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 June 30, 2002

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	**94-1667468**
(State or other jurisdiction of incorporation or organization)	(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 August 12, 2002 was 28,833,561.

COMSTOCK RESOURCES, INC.

QUARTERLY REPORT

For The Quarter Ended June 30, 2002

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 2002	December 31, 2001
	(Unaudited)	
	(In thousands)	
Cash and Cash Equivalents	$ 1,267	$ 6,122
Accounts Receivable:		
Oil and gas sales	25,528	20,015
Joint interest operations	1,635	4,717
Derivatives	1,338	1,342
Other Current Assets	10,109	7,418
Total current assets	39,877	39,614
Property and Equipment:		
Unevaluated oil and gas properties	17,896	13,416
Oil and gas properties, successful efforts method	908,301	901,206
Other	2,565	2,633
Accumulated depreciation, depletion and amortization	(288,677)	(278,679)
Net property and equipment	640,085	638,576
Derivatives	25	254
Other Assets	6,318	4,627
	$ 686,305	$ 683,071

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2002	December 31, 2001
Current Portion of Long-Term Debt	$ 674	$ 229
Accounts Payable and Accrued Expenses	28,990	37,389
Derivatives	2,973	798
Total current liabilities	32,637	38,416
Long-Term Debt, less current portion	384,002	372,235
Deferred Taxes Payable	47,352	47,911
Derivatives	—	1,053
Reserve for Future Abandonment Costs	7,169	7,794
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, 28,833,561 and 28,552,553 shares outstanding at June 30, 2002 and December 31, 2001, respectively	14,417	14,276
Additional paid-in capital	132,009	130,956
Retained earnings	51,562	54,183
Deferred compensation-restricted stock grants	(1,069)	(1,187)
Accumulated other comprehensive income (loss)	653	(139)
Total stockholders' equity	215,145	215,662
	$ 686,305	$ 683,071

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
	(In thousands, except per share amounts)			
Revenues:				
Oil and gas sales	$ 38,004	$ 45,997	$ 64,494	$ 112,932
Other income	79	121	199	268
Total revenues	38,083	46,118	64,693	113,200
Expenses:				
Oil and gas operating	8,467	8,173	16,582	17,559
Exploration	1,028	477	2,981	3,308
Depreciation, depletion and amortization	14,057	11,997	27,515	23,931
General and administrative, net	1,077	998	2,007	1,827
Interest	7,702	4,956	14,512	10,461
Loss from derivatives	204	—	2,168	
Total expenses	32,535	26,601	65,765	57,086
Income (loss) from continuing operations before income taxes	5,548	19,517	(1,072)	56,114
Income tax benefit (expense)	(1,942)	(6,831)	375	(19,640)
Net income (loss) from continuing operations	3,606	12,686	(697)	36,474
Preferred stock dividends	(400)	(400)	(795)	(795)
Net income (loss) from continuing operations attributable to common stock	3,206	12,286	(1,492)	35,679
Income (loss) from discontinued operations, including loss on disposal, net of income taxes	(403)	152	(1,129)	338
Net income (loss) attributable to common stock	$ 2,803	$ 12,438	$ (2,621)	$ 36,017
Net income (loss) per share:				
Basic -				
Net income (loss) from continuing operations per share	$ 0.11	$ 0.42	$ (0.05)	$ 1.22
Net income (loss) per share	$ 0.10	$ 0.43	$ (0.09)	$ 1.24
Diluted -				
Net income (loss) from continuing operations per share	$ 0.11	$ 0.36		$ 1.04
Net income (loss) per share	$ 0.09	$ 0.37		$ 1.05
Weighted average shares outstanding:				
Basic	28,776	29,252	28,678	29,127
Diluted	34,042	34,902		34,967

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the Six Months Ended June 30, 2002
(Unaudited)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Deferred Compensation-Restricted Stock Grants	Accumulated Other Comprehensive Income (Loss)	Total
				(In thousands)			
Balance at December 31, 2001	$ 17,573	$ 14,276	$ 130,956	$ 54,183	$ (1,187)	$ (139)	$ 215,662
Restricted stock grants	—	—	—	—	118	—	118
Value of warrants issued for exploration prospects	—	—	213	—	—	—	213
Exercise of stock options	—	141	840	—	—	—	981
Net loss attributable to common stock	—	—	—	(2,621)	—	—	(2,621)
Unrealized hedge gains	—	—	—	—	—	792	792
Balance at June 30, 2002	$ 17,573	$ 14,417	$ 132,009	$ 51,562	$ (1,069)	$ 653	$ 215,145

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (1,826)	$ 36,812
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Compensation paid in common stock	118	112
Exploration	2,981	3,308
Depreciation, depletion and amortization	27,515	23,931
Deferred income taxes	(375)	16,040
Unrealized losses from derivatives	2,499	—
Non-cash effect of discontinued operations, net	1,467	(36)
Gain on sale of properties	—	(12)
Working capital provided by operations	32,379	80,155
Decrease in accounts receivable	747	8,128
Increase in other current assets	(2,691)	(29)
Increase (decrease) in accounts payable and accrued expenses	(8,203)	420
Net cash provided by operating activities	22,232	88,674
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of properties	300	46
Capital expenditures and acquisitions	(37,568)	(59,092)
Net cash used for operating activities	(37,268)	(59,046)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	20,736	8,730
Proceeds from issuance of senior notes	75,000	—
Debt issuance costs	(2,217)	—
Proceeds from common stock issuance	981	2,010
Principal payments on debt	(83,524)	(46,226)
Preferred stock dividends paid	(795)	(795)
Net cash provided by (used for) financing activities	10,181	(36,281)
Net decrease in cash and cash equivalents	(4,855)	(6,653)
Cash and cash equivalents, beginning of period	6,122	7,105
Cash and cash equivalents, end of period	$ 1,267	$ 452

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2002
(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 ("Comstock") as of June 30, 2002 and the related results of operations for the three months and six months ended June 30, 2002 and 2001 and cash flows for the six months ended June 30, 2002 and 2001.

The accompanying unaudited consolidated 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 Comstock believes that the disclosures made are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in Comstock's Annual Report on Form 10-K for the year ended December 31, 2001.

The results of operations for the three months and six months ended June 30, 2002 are not necessarily an indication of the results expected for the full year.

Supplementary Information With Respect to the Consolidated Statements of Cash Flows -

	For the Six Months Ended June 30,	
	2002	2001
	(In thousands)	
Cash Payments -		
Interest payments	$ 13,436	$ 10,680
Income tax payments	—	243
Noncash Investing and Financing Activities -		
Value of warrants issued under exploration agreement	$ 327	$ 997

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. Due to the net loss for the six months ended June 30, 2002, common stock equivalents and convertible securities are anti-dilutive. Therefore basic and diluted loss per share for the six months ended June 30, 2002 are the same. Basic and diluted earnings per share for the three months and six months ended June 30, 2002 and 2001 were determined as follows:

	For the Three Months Ended June 30,					
	2002			2001		
	Income	Shares	Per Share	Income	Shares	Per Share
	(Amounts in thousands except per share data)					
Basic Earnings Per Share:						
Income from Continuing Operations	$ 3,606	28,776		$ 12,686	29,252	
Less Preferred Stock Dividends	(400)	—		(400)	—	
Net Income from Continuing Operations Available to Common Stockholders	3,206	28,776	$ 0.11	12,286	29,252	$ 0.42
Income from Discontinued Operations	(403)	28,776	(0.01)	152	29,252	0.01
Net Income Available to Common Stockholders	$ 2,803	28,776	$ 0.10	$ 12,438	29,252	$ 0.43
Diluted Earnings Per Share:						
Income from Continuing Operations	$ 3,606	28,776		$ 12,686	29,252	
Effect of Dilutive Securities:						
Stock Options	—	873		—	1,257	
Convertible Preferred Stock	—	4,393		—	4,393	
Net Income from Continuing Operations Available to Common Stockholders With Assumed Conversions	3,606	34,042	$ 0.11	12,686	34,902	$ 0.36
Income from Discontinued Operations	(403)	34,042	(0.02)	152	34,902	0.01
Net Income Available to Common Stockholders	$ 3,203	34,042	$ 0.09	$ 12,838	34,902	$ 0.37

	For the Six Months Ended June 30,					
	2002			2001		
	Income (Loss)	Shares	Per Share	Income (Loss)	Shares	Per Share
	(Amounts in thousands except per share data)					
Basic Earnings Per Share:						
Income (Loss) from Continuing Operations . . .	$ (697)	28,678		$ 36,474	29,127	
Less Preferred Stock Dividends	(795)	—		(795)	—	
Net Income (Loss) from Continuing Operations Available to Common Stockholders	(1,492)	28,678	$ (0.05)	35,679	29,127	$ 1.22
Income (Loss) from Discontinued Operations	(1,129)	28,678	(0.04)	338	29,127	0.02
Net Income (loss) Available to Common Stockholders	$ (2,621)	28,678	$ (0.09)	$ 36,017	29,127	$ 1.24
Diluted Earnings Per Share:						
Income (loss) from Continuing Operations . . .				$ 36,474	29,127	
Effect of Dilutive Securities:						
Stock Options				—	1,447	
Convertible Preferred Stock				—	4,393	
Net Income (Loss) from Continuing Operations Available to Common Stockholders With Assumed Conversions				36,474	34,967	$ 1.04
Income (Loss) from Discontinued Operations				338	34,967	0.01
Net Income (loss) Available to Common Stockholders				$ 36,812	34,967	$ 1.05

Derivative Instruments and Hedging Activities

Comstock uses swaps, floors and collars to hedge oil and natural gas prices. Swaps are settled monthly based on differences between the prices specified in the instruments and the settlement prices of futures contracts quoted on the New York Mercantile Exchange. Generally, when the applicable settlement price is less than the price specified in the contract, Comstock receives a settlement from the counterparty based on the difference multiplied by the volume hedged. Similarly, when the applicable settlement price exceeds the price specified in the contract, Comstock pays the counterparty based on the difference. Comstock generally receives a settlement from the counterparty for floors when the applicable settlement price is less than the price specified in the contract, which is based on the difference multiplied by the volumes hedged. For collars, Comstock generally receives a settlement from the counterparty when the settlement price is below the floor and pays a settlement to the counterparty when the settlement price exceeds the cap. No settlement occurs when the settlement price falls between the floor and cap.

On July 9, 2002, Comstock entered into an agreement with a subsidiary of Enron Corporation ("Enron") to settle all outstanding derivative financial instruments between Comstock and Enron effective as of April 23, 2002. Comstock agreed to pay $3.0 million to Enron to cancel a natural gas price swap agreement covering 2,466,668 MMBtus at a fixed price of $2.40 and a natural gas price floor position covering 986,668 MMBtus at $1.90. Accordingly, these positions have been valued at the settlement price as of June 30, 2002.

The following table sets out the derivative financial instruments, excluding the Enron positions, outstanding at June 30, 2002, which are held for natural gas price risk management:

Period Beginning	Period Ending	Volume (MMBtu)	Type of Instrument	Swap Price	Floor Price	Ceiling Price
July 1, 2002	October 31, 2002	3,040,000	Swap	$3.44	—	—
July 1, 2002	October 31, 2002	1,600,000	Swap	$3.50	—	—
July 1, 2002	October 31, 2002	1,440,000	Swap	$3.48	—	—
July 1, 2002	December 31, 2002	1,275,000	Floor	—	$2.00	—
July 1, 2002	December 31, 2002	450,000	Collar	—	$4.00	$6.75
		7,805,000				
January 1, 2003	December 31, 2003	2,250,000	Floor	—	$2.00	—
		10,055,000				

Comstock has designated the swap positions which were entered into in March 2002 as cash flow hedges. The floor and collar positions acquired in the acquisition of DevX Energy, Inc. in December 2001 have not been designated as hedges. Comstock realized gains of $363,000 in the first six months of 2002 on the positions designated as hedges. These gains were included in oil and gas sales. For the three months and six months ended June 30, 2002, Comstock realized gains of $12,000 and $403,000, respectively, on the positions not designated as hedges.

Comstock periodically enters into interest rate swap agreements to hedge the impact of interest rate changes on its floating rate long-term debt. Comstock had an interest rate swap agreement covering $25.0 million of its floating rate debt, which fixed the LIBOR rate at 4.5% for one year through April 2002. Comstock has designated this position as a hedge. As a result of this interest rate hedge, Comstock realized losses of $218,000 for the six months ended June 30, 2002 which were included in interest expense. As of June 30, 2002, Comstock had no open interest rate derivative financial instruments outstanding.

The fair value of all derivative financial instruments is included on the consolidated balance sheet at the fair value. Comstock estimates fair value based on quotes obtained from the counterparties to the derivative contract. The fair value of derivative contracts that expire in less than one year are recognized as current assets or liabilities. Those that expire in more than one year are recognized as long-term assets or liabilities. Derivative financial instruments that are not accounted for as hedges are adjusted to fair value through income. If the derivative is designated as a cash flow hedge, changes in fair value are recognized in other comprehensive income until the hedged item is recognized in earnings.

Comstock had a loss of $204,000 and $2.2 million for the three months and six months ended June 30, 2002, respectively related to the derivative contracts not accounted for hedges. The loss on derivatives for the six months ended June 30, 2002 was comprised of a $2.6 million unrealized loss and a $403,000 realized gain. For the derivative contracts designated as cash flow hedges, the change in fair value of these instruments resulted in an unrealized after tax gain of $792,000 which was recognized in other comprehensive income.

New Accounting Standard

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 146, "Accounting for Costs Associated with Exit or Disposal Activities". The Statement establishes accounting and reporting standards that are effective for exit or disposal activities beginning after December 31, 2002 which require that a liability be recognized for an exit or disposal activity when that liability is incurred.

(2) LONG-TERM DEBT -

As of June 30, 2002, Comstock's long-term debt was comprised of the following:

	(In thousands)
Revolving Bank Credit Facility	$ 164,000
11¼% Senior Notes due 2007	220,000
Other	676
	384,676
Less current portion	(674)
	$ 384,002

Comstock's bank credit facility consists of a $350.0 million three-year revolving credit commitment provided by a syndicate of banks for which Toronto Dominion (Texas), Inc. serves as administrative agent. The credit facility is subject to borrowing base availability, which is redetermined semiannually based on the banks' estimates of the future net cash flows of Comstock's oil and natural gas properties. The borrowing base at June 30, 2002 was $250.0 million. The revolving credit line bears interest, based on the utilization of the borrowing base, at the option of Comstock at either (i) LIBOR plus 1.5% to 2.375% or (ii) the base rate plus 0.5% to 1.375%. The facility matures on January 2, 2005. Indebtedness under the bank credit facility is secured by substantially all of Comstock's assets. The bank credit facility contains covenants that, among other things, restrict the payment of cash dividends, limit the amount of consolidated debt and limit Comstock's ability to make certain loans and investments. Financial covenants include the maintenance of a current ratio, maintenance of tangible net worth and maintenance of an interest coverage ratio. Comstock was in compliance with all the covenants during the three months and six months ended June 30, 2002.

Comstock issued $150.0 million in aggregate principal amount of 11¼% Senior Notes due in 2007 (the "Notes") on April 29, 1999. Interest on the Notes is payable semiannually on May 1 and November 1, commencing on November 1, 1999. The Notes are unsecured obligations of Comstock. The Notes can be redeemed beginning on May 1, 2004. Comstock repurchased $5.0 million of the Notes in July 2001.

On March 7, 2002, Comstock closed on a private placement of $75.0 million of the Notes at a net price of 97.25% after placements agents' discount. As a result of this transaction, $220.0 million of the aggregate principal amount of the Notes are outstanding. The net proceeds from the offering were used to reduce amounts outstanding under the bank credit facility.

(3) DISCONTINUED OPERATIONS -

In April 2002, Comstock sold certain marginal oil and gas properties for cash proceeds of $300,000 plus forgiveness of certain accounts payable related to the properties. The properties sold include various interests in nonoperated properties in Nueces, Hardeman and Montague counties in Texas. The properties sold were written down to the net realizable value in March 2002 resulting in a loss of $769,000, net of income taxes. In July 2002, Comstock sold certain oil and gas properties in Wharton County, Texas for cash proceeds of $3.2 million. These properties were written down to their net realizable value as of June 30, 2002 resulting in an after tax loss of $387,000. The sold properties, including the losses on disposal, have been presented as discontinued operations in the accompanying consolidated statements of operations.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders of
Comstock Resources, Inc.:

We have reviewed the accompanying consolidated balance sheet of Comstock Resources, Inc. and subsidiaries (a Nevada corporation) as of June 30, 2002, and the related consolidated statements of operations for the three and six month periods ended June 30, 2002, and the consolidated statement of cash flows for the six month period ending June 30, 2002. These consolidated financial statements are the responsibility of the Company's management.

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

(signed) KPMG LLP

Dallas, Texas
August 6, 2002

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 June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Net Production Data:				
Oil (Mbbls)	335	392	676	804
Natural gas (Mmcf)	8,534	7,037	16,756	14,440
Natural gas equivalent (Mmcfe)	10,543	9,392	20,812	19,265
Average Sales Price:				
Oil (per Bbl)	$ 24.95	$ 26.97	$ 22.79	$ 27.60
Natural gas (per Mcf)	3.47	5.03	2.93	6.28
Average equivalent price (per Mcfe)	3.60	4.90	3.10	5.86
Expenses ($ per Mcfe):				
Oil and gas operating(1)	$ 0.80	$ 0.87	$ 0.80	$ 0.91
General and administrative	0.10	0.11	0.10	0.09
Depreciation, depletion and amortization(2)	1.30	1.24	1.29	1.20
Cash Margin ($ per Mcfe)(3)	$ 2.70	$ 3.92	$ 2.21	$ 4.86

(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 -

Our sales of oil and natural gas decreased $8.0 million (17%) in the second quarter of 2002 to $38.0 million, from $46.0 million in 2001's second quarter due to a significant drop in our realized crude oil and natural gas prices. Our average natural gas price decreased by 31% and our average crude oil price fell by 7% in the second quarter of 2002 as compared to 2001. Production in the second quarter of 2002 increased 12% over production in the second quarter of 2001. For the first half of 2002, our oil and gas sales decreased $48.4 million (43%) to $64.5 million from $112.9 million for the six months ended June 30, 2001. The decrease is primarily attributable to 53% lower realized natural gas prices and the 17% lower realized crude oil prices in 2002 as compared to 2001. In the first six months of 2002, production on an equivalent basis, increased by 8%. The increases in production relate to the acquisition of DevX Energy, Inc. ("DevX") which was completed in December 2001.

Other income decreased to $79,000 in the second quarter of 2002 from $121,000 from the second quarter of 2001. Other income for the six months ended June 30, 2002 decreased to $199,000 in 2002 from $268,000 in 2001. The decreases relate to a decrease in interest earned on our cash deposits resulting from the decline in interest rates.

Costs and Expenses -

Our oil and gas operating expenses, including production taxes, increased $0.3 million (4%) to $8.5 million in the second quarter of 2002 from $8.2 million in the second quarter of 2001. Oil and gas operating expenses per equivalent Mcf produced decreased $0.07 to $0.80 in the second quarter of 2002 from $0.87 in the second quarter of 2001. The increase in operating expenses is related to the lifting costs of properties acquired in the acquisition of DevX, which was partially offset by lower production taxes resulting from the lower oil and gas prices. Oil and gas operating costs for the six months ended June 30, 2002 decreased $1.0 million (6%) to $16.6 million from $17.6 million for the six months ended June 30, 2001. Oil and gas operating expenses per equivalent Mcf produced decreased $0.11 to $0.80 for six months ended June 30, 2002 from $0.91 for the same period in 2001. The decrease is primarily due to lower production taxes as a result of the significantly lower oil and gas prices which is partially offset by the additional operating costs related to the DevX properties.

In the second quarter of 2002, we had a $1.0 million provision for exploration expense as compared to a $0.5 million in 2001's second quarter. The provision in the second quarter of 2002 primarily relates to an exploratory dry hole drilled at South Pelto Block 1. For the six months ended June 30, 2002 we had a provision for exploration expenses totaling $3.0 million as compared to $3.3 million in the same period in 2001. The 2002 provision primarily related to two offshore exploratory dry holes drilled in 2002.

Depreciation, depletion and amortization ("DD&A") increased $2.0 million (17%) to $14.1 million in the second quarter of 2002 from $12.0 million in the second quarter of 2001 due to a 12% increase in our production and a 5% increase in average amortization rate. DD&A per equivalent Mcf produced increased by $0.06 to $1.30 for the three months ended June 30, 2002 from $1.24 for the quarter ended June 30, 2001. For the six months ended June 30, 2002, DD&A increased $3.6 million (15%) to $27.5 million from $23.9 million for the six months ended June 30, 2001. The increase is also due to the 8% increase in production and a higher average amortization rate. DD&A per equivalent Mcf increased by $0.09 to $1.29 for the six months ended June 30, 2002 from $1.20 for the six months ended June 30, 2001.

General and administrative expenses, which are reported net of overhead reimbursements, of $1.1 million for the second quarter of 2002 were 8% higher than general and administrative expenses of $1.0 million for the second quarter of 2001. For the first six months of 2002, general and administrative expenses increased to $2.0 million from $1.8 million for the six months ended June 30, 2001. The increases are due primarily to an increase in our personnel costs in 2002.

Interest expense increased $2.7 million (55%) to $7.7 million for the second quarter of 2002 from $5.0 million in the second quarter of 2001. Interest expense for the six months ended June 30, 2002 increased $4.0 million (39%) to $14.5 million from $10.5 million for the six months ended June 30, 2001. The increases are attributable to higher borrowings outstanding under our bank credit facility and the issuance of an additional $75.0 million of our 11¼% Senior Notes on March 7, 2002. The increase in debt is attributable to borrowings made to finance the DevX acquisition. The average outstanding balance under our bank credit facility increased to $165.9 million and $182.9 million in the second quarter of 2002 and the six months ended June 30, 2002, respectively, as compared to $52.4 million and $61.4 million in the second quarter of 2001 and six months ended June 30, 2001, respectively. The higher debt was offset partially by a lower interest rate on our bank credit facility. The weighted average annual interest rate for borrowings under our bank credit facility decreased to 3.6% for the second quarter of 2002 as compared to 5.8% for the second quarter of 2001. The weighted average annual rate for the first half of 2002 was 3.9% as compared to 6.6% for the first half of 2001.

Comstock reported net income from continuing operations of $3.2 million for the three months ended June 30, 2002, as compared to net income from continuing operations of $12.3 million for the three months ended June 30, 2001. Net income per share from continuing operations for the second quarter was $0.11 on weighted average diluted shares outstanding of 34.0 million as compared to $0.36 for the second quarter of 2001 on weighted average diluted shares outstanding of 34.9 million. The net loss from continuing operations for the six months ended June 30, 2002 was $1.5 million, as compared to net income of $35.7 million for the six months ended June 30, 2001. The net loss from continuing operations per common share for the six months ended June 30, 2002 was $0.05 as compared to $1.22 ($1.04 per diluted common share) for the six months ended June 30, 2001.

In April 2002 and July 2002, we sold certain oil and gas properties, which resulted in a loss of $1.8 million. The operating results of these properties have been reflected as discontinued operations in the consolidated financial statements including the losses on disposal.

Liquidity and Capital Resources

Funding for our activities has historically been provided by our operating cash flow, debt or equity financings or asset dispositions. For the six months ended June 30, 2002, our net cash flow provided by operating activities before changes to other working capital accounts totaled $32.4 million. Our other primary funding sources in the first six months of 2002 were borrowings of $20.0 million under our bank credit facility and proceeds of $75.0 million received from the issuance of our 11¼% Senior Notes.

Our primary needs for capital, in addition to funding our ongoing operations, relate to the acquisition, development and exploration of our oil and gas properties and the repayment of our debt. For the six months ended June 30, 2002, we incurred capital expenditures of $37.6 million for development and exploration activities. We also repaid $83.0 million of borrowings under our bank credit facility.

The following table summarizes our capital expenditure activity for the six months ended June 30, 2002 and 2001:

	Six Months Ended June 30,	
	2002	**2001**
	(In thousands)	
Acquisitions	$ —	$ 250
Leasehold costs	5,391	6,804
Development drilling	11,504	25,178
Exploratory drilling	15,510	23,539
Offshore production facilities	2,323	306
Workovers and recompletions	2,745	2,933
Other	95	82
	$ 37,568	$ 59,092

The timing of most of our capital expenditures is discretionary because we have no material long-term capital expenditure commitments. Consequently, we have a significant degree of flexibility to adjust the level of our capital expenditures as circumstances warrant. We spent $37.5 million and $58.8 million on development and exploration activities in the six months ended June 30, 2002 and 2001, respectively. We have budgeted approximately $75.0 million for development and exploration projects in 2002. We expect to use internally generated cash flow to fund development and exploration activity.

We do not have a specific acquisition budget for 2002 since the timing and size of acquisitions are not predictable. We intend to use borrowings under our 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 our financial condition and performance and some of which will be beyond our control, such as prevailing interest rates, oil and natural gas prices and other market conditions.

On December 17, 2001, we entered into a new three year $350.0 million revolving credit facility with Toronto Dominion (Texas), Inc. as administrative agent. Indebtedness under the new bank credit facility is secured by substantially all of our assets. The revolving credit line is subject to borrowing base availability, which will be redetermined semiannually based on the banks' estimates of the future net cash flows of our oil and gas properties. The current borrowing base is $250.0 million. The borrowing base may be affected by the performance of our properties and changes in oil and gas prices. The determination of the borrowing base is at the sole discretion of the administrative agent and the bank group. The revolving credit line bears interest, based on the utilization of the borrowing base, at our option at either (i) LIBOR plus 1.5% to 2.375% or (ii) the base rate plus 0.5% to 1.375%. The bank credit facility matures on January 2, 2005 and contains covenants that, among other things, restrict our ability to pay cash dividends, limit the amount of our consolidated debt and limit our ability to make certain loans and investments. Financial covenants include the maintenance of a current ratio, maintenance of tangible net worth and maintenance of an interest coverage ratio.

On March 7, 2002, we closed the sale in a private placement of $75.0 million of our 11¼% Senior Notes due 2007 (the "Notes") at a net price of 97.25% after the placements agents' discount. As a result of this transaction, $220.0 million of aggregate principal amount of the Notes were outstanding. The net proceeds were used to reduce amounts outstanding under our bank credit facility.

We believe that our cash flow from operations and our available borrowings under the new bank credit facility will be sufficient to fund our operations and future growth as contemplated under our current business plan. However, if our plans or assumptions change or if our assumptions prove to be inaccurate, we may be required to seek additional capital. We cannot provide any assurance that we will be able to obtain such capital, or if such capital is available, that we will be able to obtain it on acceptable terms.

On September 11, 2001, the United States was the target of terrorist attacks of unprecedented scope. These attacks caused major instability in the U.S. and other financial markets. Leaders of the U.S. government have announced their intention to actively pursue those behind the attacks and to possibly initiate broader action against global terrorism. The attacks and any response may lead to armed hostilities or further acts of terrorism in the United States or elsewhere, and such developments, coupled with the recent turmoil created by various high-profile accounting scandals, would likely cause further instability in financial markets. The prices for oil and natural gas are volatile, and the recent terrorist attacks and future developments may increase the volatility of such prices. These developments may subject our operations to increased risks and, depending on their magnitude, could have a material adverse effect on our financial condition and results of operations, which, in all likelihood, would impair our ability to pay interest and repay the principal on our outstanding debt. Our business success also depends somewhat on factors beyond our control, including changes in national and local economic conditions, interest rates and federal, state and local laws. Any substantial deterioration in any of the foregoing conditions could have a material adverse effect on our financial condition and results of operations, which, in all likelihood, would impair our ability to pay interest and repay the principal on our outstanding debt.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Oil and Natural Gas Prices

Our financial condition, results of operations and capital resources are highly dependent upon the prevailing market prices of oil and natural gas. These commodity prices are subject to wide fluctuations and market uncertainties due to a variety of factors that are beyond our control. Factors influencing oil and natural gas prices include the level of global demand for crude oil, the foreign supply of oil and natural gas, the establishment of and compliance with production quotas by oil exporting countries, weather conditions that determine the demand for natural gas, the price and availability of alternative fuels and overall economic conditions. It is impossible to predict future oil and natural gas prices with any degree of certainty. Sustained weakness in oil and natural gas prices may adversely affect our financial condition and results of operations, and may also reduce the amount of oil and natural gas reserves that we can produce economically. Any reduction in our oil and natural gas reserves, including reductions due to price fluctuations, can have an adverse effect on our ability to obtain capital for our exploration and development activities. Similarly, any improvements in oil and natural gas prices can have a favorable impact on our financial condition, results of operations and capital resources. Based on our oil and natural gas production in the six months ended June 30, 2002, a $1.00 change in the price per barrel of oil would have resulted in a change in our cash flow for such period by approximately $16.1 million and a $1.00 change in the price per Mcf of natural gas would have changed our cash flow by approximately $0.7 million.

We periodically use hedging transactions with respect to a portion of our oil and natural gas production to mitigate our exposure to price changes. While the use of these hedging arrangements limits the downside risk of price declines, such use may also limit any benefits that may be derived from price increases. We use swaps, floors and collars to hedge oil and natural gas prices. Swaps are settled monthly based on differences between the prices specified in the instruments and the settlement prices of futures contracts quoted on the New York Mercantile Exchange. Generally, when the applicable settlement price is less than the price specified in the contract, we receive a settlement from the counterparty based on the difference multiplied by the volume hedge. Similarly, when the applicable settlement price exceeds the price specified in the contract, we pay the counterparty based on the difference. We generally receive a settlement from the counterparty for floors when the applicable settlement price is less than the price specified in the contract, which is based on the difference multiplied by the volumes hedged. For collars, we generally receive a settlement from the counterparty when the settlement price is below the floor and pay a settlement to the counterparty when the settlement price exceeds the cap. No settlement occurs when the settlement price falls between the floor and cap.

In March 2002, we hedged a portion of our natural gas production for the period April 2002 through October 2002 in order to increase the predictability of our cash flow from operations in order to support our planned 2002 drilling program. The hedges cover approximately 45% to 50% of our expected 2002 natural gas production from April 2002 to October 2002. We entered into price swaps covering 50 MMBtus per day of our natural gas production at an average price of $3.46. The price swaps are settled using the closing index price for natural gas delivered to the Houston Ship Channel for 38.2 MMBtus per day and the closing contract price for natural gas delivered to the Henry Hub on the New York Mercantile Exchange for 11.8 MMBtus per day. For the first six months of 2002 we realized gains of $363,000 on these hedge positions.

On July 9, 2002, Comstock entered into an agreement with a subsidiary of Enron Corporation ("Enron") to settle all outstanding derivative financial instruments between Comstock and Enron effective as of April 23, 2002. Comstock agreed to pay $3.0 million to Enron to cancel a natural gas price swap agreement covering 2,466,668 MMBtus at a fixed price of $2.40 and a natural gas price floor position covering 986,668 MMBtus at $1.90.

The following table sets out the derivative financial instruments outstanding at June 30, 2002, excluding the Enron positions, which are held for natural gas price risk management:

Period Beginning	Period Ending	Volume (MMBtu)	Type of Instrument	Swap Price	Floor Price	Ceiling Price
July 1, 2002	October 31, 2002	3,040,000	Swap	$3.44	—	—
July 1, 2002	October 31, 2002	1,600,000	Swap	$3.50	—	—
July 1, 2002	October 31, 2002	1,440,000	Swap	$3.48	—	—
July 1, 2002	December 31, 2002	1,275,000	Floor	—	$2.00	—
July 1, 2002	December 31, 2002	450,000	Collar	—	$4.00	$6.75
		7,805,000				
January 1, 2003	December 31, 2003	2,250,000	Floor	—	$2.00	—
		10,055,000				

The fair value of the commodity price derivative financial instruments at June 30, 2002 was a net liability of $1.6 million. Certain of the positions have not been designated as cash flow hedges. Changes in fair value of the derivative financial instruments not designated as cash flow hedges are recorded in earnings.

Interest Rates

At June 30, 2002, we had long-term debt of $384.0 million. Of this amount, $220.0 million bears interest at a fixed rate of 11¼%. We had $164.0 million outstanding under our revolving bank credit facility, which is subject to floating market rates of interest. Borrowings under the bank credit facility bear interest at a fluctuating rate that is linked to LIBOR or the corporate base rate, at our option. Any increases in these interest rates can have an adverse impact on our results of operations and cash flow. In March 2001, we entered into an interest rate swap agreement to hedge the impact of interest rate changes on $25.0 million of our floating rate debt beginning on April 30, 2001 and expiring on April 30, 2002. As a result of this interest rate swap, we realized a loss of $218,000 in the first six months of 2002. As of June 30, 2002, Comstock had no open interest rate derivative financial instruments outstanding.

PART II - OTHER INFORMATION

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

10.1*#	Employment Agreement dated June 1, 2002, by and between Comstock and M. Jay Allison.
10.2*#	Employment Agreement dated June 1, 2002, by and between Comstock and Roland O. Burns.
15.1*	Awareness Letter of KPMG LLP.
99.1*	Certification for the Chief Executive Officer as required by Section 906 of the Sarbanes-Oxley Act of 2002.
99.2*	Certification for the Chief Financial Officer as required by Section 906 of the Sarbanes-Oxley Act of 2002.

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*Filed herewith.
Management contract or compensatory plan document.

b. Reports on Form 8-K

Form 8-K Reports filed subsequent to March 31, 2002 are as follows:

Date	Item	Description
April 26, 2002	4	Changes in registrant's certifying accountant

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.

/s/M. JAY ALLISON

Date August 12, 2002

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

/s/ROLAND O. BURNS

Date August 12, 2002

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