

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): **June 10, 2019**

COMSTOCK RESOURCES, INC.

(Exact Name of Registrant as Specified in Charter)

STATE OF NEVADA

001-03262

94-1667468

(State or other
jurisdiction incorporation)

(Commission File Number)

(I.R.S. Employer
Identification Number)

**5300 Town and Country Boulevard
Suite 500**

Frisco, Texas 75034

(Address of principal executive offices)

(972) 668-8800

(Registrant's Telephone No.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.50 (per share) | CRK | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure

On June 10, 2019, Comstock Resources, Inc. (the "Company") posted an Investor Presentation titled "Acquisition of Covey Park Energy Creates Haynesville Basin Leader" on the Company's website, www.comstockresources.com. A copy of the presentation can be reviewed at the website by first selecting "Investors", then selecting "Presentations."

A copy of the Investor Presentation materials is also included in Exhibit 99.1 to this Form 8-K.

The information in this Current Report on Form 8-K regarding the Investor Presentation Materials are included in this report solely for informational purposes. The information reported in this Item 7.01, including the materials attached as Exhibits 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed incorporated by reference into any filing under the Securities Act.

Item 9.01 Financial Statements and Exhibits

Exhibit 99.1 [Investor Presentation dated June 10, 2019](#)

SIGNATURES

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

COMSTOCK RESOURCES, INC.

Dated: June 10, 2019

By: /s/ ROLAND O. BURNS
Roland O. Burns
President and Chief Financial Officer

The logo for Comstock Resources, featuring the company name in a stylized, metallic, serif font. The letters are gold with a blue gradient and are set against a blue, rounded rectangular background with horizontal lines.

NYSE:CRK

June 10, 2019

*Acquisition of
Covey Park Energy
Creates Haynesville
Basin Leader*



Disclaimer

This presentation may contain certain “forward-looking statements”, including certain plans, expectations, goals, projections, and statements about the benefits of the proposed transaction, Comstock Resources’ plans, objectives, expectations and intentions, the expected timing of completion of the transaction, and other statements that are not historical facts. Such statements are subject to numerous assumptions, risks, and uncertainties. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. Forward-looking statements may be identified by words such as expect, anticipate, believe, intend, estimate, plan, target, goal, or similar expressions, or future or conditional verbs such as will, may, might, should, would, could, or similar variations. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995.

While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ materially from those contained or implied in the forward-looking statements: the possibility that the proposed transaction does not close when expected or at all because required regulatory or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all; the risk that regulatory approvals required for the proposed merger are not obtained or are obtained subject to conditions that are not anticipated; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction; uncertainties as to the timing of the transaction; competitive responses to the transaction; the possibility that the anticipated benefits of the transaction are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management’s attention from ongoing business operations and opportunities; the ability of Comstock to complete the acquisition and integration of Covey Park successfully; litigation relating to the transaction; and other factors that may affect future results of Comstock.

Additional factors that could cause results to differ materially from those described above can be found in Comstock’s Annual Report on Form 10-K for the year ended December 31, 2018 and in its subsequent Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, each of which is on file with the Securities and Exchange Commission (“SEC”) and available in the “Investors” section of Comstock’s website, <http://crkfrisco.com/>, under the subsection “SEC Filings” and in other documents Comstock files with the SEC.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. Comstock assumes no obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

Transformational Haynesville Shale Acquisition

- **Combination creates the basin leader in the Haynesville, a premier natural gas basin with superior economics and geographic proximity to Gulf Coast**
- **Industry leading margins and well economics that support growth and debt reduction**
- **Conservative operating plan that internally funds drilling program and generates free cash flow**
- **Proved net asset value per share increase ~50% ¹**
- **Successful Dallas businessman and long-time oil and gas investor, Jerry Jones, will invest an additional \$475 million, bringing his total investment to \$1.1 billion**



COMSTOCK
RESOURCES

(1) Based on pro forma PV 10 value of proved reserves as of 12/31/18 based on 3rd party engineering less net debt, preferred stock and G&A (capitalized at a 4.0x multiple)

Covey Park Acquisition Overview



Transaction Structure and Consideration

- Cash and stock transaction valued at ~\$2.2 billion
- Covey Park's equity owners will receive:
 - \$700 million cash
 - \$210 million of newly issued perpetual convertible preferred stock
 - 28.8 million shares of newly issued CRK common stock

Financing

- Jerry Jones is investing an additional \$475 million in the Company which brings his total investment to \$1.1 billion
 - \$300 million common equity investment at a valuation of \$6.00 per share
 - \$175 million of perpetual convertible preferred equity
- Assumption of Covey Park's \$625 million 7.5% senior notes
- Refinance \$390 million outstanding under Covey Park's credit facility, redeem Covey Park Preferred units for \$155 million and fund \$253 million of purchase price with borrowings under new \$1.5 billion credit facility

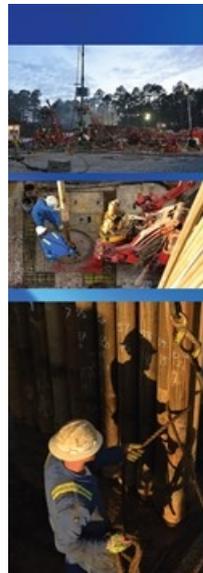
Pro Forma Ownership

- 75% Jerry Jones
- 16% Denham Capital

Board of Directors

- Adds two new members
 - John Jacobi (Covey Park Co-CEO)
 - Jordan Marye (a Denham Capital Managing Partner)

Comstock Becomes Basin Leader

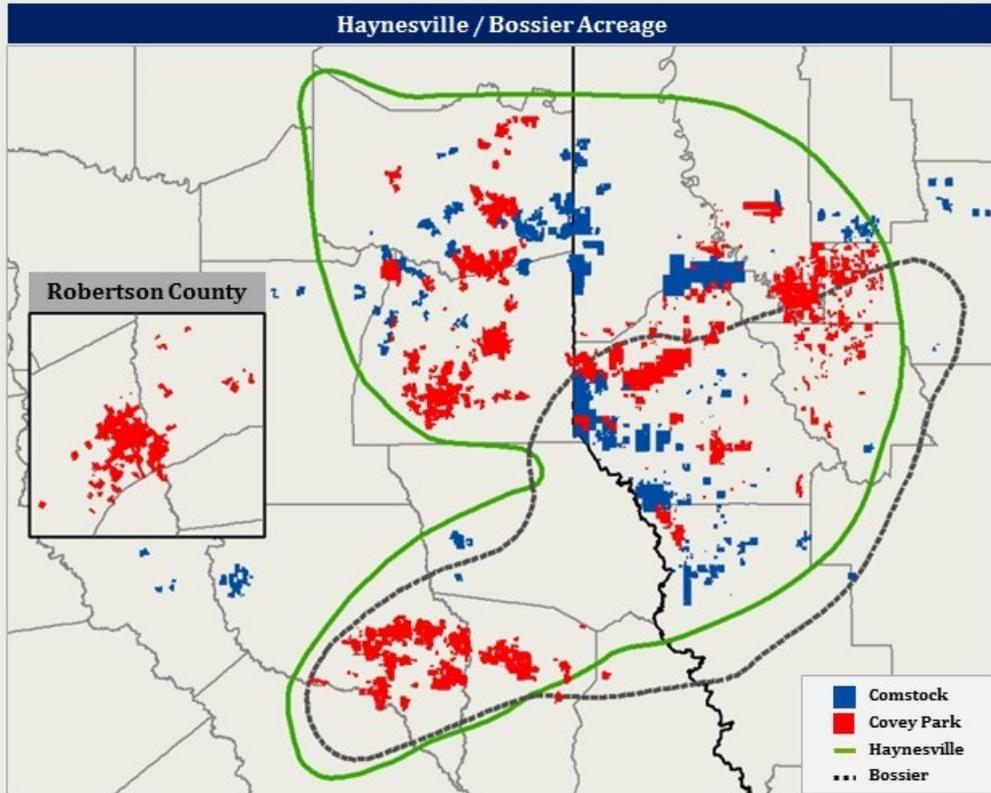


| Substantial Scale in the Haynesville | Robust Combined Inventory | Industry-Leading Margins |
|---|--|---|
| <ul style="list-style-type: none"> • Over 1.1 Bcfe/d of net production • EBITDAX of \$935 million ¹ • 5.4 Tcfe of SEC proved reserves • 290,000 net acres in the Haynesville / Bossier | <ul style="list-style-type: none"> • 20+ years of inventory of high-return locations • ~2,000 net drilling locations, including ~1,300 with laterals over 5,000 feet | <ul style="list-style-type: none"> • Unit cost structure of 76¢ per Mcfe ² • EBITDAX margins exceed 75% ² |
| Low-Cost Flexible Gas Marketing | Significant Synergies | Improving Balance Sheet |
| <ul style="list-style-type: none"> • Favorable proximity to Gulf Coast demand • 500 miles of owned gas gathering infrastructure • Low gathering costs of 26¢ per Mcfe • No unmet minimum volume commitments | <ul style="list-style-type: none"> • Over \$25 million in annual corporate overhead savings • Capital efficiencies from larger operating platform | <ul style="list-style-type: none"> • Leverage metrics immediately improve as result of the transaction • Free cash flow generation and EBITDAX growth supports target leverage of ~2.0x by 2021 • Pro forma company expects to fund drilling plan within operating cash flow |

(1) Based on pro forma annualized 1Q 2019 results; Includes estimated G&A savings of \$25MM per year
 (2) Reflects pro forma estimated G&A savings of \$25MM per year; Costs include LOE / Taxes, Processing & Transportation and G&A

Complementary Haynesville Shale Acreage

Combined, over 94% of the acreage is held by production with an average working interest of 77%



Creating the Largest Producer in the Haynesville with Significant Scale



| | COMSTOCK RESOURCES | COVEYPARK ENERGY | COMSTOCK RESOURCES Pro Forma |
|---|-----------------------|---------------------|------------------------------------|
| Total Net Acres | 125,105 | 248,830 | 373,935 |
| Haynesville / Bossier Net Acres | 87,270 | 205,946 | 293,216 |
| SPE Proved Reserves (Bcfe) ¹ | 2,424 | 5,152 | 7,576 |
| SEC Proved Reserves (Bcfe) ¹ | 2,424 | 2,940 | 5,364 |
| SPE Proved PV-10 (\$MM) ¹ | \$1,755 | \$2,996 | \$4,751 |
| SEC Proved PV-10 (\$MM) ¹ | \$1,755 | \$2,357 | \$4,112 |
| Q1 2019 Net Production (MMcfe/d) | 422 | 705 | 1,127 |
| Net Drilling Locations | 819 | 1,180 | 1,999 |

(1) Pro Forma proved reserves as of 12/31/18 based on 3rd party engineering; based on weighted-average adjusted prices of \$61.23 / bbl and \$2.92 / Mcf for oil and natural gas, respectively

Combination Materially Enhances Comstock's Financial, Operational and Credit Metrics

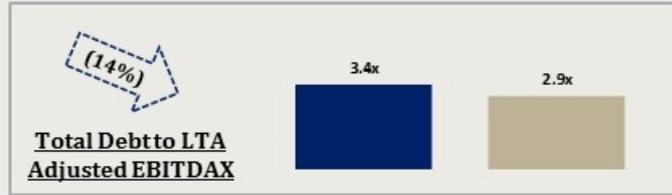
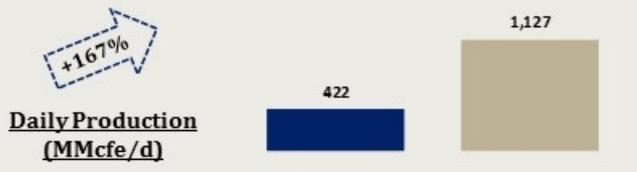


Actual 1Q'19

PF 1Q'19

Actual 1Q'19

PF 1Q'19



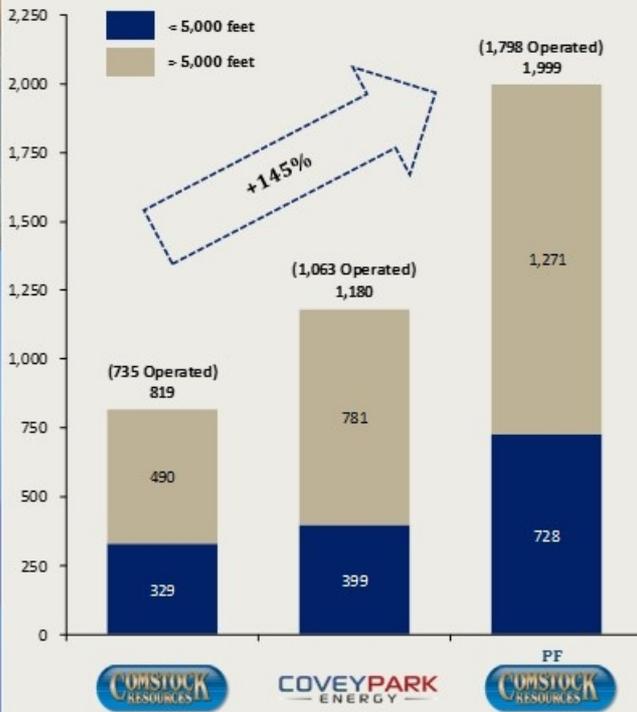
Note: Actual 1Q'19 represents Standalone CRK; PF 1Q'19 represents pro forma combined Company
 (1) Based on pro forma PV10 value of proved reserves as of 12/31/18 based on 3rd party engineering less net debt, preferred stock and G&A (capitalized at a 4.0x multiple)
 (2) Lifting costs include LOE, G&T and production taxes. Pro forma CRK reflects pro forma estimated G&A savings of \$25MM per year
 (3) Standalone and pro forma proved reserves as of 12/31/18 based on 3rd party engineering



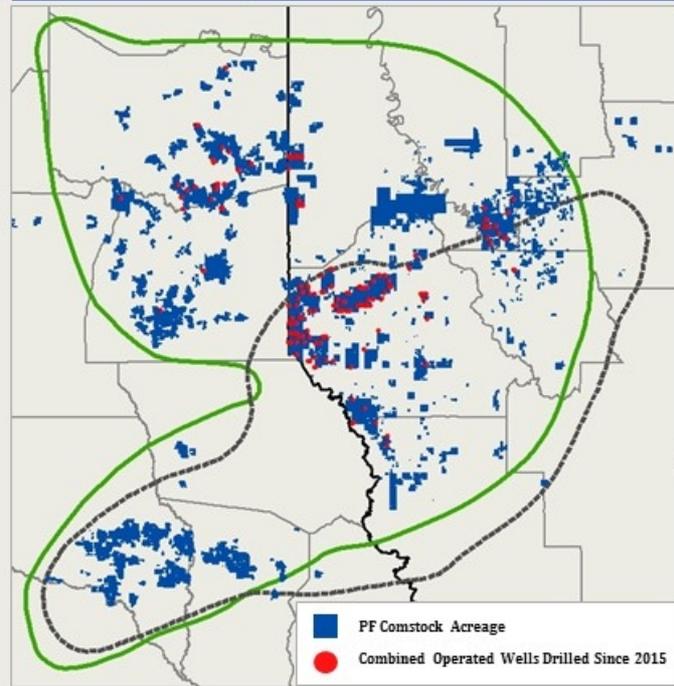
Robust Combined Inventory of De-Risked, High-Return Drilling Locations

Significant inventory of extended lateral wells combined with strong EBITDAX margins support overall capital efficiency efforts and drive improved corporate returns

Combined Haynesville / Bossier Net Drilling Locations



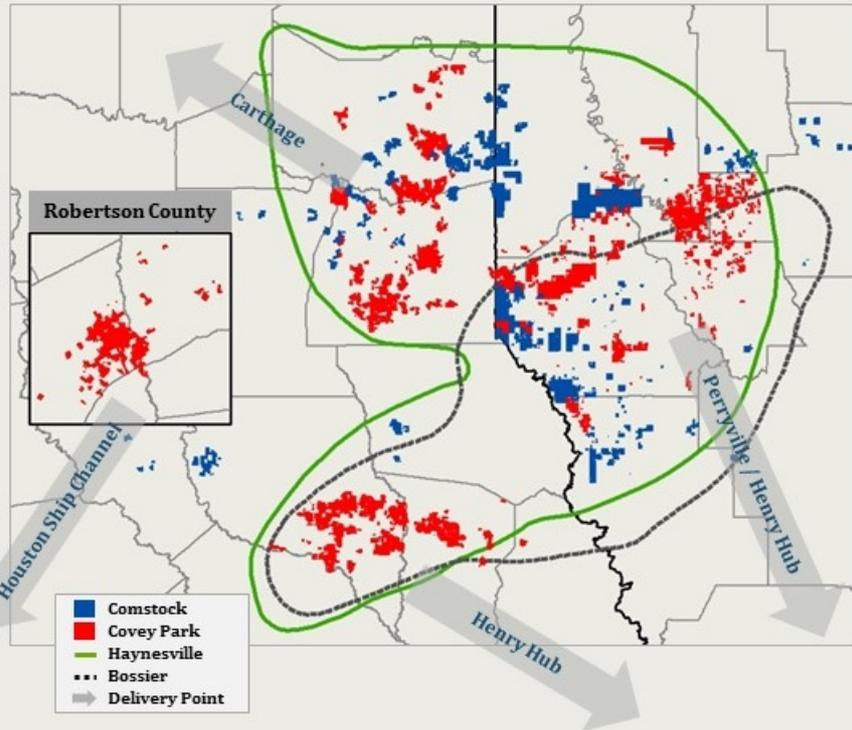
Combined Operated Wells Drilled Since 2015



Lowest In Basin Gathering Costs

- Limited basis risk due to close proximity to Henry Hub
- Lowest in-basin gathering, treating and transport costs of 26¢ per Mcfe
- Extensive gathering and transportation pipeline network with ample capacity to handle incremental volumes
- No unmet minimum volume commitments
- Insignificant exposure to legacy gathering and transportation contracts with out-of-market terms
- Company owns approximately 500 miles of gathering systems

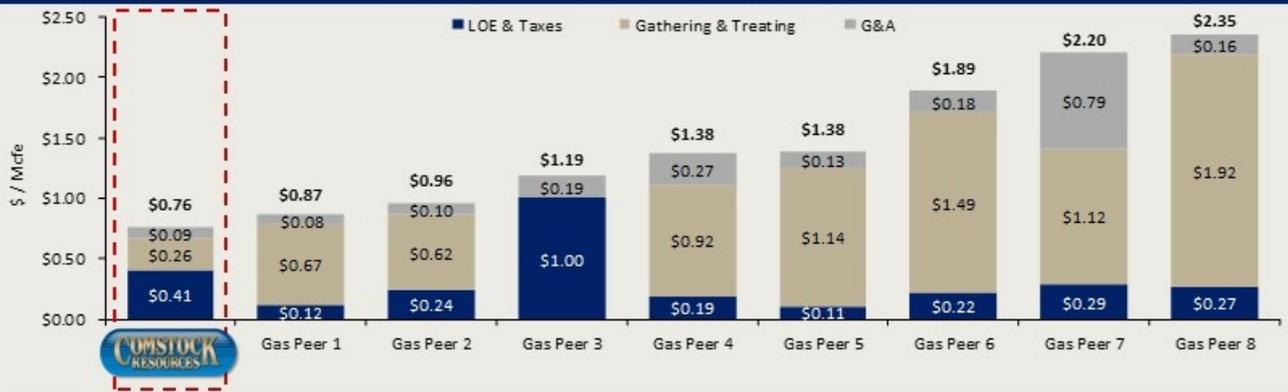
Close Proximity to Numerous Gulf Coast Demand Centers



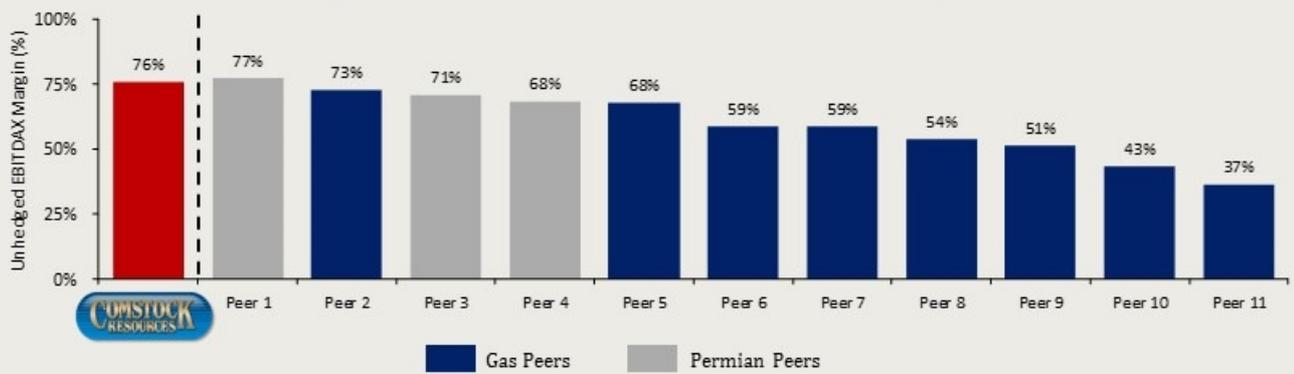
Source: Company management, Public filings, Wall Street research

Low Cost Structure and High EBITDAX Margin

Best-In-Class Cost Structure of Gas Producers



Leading Margins Compare Favorably to Both Permian and Gas-Weighted Names



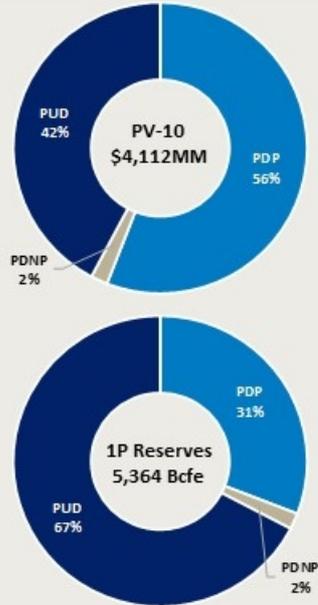
Source: Public filings
 Note: Financial metrics based on Q1'19 reported actuals; Pro forma CRK reflects pro forma estimated G&A savings of \$25MM per year
 Gas peers include: AR, CNX, COG, EQT, GPOR, MR, RRC and SWN
 Permian peers include: CXO, FANG and LPI

Combined Company Boasts Significant Scale and Resource Depth

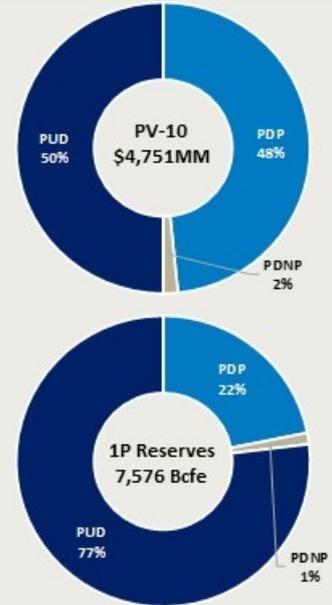
| SEC Reserves ¹ | | | | |
|---------------------------|--------------|-------------|--------------|----------------|
| Reserve Category | Gas (Bcf) | Oil (MMBbl) | Total (Bcfe) | PV-10 (\$MM) |
| PDP | 1,529 | 21 | 1,656 | \$2,299 |
| PDNP | 92 | 1 | 95 | 76 |
| PUD | 3,600 | 2 | 3,613 | 1,737 |
| SEC Proved | 5,221 | 24 | 5,364 | \$4,112 |

| SPE Reserves ¹ | | | | |
|---------------------------|--------------|-------------|--------------|----------------|
| Reserve Category | Gas (Bcf) | Oil (MMBbl) | Total (Bcfe) | PV-10 (\$MM) |
| PDP | 1,529 | 21 | 1,656 | \$2,299 |
| PDNP | 92 | 1 | 96 | 76 |
| PUD | 5,812 | 2 | 5,824 | 2,376 |
| SPE Proved | 7,433 | 24 | 7,576 | \$4,751 |

SEC Proved by Category



SPE Proved by Category



Note: Reserves calculated based on weighted-average adjusted prices of \$61.23 / bbl and \$2.92 / Mcf for oil and natural gas, respectively
 (1) Pro Forma proved reserves as of 12/31/18 based on 3rd party engineering



Drilling Plan and Production Guidance

2019E and 2020E Drilling Plan

| (\$ In Millions) | 2019 | | | 2020 | | |
|--------------------------------------|--------------|-----------|-------------|--------------|-----------|-------------|
| | Spend | Wells | | Spend | Wells | |
| | | Gross | Net | | Gross | Net |
| Haynesville/Bossier Shale: | | | | | | |
| Completion of Wells Drilled in PY | \$124 | 19 | 16.8 | \$134 | 29 | 22.4 |
| Wells Drilled and Completed in CY | 464 | 61 | 45.3 | 448 | 58 | 44.4 |
| Wells Drilled in CY (not completed) | 76 | 29 | 22.4 | 61 | 21 | 19.0 |
| Non-operated and other | 88 | | | 34 | | |
| Wells Drilled in CY | \$752 | 90 | 67.7 | \$677 | 79 | 63.4 |
| Bakken Shale (New wells and DUCs) | \$9 | 5 | 1.1 | \$0 | 0 | 0.0 |
| Eagle Ford Shale / Other | 18 | 4 | 2.2 | 18 | 4 | 2.2 |
| Total Drilling and Completion | \$779 | 99 | 71.0 | \$695 | 83 | 65.6 |

Management Guidance

| | 2019 | 2020 |
|---------------------------------|---------------|---------------|
| Avg. Daily Production (MMcfe/d) | 1,100 - 1,300 | 1,300 - 1,500 |

2020E capital program targets generating free cash flow of \$75 - \$100 million ¹



(1) Assumes forecast of \$55.00/bbl WTI and \$2.60/Mcf natural gas

Pro Forma Capitalization

| <i>(\$ in millions)</i> | <i>As of 3/31/19</i> | <i>Pro Forma</i> |
|---|--------------------------|------------------|
| Cash and cash equivalents | \$29 | \$29 |
| Revolving Credit Facility | \$470 | \$1,268 |
| 7 ³ / ₄ % Senior Notes due 2025 | - | 625 |
| 9 ³ / ₄ % Senior Notes due 2026 | 850 | 850 |
| Total Debt <i>(at face amount)</i> | \$1,320 | \$2,743 |
| Preferred Equity | \$ - | \$385 |
| Common Equity | 570 | 1,015 |
| Total Equity | \$570 | \$1,400 |
| Total Capitalization | \$1,890 | \$4,143 |
| Liquidity | \$259 | \$261 |

Perpetual Convertible Preferred Equity

- **Rationale**
 - Flexible, balance sheet friendly acquisition financing
 - Additional investment from Jerry Jones
 - Ongoing commitment from Denham Capital, a leading energy focused private equity firm
- **Terms**
 - \$210 million provided by Denham Capital (Series A)
 - \$175 million provided by Jerry Jones (Series B)
 - Terms are substantially the same
 - 10% dividend per annum
 - After one year from issuance, convertible into CRK common equity at \$4.00 per share
 - Redeemable at any time by CRK at the stated value plus accrued dividends

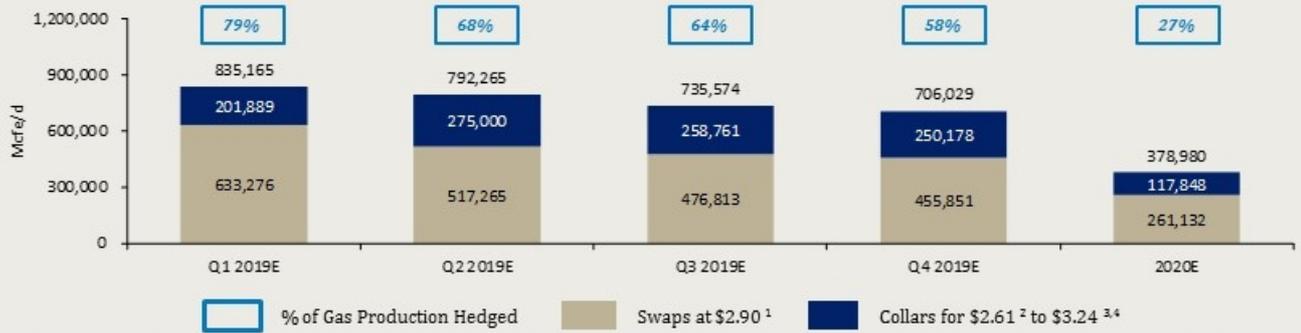
Comstock Financial Strategy

- **Drill within operating cash flow and emphasize free cash flow generation**
- **Targeting a leverage ratio of ~2.0x by 2021**
- **Best-in-class cost structure and EBITDAX margins combined with disciplined capital program allows us to de-lever even in low natural gas price environment**
- **Maintain an active hedging program targeting 50% to 60% of forecasted production**

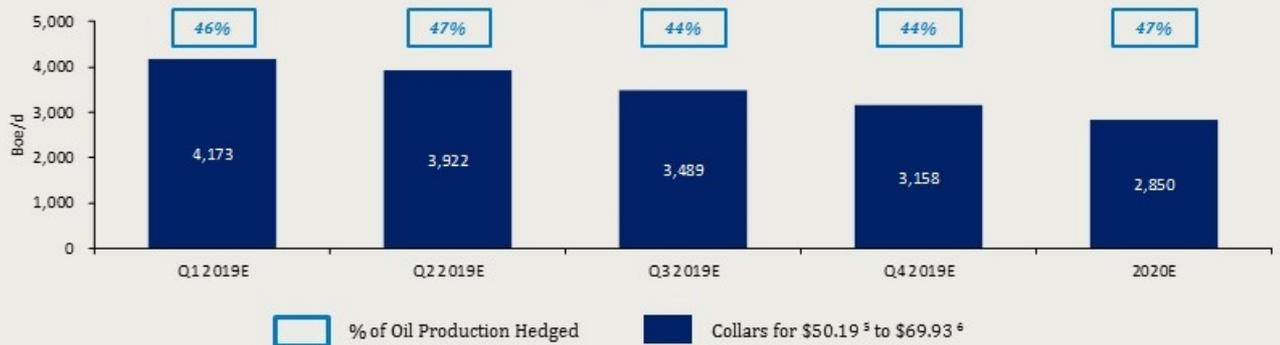
Combined Oil and Gas Hedging Program



Natural Gas Hedges (Mcf/d)



Oil Hedges (Boe/d)



Comstock targets having 50% to 60% of its future twelve months oil and gas production hedged

- (1) Contracts are per MMBtu at an index price based on the NYMEX-Henry Hub monthly future prices
- (2) Average floor price - \$2.25 to \$2.90
- (3) Average ceiling price - \$2.78 to \$4.08
- (4) Includes a \$2.39 short put on three way collars; Average short put price - \$2.30 to \$2.50
- (5) Average floor price - \$40.00 to \$55.00
- (6) Average ceiling price - \$54.70 to \$85.00

