accounts payable and accrued expenses	9,777	839
Net cash provided by operating activities	59,767	17,166
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of properties	46	13
Capital expenditures and acquisitions	(27,973)	(29,377)
Net cash used for operating activities	(27,927)	(29,364)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	—	10,000
Proceeds from issuance of common stock	867	—
Principal payments on debt	(35,101)	(4,098)
Dividends paid on preferred stock	(395)	(683)
Net cash provided by (used for) financing activities	(34,629)	5,219
Net decrease in cash and cash equivalents	(2,789)	(6,979)
Cash and cash equivalents, beginning of period	7,105	7,648
Cash and cash equivalents, end of period	\$ 4,316	\$ 669

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2001
(Unaudited)

(1) SIGNIFICANT ACCOUNTING POLICIES -

Basis of Presentation -

In management's opinion, the accompanying consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position of Comstock Resources, Inc. and subsidiaries (the "Company") as of March 31, 2001 and the related results of operations and cash flows for the three months ended March 31, 2001 and 2000.

The accompanying unaudited financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the Company's financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

The results of operations for the three months ended March 31, 2001 are not necessarily an indication of the results expected for the full year.

Supplementary Information with Respect to the Statements of Cash Flows -

	For the Three Months Ended March 31,	
	2001	2000
	(In thousands)	
Cash Payments -		
Interest payments	\$ 1,373	\$ 2,001
Income tax payments	243	—
Noncash Investing and Financing Activities -		
Value of vested stock options under exploration joint venture	\$ 997	\$ 498

Income Taxes-

Deferred income taxes are provided to reflect the future tax consequences of differences between the tax basis of assets and liabilities and their reported amounts in the financial statements using enacted tax rates.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

Earnings Per Share -

Basic earnings per share is determined without the effect of any outstanding potentially dilutive stock options or other convertible securities and diluted earnings per share is determined with the effect of outstanding stock options and other convertible securities that are potentially dilutive. Basic and diluted earnings per share for the three months ended March 31, 2001 and 2000 were determined as follows:

	For the Three Months Ended March 31,					
	2001			2000		
	Income	Shares	Per Share	Income	Shares	Per Share
	(amounts in thousands except per share data)					
<i>Basic Earnings Per Share:</i>						
Income	\$ 23,973	29,001		\$ 4,768	25,375	
Less Preferred Stock						
Dividends	(395)	—		(683)	—	
Net Income Available						
to Common Stockholders	23,578	29,001	<u>\$ 0.81</u>	4,085	25,375	<u>\$ 0.16</u>
<i>Diluted Earning Per Share:</i>						
Effect of Dilutive Securities:						
Stock Options		1,679			278	
Convertible Preferred Stock	395	4,393		683	7,500	
Net Income Available to						
Common Stockholders and						
Assumed Conversions	<u>\$ 23,973</u>	<u>35,073</u>	<u>\$ 0.68</u>	<u>\$ 4,768</u>	<u>33,153</u>	<u>\$ 0.14</u>

Derivative Instruments and Hedging Activities

In September 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133") which has been amended by SFAS 137 and SFAS 138. The Statement establishes accounting and reporting standards that are effective for fiscal years beginning after June 15, 2000 which require that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

The Company periodically uses derivatives to hedge floating interest rates and oil and gas price risks. Such derivatives are reported at cost, if any, and gains and losses on such derivatives are reported when the hedged transaction occurs. Accordingly, if the Company uses derivatives in the future, SFAS 133 will have an impact on the reported financial position and comprehensive income of the Company. The Company adopted SFAS 133 on January 1, 2001, and since the Company had no outstanding derivatives, there was no effect on the Company's financial statements as a result of such adoption.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

(2) LONG-TERM DEBT -

As of March 31, 2001 long-term debt is comprised of the following:

	(In thousands)
Revolving Bank Credit Facility	\$ 49,000
11¼% Senior Notes due 2007	<u>150,000</u>
	<u>199,000</u>
Less current portion	<u>—</u>
	<u>\$ 199,000</u>

The Company's bank credit facility consists of a \$250.0 million revolving credit commitment provided by a syndicate of banks for which Bank One, NA serves as administrative agent. Advances under the bank credit facility cannot exceed the borrowing base. The borrowing base under the bank credit facility is \$205.0 million. Such borrowing base may be affected from time to time by the performance of the Company's oil and gas properties and changes in oil and gas prices. The determination of the Company's borrowing base is at the sole discretion of the administrative agent and the bank group. The revolving credit line under the bank credit facility bears interest at the option of the Company, based on the utilization of the borrowing base, at either (i) LIBOR plus 1.25% to 2.0%, or (ii) the "corporate base rate" plus 0.25% to 1.0%. The Company incurs a commitment fee, based on the utilization of the borrowing base, of 0.25% to 0.5% per annum on the unused portion of the borrowing base. The revolving credit line matures on December 9, 2002 or such earlier date as the Company may elect. The Company's bank credit facility is secured by the Company's oil and gas properties.

The Company has \$150.0 million in aggregate principal amount of 11¼% Senior Notes due in 2007 (the "Notes") outstanding as of March 31, 2001 and 2000. Interest on the Notes is payable semiannually on May 1 and November 1. The Notes are unsecured obligations of the Company and are guaranteed by all of the Company's principal operating subsidiaries. The Company can redeem the Notes beginning on May 1, 2004.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders
of Comstock Resources, Inc.:

We have reviewed the accompanying consolidated balance sheet of Comstock Resources, Inc. (a Nevada corporation) as of March 31, 2001, and the related consolidated statements of operations for the three-month periods ended March 31, 2001 and 2000, and the consolidated statements of cash flows for the three-month periods ended March 31, 2001 and 2000. These financial statements are the responsibility of the company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the balance sheet of Comstock Resources, Inc. as of December 31, 2000, and, in our report dated February 16, 2001, we expressed an unqualified opinion on that statement. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2000, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

ARTHUR ANDERSEN LLP

May 8, 2001
Dallas, Texas

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The following table reflects certain summary operating data for the periods presented:

	Three Months Ended March 31,	
	2001	2000
Net Production Data:		
Oil (Mbbbls)	415	494
Natural gas (MMcf)	7,451	6,810
Natural gas equivalent (Mmcfe)	9,942	9,774
Average Sales Price:		
Oil (per Bbl)	\$ 28.19	\$ 29.00
Natural gas (per Mcf)	7.47	2.75
Average equivalent price (per Mcfe)	6.78	3.38
Expenses (\$ per Mcfe):		
Oil and gas operating(1)	\$ 0.96	\$ 0.76
General and administrative	0.08	0.05
Depreciation, depletion and amortization(2) ..	1.17	1.16
Cash Margin (\$ per Mcfe)(3)	\$ 5.74	\$ 2.57

(1) Includes lease operating costs and production and ad valorem taxes.

(2) Represents depreciation, depletion and amortization of oil and gas properties only.

(3) Represents average equivalent price per Mcfe less oil and gas operating expenses per Mcfe and general and administrative expenses per Mcfe.

Revenues -

The Company's oil and gas sales increased \$34.3 million (104%) in the first quarter of 2001, to \$67.4 million, the highest level in the Company's history, from \$33.1 million in 2000's first quarter due to a significant increase to the Company's realized natural gas prices combined with a 2% increase in oil and gas production. Comstock's average natural gas price increased by 172% in the first quarter 2001 as compared to 2000 while its average first quarter oil price decreased by 3% in 2001 as compared to 2000's first quarter. Production in the first quarter of 2001 increased 7% over production in the fourth quarter of 2000 of 9.3 Bcfe and 2% over production in the first quarter of 2000 of 9.8 Bcfe.

Other income increased to \$147,000 in the first quarter of 2001 as compared to \$72,000 in 2000's first quarter primarily due to an increase in transportation fee income received by the Company in 2001.

Costs and Expenses -

Oil and gas operating expenses, including production taxes, increased \$2.1 million (29%) to \$9.5 million in the first quarter of 2001 from \$7.4 million in the first quarter of 2000. Oil and gas operating expenses per equivalent Mcf produced increased \$0.20 to \$0.96 in the first quarter of 2001 from \$0.76 in the first quarter of 2000 due to higher production taxes as a result of the significantly higher natural gas prices as well as an additional \$0.15 per Mcf charge that the Company has had to pay to process natural gas production from the Double A Wells field beginning January 1, 2001 due to the rise in natural gas prices which made processing natural gas uneconomical.

In the first quarter of 2001, the Company had a \$2.8 million provision for exploration expense as compared to no provision for exploration in 2000's first quarter. The provision in the first quarter of 2001 primarily relates to the cost of two offshore exploration dry holes drilled in the first quarter.

Depreciation, depletion and amortization ("DD&A") increased \$287,000 (2%) to \$12.0 million in the first quarter of 2001 from \$11.7 million in the first quarter of 2000 due to the 2% increase in oil and natural gas production. DD&A per equivalent Mcf produced increased by \$0.01 to \$1.17 for the three months ended March 31, 2001 from \$1.16 for the three months ended March 31, 2000.

General and administrative expenses, which are reported net of overhead reimbursements, of \$829,000 for the first quarter of 2001 were 67% higher than general and administrative expenses of \$495,000 for the first quarter of 2000 due primarily to an increase in personnel costs in 2001.

Interest expense decreased \$710,000 (11%) to \$5.5 million for the first quarter of 2001 from \$6.2 million for the first quarter of 2000. The decrease is attributable to lower borrowings outstanding under the Company's bank credit facility. The average outstanding balance under the bank credit facility decreased to \$70.5 million in the first quarter of 2001 as compared to \$111.2 million in the first quarter of 2000. The weighted average annual interest rate for the Company's debt under the bank credit facility also decreased to 7.2% for the first quarter of 2001 as compared to 7.3% for the same period in 2000.

The Company reported net income of \$23.6 million for the three months ended March 31, 2001, as compared to net income of \$4.1 million for the three months ended March 31, 2000. Net income per share for the first quarter was \$0.68 on weighted average diluted shares outstanding of 35.1 million as compared to net income per share of \$0.14 for the first quarter of 2000 on weighted average diluted shares outstanding of 33.2 million.

Liquidity and Capital Resources

Funding for the Company's activities has historically been provided by operating cash flow, debt and equity financings and asset dispositions. In the first three months of 2001, the Company's net cash flow provided by operating activities totaled \$49.2 million, before changes to other working capital accounts. The Company's primary needs for capital, in addition to funding of ongoing operations, relate to the acquisition, development and exploration of oil and gas properties and the repayment of debt. In the first three months of 2001, the Company incurred capital expenditures of \$28.0 million primarily for development and exploration activities and reduced amounts outstanding under its bank credit facility by \$35.0 million.

The following table summarizes the Company's capital expenditure activity for the three months ended March 31, 2001 and 2000:

	Three Months Ended	
	March 31,	
	2001	2000
	(In thousands)	
Acquisitions	\$ —	\$ 6,980
Other leasehold costs	1,139	1,697
Development drilling	11,878	12,403
Exploratory drilling	13,173	4,419
Offshore production facilities	107	273
Workovers and recompletions	1,634	3,539
Other	42	66
	<u>\$ 27,973</u>	<u>\$ 29,377</u>

The timing of most of the Company's capital expenditures is discretionary with no material long-term capital expenditure commitments. Consequently, the Company has a significant degree of flexibility to adjust the level of such expenditures as circumstances warrant. For the three months ended March 31, 2001 and 2000, the Company spent \$27.9 million and \$22.3 million, respectively, on development and exploration activities. The Company expects to spend an additional \$72.0 million on development and exploration projects in the last three quarters of 2001. The Company intends to primarily use internally generated cash flow to fund capital expenditures other than significant acquisitions.

The Company did not make any acquisitions in the first quarter of 2001 as compared to \$7.0 million spent on acquisition activities in the first quarter of 2000. The Company does not have a specific acquisition budget as a result of the unpredictability of the timing and size of potential acquisition activities. The Company intends to use borrowings under its bank credit facility, or other debt or equity financings to the extent available, to finance significant acquisitions. The availability and attractiveness of these sources of financing will depend upon a number of factors, some of which will relate to the financial condition and performance of the Company, and some of which will be beyond the Company's control, such as prevailing interest rates, oil and gas prices and other market conditions.

The Company has a bank credit facility consisting of a \$250.0 million revolving credit commitment provided by a syndicate of banks for which Bank One, NA serves as administrative agent. Indebtedness under the bank credit facility is secured by substantially all of the Company's assets and is subject to borrowing base availability which is generally redetermined semiannually based on the banks' estimates of the future net cash flows of the Company's oil and gas properties. The borrowing base under the bank credit facility is \$205.0 million. Such borrowing base may be affected from time to time by the performance of the Company's oil and gas properties and changes in oil and gas prices. The determination of the Company's borrowing base is at the sole discretion of the administrative agent and the bank group. The revolving credit line under the bank credit facility bears interest at the option of the Company, based on the utilization of the borrowing base, at either (i) LIBOR plus 1.25% to 2.0% or (ii) the "corporate base rate" plus 0.25% to 1.0%. The Company's average rate under the bank credit facility as of March 31, 2001 has fallen to 6.3%. The Company incurs a commitment fee, based on the utilization of the borrowing base, of 0.25% to 0.5% per annum on the unused portion of the borrowing base. The revolving credit line matures on December 9, 2002 or such earlier date as the Company may elect.

The Company believes that cash flow from operations and available borrowings under the Company's bank credit facility will be sufficient to fund its operations and future growth as contemplated under its current business plan. However, if the Company's plans or assumptions change or if its assumptions prove to be inaccurate, the Company may be required to seek additional capital. Management cannot be assured that the Company will be able to obtain such capital or, if such capital is available, that the Company will be able to obtain it on acceptable terms.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

The Company's business is impacted by fluctuations in crude oil and natural gas commodity prices and interest rates. The following discussion is intended to identify the nature of these market risks, describe the Company's strategy for managing such risks, and to quantify the potential affect of market volatility on the Company's financial condition and results of operations.

Oil and Natural Gas Prices

The Company's financial condition, results of operations, and capital resources are highly dependent upon the prevailing market prices of, and demand for, oil and natural gas. These commodity prices are subject to wide fluctuations and market uncertainties due to a variety of factors that are beyond the control of the Company. These factors include the level of global demand for petroleum, foreign supply of oil and gas, the establishment of and compliance with production quotas by oil-exporting countries, weather conditions, the price and availability of alternative fuels, and overall economic conditions, both foreign and domestic. It is impossible to predict future oil and gas prices with any degree of certainty. Sustained weakness in oil and gas prices may adversely affect the Company's financial condition and results of operations, and may also reduce the amount of net oil and gas reserves that the Company can produce economically. Any reduction in oil and gas reserves, including reductions due to price fluctuations, can have an adverse affect on the Company's ability to obtain capital for its exploration and development activities. Similarly, any improvements in oil and gas prices can have a favorable impact on the Company's financial condition, results of operations and capital resources. Based on the Company's volume of oil and gas production in the first quarter of 2001, a \$1.00 change in the price per barrel of oil would result in a change in the Company's cash flow for such period of approximately \$400,000 and a \$1.00 change in the price per Mcf of natural gas would result in a change in the Company's cash flow of approximately \$7.8 million.

The Company periodically has utilized hedging transactions with respect to a portion of its oil and gas production to mitigate its exposure to price fluctuations. While the use of these hedging arrangements limits the downside risk of price declines, such use may also limit any benefits which may be derived from price increases. The Company has primarily used price swaps, whereby monthly settlements are based on differences between the prices specified in the instruments and the settlement prices of certain futures contracts quoted on the NYMEX or certain other indices. Generally, when the applicable settlement price is less than the price specified in the contract, the Company receives a settlement from the counterparty based on the difference. Similarly, when the applicable settlement price is higher than the specified price, the Company pays the counterparty based on the difference. The Company did not hedge any of its oil or gas production in the first quarter of 2001 and currently has no open positions relating to its oil and natural gas production.

Interest Rates

The Company's outstanding long-term debt under its bank credit facility of \$49.0 million at March 31, 2001 is subject to floating market rates of interest. Borrowings under the credit facility bear interest at a fluctuating rate that is linked to LIBOR. Any increases in these interest rates can have an adverse impact on the Company's results of operations and cash flow. As of March 31, 2001, the Company had no open interest rate swap agreements in place. On April 30, 2001 the Company has entered into interest rate swap agreements to hedge the impact of interest rate changes on a portion of its floating rate debt. The interest rate swap agreement is a notional amount of \$25.0 million which fixed the LIBOR rate at an average rate of 4.5% for the one year.

PART II - OTHER INFORMATION

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

None

b. Reports on Form 8-K

There were no current reports on Form 8-K filed during the first quarter of 2001 and to the date of this filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMSTOCK RESOURCES, INC.

Date May10, 2001

/s/M. JAY ALLISON

M. Jay Allison, Chairman, President and Chief Executive Officer (Principal Executive Officer)

Date May 10, 2001

/s/ROLAND O. BURNS

Roland O. Burns, Senior Vice President, Chief Financial Officer, Secretary, and Treasurer (Principal Financial and Accounting Officer)