

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 Quarterly Period Ended March 31, 2009

OR

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

Commission File No. 001-03262

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 such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

The number of shares outstanding of the registrant's common stock, par value \$.50, as of May 6, 2009 was 46,457,595.

COMSTOCK RESOURCES, INC.

QUARTERLY REPORT

For The Quarter Ended March 31, 2009

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
<i>(In thousands)</i>		
Cash and Cash Equivalents	\$ 963	\$ 6,281
Accounts Receivable:		
Oil and gas sales	24,120	34,401
Joint interest operations	7,972	7,876
Marketable Securities	15,351	48,868
Derivative Financial Instruments	18,369	13,974
Deferred Income Tax Asset	15,201	4,995
Other Current Assets	13,398	13,633
Total current assets	<u>95,374</u>	<u>130,028</u>
Property and Equipment:		
Unevaluated oil and gas properties	115,305	116,489
Oil and gas properties, successful efforts method	2,059,107	1,960,544
Other property and equipment	6,128	6,162
Accumulated depreciation, depletion and amortization	<u>(685,617)</u>	<u>(638,480)</u>
Net property and equipment	1,494,923	1,444,715
Other Assets	2,950	3,147
	<u>\$ 1,593,247</u>	<u>\$ 1,577,890</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts Payable	\$ 88,537	\$ 99,460
Accrued Expenses	7,498	14,995
Total current liabilities	<u>96,035</u>	<u>114,455</u>
Long-term Debt	265,000	210,000
Deferred Income Taxes Payable	184,484	185,870
Reserve for Future Abandonment Costs	5,678	5,480
Total liabilities	<u>551,197</u>	<u>515,805</u>
Commitments and Contingencies		
Stockholders' Equity:		
Common stock – \$0.50 par, 50,000,000 shares authorized, 46,457,595 and 46,442,595 shares outstanding at March 31, 2009 and December 31, 2008, respectively	23,229	23,221
Additional paid-in capital	420,417	415,875
Retained earnings	608,249	613,906
Accumulated other comprehensive income (loss)	<u>(9,845)</u>	<u>9,083</u>
Total stockholders' equity	<u>1,042,050</u>	<u>1,062,085</u>
	<u>\$ 1,593,247</u>	<u>\$ 1,577,890</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,	
	2009	2008
	<i>(In thousands, except per share amounts)</i>	
Revenues:		
Oil and gas sales	\$ 68,351	\$ 127,721
Operating expenses:		
Oil and gas operating	16,959	21,202
Exploration	13	2,238
Depreciation, depletion and amortization	47,272	41,505
General and administrative, net	9,819	6,164
Loss on sales of assets	—	240
Total operating expenses	<u>74,063</u>	<u>71,349</u>
Operating income (loss) from continuing operations	(5,712)	56,372
Other income (expenses):		
Interest income	22	161
Other income	63	22
Interest expense	(2,162)	(9,951)
Total other income (expenses)	<u>(2,077)</u>	<u>(9,768)</u>
Income (loss) from continuing operations before income taxes	(7,789)	46,604
Benefit from (provision for) income taxes	2,132	(17,202)
Income (loss) from continuing operations	<u>(5,657)</u>	<u>29,402</u>
Income from discontinued operations after income taxes and minority interest	—	11,693
Net income (loss)	<u>\$ (5,657)</u>	<u>\$ 41,095</u>
Basic net income (loss) per share:		
Continuing operations	\$ (0.12)	\$ 0.65
Discontinued operations	—	0.26
	<u>\$ (0.12)</u>	<u>\$ 0.91</u>
Diluted net income (loss) per share:		
Continuing operations	\$ (0.12)	\$ 0.64
Discontinued operations	—	0.26
	<u>\$ (0.12)</u>	<u>\$ 0.90</u>
Weighted average shares outstanding:		
Basic	44,941	44,179
Diluted	<u>44,941</u>	<u>44,567</u>

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE LOSS**

For the Three Months Ended March 31, 2009

(Unaudited)

		<u>Common Stock (Shares)</u>	<u>Common Stock – Par Value</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
<i>(In thousands)</i>							
Balance at January 1, 2009	\$	46,443	\$ 23,221	\$ 415,875	\$ 613,906	\$ 9,083	\$ 1,062,085
Exercise of stock options and warrants		15	8	196	—	—	204
Stock-based compensation		—	—	3,667	—	—	3,667
Tax benefit from stock-based compensation		—	—	679	—	—	679
Net loss		—	—	—	(5,657)	—	(5,657)
Unrealized hedging gain, net of income taxes		—	—	—	—	2,857	2,857
Unrealized loss on marketable securities, net of income taxes		—	—	—	—	(21,785)	(21,785)
Total comprehensive loss		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(24,585)</u>
Balance at March 31, 2009	\$	<u>46,458</u>	<u>\$ 23,229</u>	<u>\$ 420,417</u>	<u>\$ 608,249</u>	<u>\$ (9,845)</u>	<u>\$ 1,042,050</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,

2009	2008
------	------

(In thousands)

CASH FLOWS FROM CONTINUING OPERATIONS:

Cash Flows From Operating Activities:

Net income (loss)	\$ (5,657)	\$ 41,095
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Income from discontinued operations	—	(11,693)
Deferred income taxes	(721)	15,232
Dry hole costs and lease impairments	—	2,238
Depreciation, depletion and amortization	47,272	41,505
Loss on sales of assets	—	240
Debt issuance cost amortization	203	202
Stock-based compensation	3,667	2,678
Excess tax benefit from stock-based compensation	(679)	(670)
Decrease (increase) in accounts receivable	10,185	(15,665)
Decrease (increase) in other current assets	235	(158)
Decrease in accounts payable and accrued expenses	(14,043)	(20,647)
Net cash provided by operating activities from continuing operations	40,462	54,357

Cash Flows From Investing Activities:

Capital expenditures	(101,657)	(61,500)
Proceeds from asset sales	—	11
Net cash used for investing activities from continuing operations	(101,657)	(61,489)

Cash Flows From Financing Activities:

Borrowings	55,000	—
Proceeds from issuance of common stock	204	2,452
Excess tax benefit from stock-based compensation	679	670
Debt issuance costs	(6)	—
Net cash provided by financing activities from continuing operations	55,877	3,122
Net cash used for continuing operations	(5,318)	(4,010)

CASH FLOWS FROM DISCONTINUED OPERATIONS:

Net cash provided by operating activities	—	78,456
Net cash used for investing activities	—	(52,720)
Net cash used for financing activities	—	(25,736)
Net cash provided by discontinued operations	—	—
Net decrease in cash and cash equivalents	(5,318)	(4,010)
Cash and cash equivalents, beginning of period	6,281	5,565
Cash and cash equivalents, end of period	\$ 963	\$ 1,555

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009
(Unaudited)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –

Basis of Presentation

In management's opinion, the accompanying unaudited 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" or the "Company") as of March 31, 2009 and the related results of operations and cash flows for the three months ended March 31, 2009 and 2008.

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 accounting principles generally accepted in the United States 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 unaudited 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, 2008.

The results of operations for the three months ended March 31, 2009 are not necessarily an indication of the results expected for the full year.

These unaudited consolidated financial statements include the accounts of Comstock and subsidiaries in which it has a controlling interest. Intercompany balances and transactions have been eliminated in consolidation.

Discontinued Operations

The Company's offshore operations were conducted through its subsidiary Bois d'Arc Energy, Inc. ("Bois d'Arc Energy"). On August 28, 2008, Bois d'Arc Energy completed a merger with Stone Energy Corporation ("Stone") pursuant to which each outstanding share of Bois d'Arc Energy was exchanged for cash in the amount of \$13.65 per share and 0.165 shares of Stone common stock. As a result of this transaction, Comstock received net proceeds of \$439.0 million in cash and 5,317,069 shares of Stone common stock in exchange for its interest in Bois d'Arc Energy. In connection with the merger, Comstock agreed not to sell its shares of Stone common stock prior to August 28, 2009, and to certain other restrictions relating to its ownership of the Stone common stock.

As a result of the merger, the consolidated financial statements and the related notes thereto for 2008 present the Company's offshore operations as discontinued operations. No general and administrative or interest costs incurred by Comstock have been allocated to the discontinued operations during the periods presented. Unless indicated otherwise, the amounts presented in the accompanying notes to the consolidated financial statements relate to the Company's continuing operations.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Income from discontinued operations for the three months ended March 31, 2008 is comprised of the following:

	Three Months Ended March 31, 2008
Oil and gas sales	\$ 113,266
Total operating expenses	(54,087)
Operating income from discontinued operations	<u>59,179</u>
Other income (expense)	(1,145)
Provision for income taxes	(26,871)
Minority interest in earnings	(19,470)
Income from discontinued operations	<u>\$ 11,693</u>

Reclassifications

Certain reclassifications have been made to prior periods' financial statements to conform to the current presentation.

Marketable Securities

The Company received shares of Stone common stock as a portion of the proceeds from the sale of its interest in Bois d'Arc Energy. The Company does not exert influence over the operating and financial policies of Stone, and has classified its investment in these shares as an available-for-sale security in the consolidated balance sheet as of March 31, 2009. Available-for-sale securities are accounted for at fair value, with any unrealized gains and losses reported in the consolidated balance sheet within accumulated other comprehensive income (loss) as a separate component of stockholders' equity. The fair value of the Stone common stock includes a discount to the public market price to reflect certain trading restrictions. The Company utilizes the specific identification method to determine the cost of the securities sold.

The Company reviews its available-for-sale securities to determine whether a decline in fair value below the respective cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the security is written down to fair value and the amount of the write-down is included in the consolidated statement of operations. As of March 31, 2009, the decline in the fair value of the Stone common stock since December 31, 2008 was not determined to be other than temporary. As of March 31, 2009, the estimated fair value of the Stone shares was \$15.4 million after recognizing an unrealized loss before income taxes of \$33.5 million.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Asset Retirement Obligations

Comstock's asset retirement obligations relate to future plugging and abandonment expenses on its oil and gas properties and related facilities disposal. The following table summarizes the changes in Comstock's total estimated liability during the three months ended March 31, 2009 and 2008:

	Three months ended	
	March 31,	
	2009	2008
	<i>(In thousands)</i>	
Beginning asset retirement obligations	\$ 5,480	\$ 7,512
Accretion expense	75	112
New wells placed on production and changes in estimates	130	207
Liabilities settled and properties sold	(7)	(4)
Future abandonment liability — end of period	<u>\$ 5,678</u>	<u>\$ 7,827</u>

Derivative Instruments and Hedging Activities

Comstock periodically uses swaps, floors and collars to hedge oil and natural gas prices and interest rates. Swaps are settled monthly based on differences between the prices specified in the instruments and the settlement prices of futures contracts. Generally, when the applicable settlement price is less than the price specified in the contract, Comstock receives a settlement from the counter party based on the difference multiplied by the volume or amounts hedged. Similarly, when the applicable settlement price exceeds the price specified in the contract, Comstock pays the counter party based on the difference. Comstock generally receives a settlement from the counter party 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 volume hedged. For collars, generally Comstock receives a settlement from the counter party when the settlement price is below the floor and pays a settlement to the counter party when the settlement price exceeds the cap. No settlement occurs when the settlement price falls between the floor and cap.

In January 2008, Comstock entered into natural gas swaps which fix the price at \$8.00 per Mmbtu (at the Houston Ship Channel) for 520,000 Mmbtu's per month of production from certain properties in South Texas for the period February 2008 through December 2009. The Company designated these swaps at their inception as cash flow hedges. Realized gains and losses are included in oil and natural gas sales in the month of production. Changes in the fair value of derivative instruments designated as cash flow hedges, to the extent they are effective in offsetting cash flows attributable to the hedged risk, are recorded in other comprehensive income until the hedged item is recognized in earnings. Any change in fair value resulting from ineffectiveness is recognized currently in oil and natural gas sales as an unrealized gain or loss. The Company realized gains of \$5.9 million during the three months ended March 31, 2009 and losses of \$0.2 million during the three months ended March 31, 2008 which are included in oil and gas sales in the accompanying Consolidated Statements of Operations. Unrealized gains and losses related to derivative financial instruments recognized in other comprehensive loss include an unrealized gain of \$2.9 million, net of income taxes, for the three months ended March 31, 2009 and an unrealized loss of \$11.5 million, net of income taxes, for the three months ended March 31, 2008. As of March 31, 2009, the estimated fair value of the Company's derivative financial instruments, which equals their carrying value, was a net asset of \$18.4 million, which is classified as a current asset.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Stock-Based Compensation

Comstock accounts for employee stock-based compensation under the fair value method. Compensation cost is measured at the grant date based on the fair value of the award and is recognized over the award vesting period. During the three months ended March 31, 2009 and 2008, the Company recognized \$3.7 million and \$2.7 million, respectively, in stock-based compensation expense within general and administrative expenses related to stock option and restricted stock grants.

The fair value of stock option grants is estimated on the date of the grant using a Black-Scholes option pricing model. Some of the inputs to the option valuation model are subjective, including assumptions regarding expected stock price volatility. There were no stock option grants during the three months ended March 31, 2009. Total unrecognized compensation cost related to nonvested stock options of \$1.0 million as of March 31, 2009 is expected to be recognized over a period of 1.7 years. Stock options outstanding at March 31, 2009 totaled 456,870, of which 389,245 were exercisable.

As of March 31, 2009, Comstock had 1,502,625 shares of unvested restricted stock outstanding at a weighted average grant date fair value of \$36.43 per share. Total unrecognized compensation cost related to the unvested restricted stock grants of \$34.8 million as of March 31, 2009 is expected to be recognized over a period of 2.3 years.

Income Taxes

Deferred income taxes are provided to reflect the future tax consequences or benefits of differences between the tax basis of assets and liabilities and their reported amounts in the financial statements using enacted tax rates. The difference between the Company's customary rate of 35% and the effective tax rate on income from continuing operations is due to the following:

	Three Months Ended March 31,	
	2009	2008
Tax at statutory rate	35.0%	35.0%
Tax effect of:		
Nondeductible stock-based compensation	(7.3)	1.4
State income taxes, net of federal benefit	0.1	0.9
Other	(0.4)	(0.4)
Effective tax rate	27.4%	36.9%

The following is an analysis of consolidated income tax expense from continuing operations:

	Three Months Ended March 31,	
	2009	2008
	<i>(In thousands)</i>	
Current provision (benefit)	\$ (1,411)	\$ 1,970
Deferred provision (benefit)	(721)	15,232
Provision for (benefit from) income taxes	\$ (2,132)	\$ 17,202

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 and diluted earnings per share is determined with the effect of outstanding stock options that are potentially dilutive. On January 1, 2009, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") Staff Position EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities* ("FSP EITF 03-6-1"), which requires that unvested share-based payment awards containing non-forfeitable rights to dividends be considered participating securities and included in the computation of basic and diluted earnings per share pursuant to the two-class method. All prior period earnings per share data presented have been adjusted retrospectively for the effects of FSP EITF 03-6-1. The effect of adopting this new accounting standard on the three months ended March 31, 2008 was to decrease basic and diluted income from continuing operations by \$0.02 per share, increase diluted income per share from discontinued operations by \$0.01 per share and decrease total basic earnings per share by \$0.02 and total diluted earnings per share by \$0.01. Basic and diluted earnings per share for the three months ended March 31, 2009 and 2008, respectively, were determined as follows:

	Three Months Ended March 31,					
	2009			2008		
	Income	Shares	Per Share	Income	Shares	Per Share
	<i>(In thousands, except per share amounts)</i>					
Income (Loss) From Continuing Operations	\$ (5,657)			\$ 29,402		
Income (Loss) Allocable to Unvested Restricted Stock	181			(828)		
Basic Income (Loss) From Continuing Operations Attributable to Common Stock	\$ (5,476)	44,941	\$ (0.12)	\$ 28,574	44,179	\$ 0.65
Effect of Dilutive Securities:						
Stock Options	—	—	—	7	388	(0.01)
Diluted Income (Loss) From Continuing Operations Attributable to Common Stock	<u>\$ (5,476)</u>	<u>44,941⁽¹⁾</u>	<u>\$ (0.12)⁽¹⁾</u>	<u>\$ 28,581</u>	<u>44,567</u>	<u>\$ 0.64</u>
Income from Discontinued Operations				\$ 11,693		
Income Allocable to Unvested Restricted Stock				(329)		
Basic Income from Discontinued Operations Attributable to Common Stock				\$ 11,364	44,179	\$ 0.26
Effect of Dilutive Securities:						
Stock Options				3	388	—
Diluted Income from Discontinued Operations Attributable to Common Stock				<u>\$ 11,367</u>	<u>44,567</u>	<u>\$ 0.26</u>

(1) Basic and diluted are the same due to the net loss.

Stock options to purchase common stock at exercise prices in excess of the average actual stock price for the period that were anti-dilutive and that were excluded from the determination of diluted earnings per share are as follows:

	Three Months Ended March 31,	
	2009	2008
	<i>(In thousands except per share data)</i>	
Weighted average anti-dilutive stock options	536	175
Weighted average exercise price	\$ 22.88	\$ 32.89

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Fair Value Measurements

As of March 31, 2009, the Company held certain items that are required to be measured at fair value. These included cash equivalents held in money market funds, short-term marketable securities comprised of shares of Stone common stock, and derivative financial instruments in the form of natural gas price swap agreements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level hierarchy is followed for disclosure to show the extent and level of judgment used to estimate fair value measurements:

Level 1 – Inputs used to measure fair value are unadjusted quoted prices that are available in active markets for the identical assets or liabilities as of the reporting date.

Level 2 – Inputs used to measure fair value, other than quoted prices included in Level 1, are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities that are valued using models or other pricing methodologies that do not require significant judgment since the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data from actively quoted markets for substantially the full term of the financial instrument.

Level 3 – Inputs used to measure fair value are unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

The fair value of the Stone common stock recorded by the Company includes a discount from the quoted public market price to reflect the impact of a trading restriction. The Company determines the impact of the trading restriction on the fair value of the Stone common stock utilizing a standard option pricing model based on inputs that are either readily available in public markets or can be derived from information available in publicly quoted markets. Therefore, the Company has categorized the Stone common stock valuation as a Level 2 measurement. The Company's natural gas price swap agreements are not traded on a public exchange. The value of natural gas price swap agreements is determined utilizing a discounted cash flow model based on inputs that are not readily available in public markets and, accordingly, the valuation of these swap agreements has been categorized as a Level 3 measurement.

The following table summarizes financial assets and liabilities accounted for at fair value as of March 31, 2009:

	Portion of Carrying Value Measured at Fair Value as of March 31, 2009	Level 1	Level 2	Level 3
		<i>(In thousands)</i>		
Items measured at fair value on a recurring basis:				
Cash equivalents – money market funds	\$ 963	\$ 963	\$ —	\$ —
Marketable securities	15,351	—	15,351	—
Derivative financial instruments – natural gas price swaps	18,369	—	—	18,369
Total assets	<u>\$ 34,683</u>	<u>\$ 963</u>	<u>\$ 15,351</u>	<u>\$ 18,369</u>

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The following table summarizes the changes in the fair values of the natural gas swap derivative financial instruments, which are Level 3 liabilities, for the three months ended March 31, 2009:

	<i>(In thousands)</i>
Balance at January 1, 2009	\$ 13,974
Settlements	(5,912)
Total realized or unrealized gains (losses):	
Realized gain included in earnings	5,912
Unrealized gain included in other comprehensive income	4,395
Balance at March 31, 2009	<u>\$ 18,369</u>

Supplementary Information With Respect to the Consolidated Statements of Cash Flows

For the purpose of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At March 31, 2009 and December 31, 2008 the Company's cash investments consisted of prime shares in an institutional preferred money market fund.

The following is a summary of cash payments made for interest and income taxes:

	Three months ended	
	March 31,	
	2009	2008
	<i>(In thousands)</i>	
Cash Payments:		
Interest payments	\$ 6,576	\$ 12,923
Income tax payments	\$ 143	\$ 409

The Company capitalizes interest on its unevaluated oil and gas property costs during periods when it is conducting exploration activity on this acreage. For the three months ended March 31, 2009 the Company capitalized \$1.6 million of interest which reduced interest expense and increased the carrying value of its unevaluated oil and gas properties. The Company did not capitalize interest during the three months ended March 31, 2008.

Comprehensive Income

Comprehensive income (loss) consists of the following:

	Three Months Ended	
	March 31,	
	2009	2008
	<i>(In thousands)</i>	
Income (loss) from continuing operations	\$ (5,657)	\$ 29,402
Other comprehensive income (loss):		
Unrealized hedging gains (losses), net of income taxes of \$1.5 million and \$6.2 million, respectively	2,857	(11,478)
Unrealized loss on marketable securities, net of income taxes of \$11.7 million	(21,785)	—
Total from continuing operations	<u>(24,585)</u>	<u>17,924</u>
Income from discontinued operations, net of income taxes and minority interest	\$ —	\$ 11,693
Total comprehensive income (loss)	<u>\$ (24,585)</u>	<u>\$ 29,617</u>

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The following table provides a rollforward of the amounts included in accumulated other comprehensive income (loss), net of income taxes, for the three months ended March 31, 2009:

	Natural Gas Price Swap Agreements	Marketable Securities	Accumulated Other Comprehensive Income (Loss)
		<i>(In thousands)</i>	
Balance as of December 31, 2008	\$ 9,083	\$ —	\$ 9,083
Changes in value	8,769	(21,785)	(13,016)
Reclassification to earnings	(5,912)	—	(5,912)
Balance as of March 31, 2009	\$ 11,940	\$ (21,785)	\$ (9,845)

(2) LONG-TERM DEBT –

At March 31, 2009, long-term debt was comprised of:

	<i>(In thousands)</i>
Revolving Bank Credit Facility	\$ 90,000
6% Senior Notes due 2012	175,000
	\$ 265,000

Comstock has a \$850.0 million bank credit facility with a group of banks, including Bank of Montreal, as the administrative agent. The credit facility is a five-year revolving credit commitment that matures on December 15, 2011. Indebtedness under the credit facility is secured by Comstock's and its wholly-owned subsidiaries' oil and gas properties and is guaranteed by all of its subsidiaries. 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 may be affected by the performance of Comstock's properties and changes in oil and natural gas prices. The determination of the borrowing base is at the sole discretion of the administrative agent and the bank group. As of March 31, 2009, the borrowing base was \$590.0 million, \$500.0 million of which was available. Effective May 1, 2009 the borrowing base was redetermined by the Company's bank group at \$550.0 million and the credit facility was amended to provide that borrowings under the credit facility will bear interest, based on the utilization of the borrowing base, at Comstock's option at either (1) LIBOR plus 2% to 2.75% or (2) the base rate (which is the higher of the administrative agent's prime rate, the federal funds rate plus 0.5% or 30 day LIBOR plus 1.5%) plus 0.5% to 1.25%. A commitment fee of 0.5% is payable on the unused borrowing base. The credit facility contains covenants that, among other things, restrict the payment of cash dividends in excess of \$40.0 million, limit the amount of consolidated debt that Comstock may incur and limit the Company's ability to make certain loans and investments. The only financial covenants are the maintenance of a ratio of current assets, including availability under the bank credit facility, to current liabilities of at least one-to-one and maintenance of a minimum tangible net worth. The Company was in compliance with these covenants as of March 31, 2009.

The senior notes are unsecured obligations of Comstock and are guaranteed by all of Comstock's subsidiaries. As of March 31, 2009, Comstock has no assets or operations which are independent of its subsidiaries. There are no restrictions on the ability of Comstock to obtain funds from its subsidiaries through dividends or loans.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(3) COMMITMENTS AND CONTINGENCIES –

From time to time, Comstock is involved in certain litigation that arises in the normal course of its operations. The Company records a loss contingency for these matters when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company does not believe the resolution of these matters will have a material effect on the Company's financial position or results of operations.

In connection with its exploration and development activities, the Company contracts for drilling rigs under terms of up to three years. As of March 31, 2009, the Company had commitments for contracted drilling services of \$125.2 million. The Company also has entered into natural gas transportation agreements through May 2019. Minimum commitments under these transportation agreements as of March 31, 2009 totaled \$25.1 million.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
Comstock Resources, Inc.

We have reviewed the consolidated balance sheet of Comstock Resources, Inc. (a Nevada corporation) and subsidiaries (the Company) as of March 31, 2009, and the related consolidated statements of operations for the three month periods ended March 31, 2009 and 2008, the consolidated statement of stockholders' equity and comprehensive income for the three months ended March 31, 2009, and the consolidated statements of cash flows for the three months ended March 31, 2009 and 2008. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, 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 condensed consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Comstock Resources, Inc. and subsidiaries as of December 31, 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended [not presented herein], and in our report dated February 25, 2009, we expressed an unqualified opinion on those consolidated financial statements.

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2009 the Company adopted Financial Accounting Standards Board Staff Position EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Transactions are Participating Securities*, for the computation of basic and diluted earnings per share. We have not audited and reported on revised financial statements reflecting the adoption of this standard.

/s/ Ernst & Young LLP

Dallas, Texas
May 5, 2009

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

This report contains forward-looking statements that involve risks and uncertainties that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those anticipated in our forward-looking statements due to many factors. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in this report and in our annual report filed on Form 10-K for the year ended December 31, 2008.

Discontinued Operations

Our offshore operations were conducted through our subsidiary, Bois d'Arc Energy, Inc. ("Bois d'Arc Energy"). Bois d'Arc Energy was acquired by Stone Energy Corporation ("Stone") in exchange for a combination of cash and shares of Stone common stock on August 28, 2008. Accordingly, the offshore operations are presented as discontinued operations in our financial statements for all periods presented. Unless indicated otherwise, the amounts in the accompanying tables and discussion relate to our continuing operations.

Results of Operations

	Three Months Ended March 31,	
	2009	2008
	<i>(In thousands, except per unit amounts)</i>	
Net Production Data:		
Natural gas (Mmcf)	12,793	13,130
Oil (Mbbls)	216	243
Natural Gas equivalent (Mmcf)	14,088	14,586
Revenues:		
Natural gas sales	\$ 54,878	\$ 108,193
Hedging gains (losses)	5,912	(244)
Total natural gas sales including hedging	<u>60,790</u>	<u>107,949</u>
Oil sales	7,561	19,772
Total oil and gas sales	<u>\$ 68,351</u>	<u>\$ 127,721</u>
Expenses:		
Oil and gas operating expenses ⁽¹⁾	\$ 16,959	\$ 21,202
Exploration expense	\$ 13	\$ 2,238
Depreciation, depletion and amortization	\$ 47,272	\$ 41,505
Average Sales Price:		
Oil (per Bbl)	\$ 35.03	\$ 81.49
Natural gas (per Mcf)	\$ 4.29	\$ 8.24
Natural gas including hedging (per Mcf)	\$ 4.75	\$ 8.22
Average equivalent (Mcf)	\$ 4.43	\$ 8.77
Average equivalent including hedging (Mcf)	\$ 4.85	\$ 8.76
Expenses (\$ per Mcfe):		
Oil and gas operating ⁽¹⁾	\$ 1.20	\$ 1.45
Depreciation, depletion and amortization ⁽²⁾	\$ 3.34	\$ 2.84

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

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

Revenues –

Our oil and gas sales decreased \$59.3 million (46%) to \$68.4 million for the three months ended March 31, 2009 from \$127.7 million for the first quarter of 2008. This decrease is primarily related to lower natural gas and crude oil prices. Our average realized natural gas price decreased by 48% and our average realized crude oil price decreased by 57% in the first quarter of 2009 as compared to the first quarter of 2008. Our natural gas sales for the three months ended March 31, 2009 benefited from a gain of \$5.9 million from our hedging activities. The three months ended March 31, 2008 included a realized hedging loss of \$0.2 million. Our production in the first quarter of 2009 decreased by 3% to 14.1 Bcfe, as compared to 14.6 Bcfe in the first quarter of 2008. The decrease was mainly attributable to the divestitures of certain oil and gas properties we completed during 2008.

Costs and Expenses –

Our oil and gas operating expenses, including production taxes, decreased \$4.2 million (20%) to \$17.0 million in the first quarter of 2009 from \$21.2 million in the first quarter of 2008. Oil and gas operating expenses per equivalent Mcf produced decreased \$0.25 (17%) to \$1.20 in the first quarter of 2009 from \$1.45 in the first quarter of 2008. The decrease in operating expenses reflects lower production taxes resulting from lower oil and natural gas prices.

The decrease in exploration expense in the first quarter of 2009 is the result of no exploratory dry holes in the first quarter as compared to one dry hole drilled in the first quarter of 2008.

Depreciation, depletion and amortization ("DD&A") increased \$5.8 million (14%) to \$47.3 million in the first quarter of 2009 from DD&A of \$41.5 million in the first quarter of 2008. Our DD&A per equivalent Mcf produced increased \$0.50 (18%) to \$3.34 for the three months ended March 31, 2009 from \$2.84 for the three months ended March 31, 2008. These increases primarily reflect our higher drilling costs and downward revisions to the estimate of proved oil and gas reserves at the end of 2008 attributable to lower oil and natural gas prices.

General and administrative expense, which is reported net of overhead reimbursements, increased by \$3.6 million to \$9.8 million for the first quarter of 2009 as compared to general and administrative expense of \$6.2 million for the first quarter of 2008. Included in general and administrative expense is stock-based compensation of \$3.7 million and \$2.7 million for the three months ended March 31, 2009 and 2008, respectively. General and administrative costs increased due to increasing our professional staff which occurred throughout 2008 and the higher costs of stock-based compensation.

Interest expense decreased \$7.8 million (78%) to \$2.2 million for the first quarter of 2009 from interest expense of \$10.0 million in the first quarter of 2008. The decrease was primarily due to lower borrowings under our bank credit facility, lower interest rates and capitalizing interest. Our average borrowings outstanding decreased to \$64.9 million during the first quarter of 2009 as compared to \$508.1 million in the first quarter of 2008, and the average interest rate we were charged on borrowings outstanding under our credit facility decreased to 1.5% in the first quarter of 2009 as compared to 5.2% in the first quarter of 2008. We capitalized interest of \$1.6 million on our unevaluated properties during the three months ended March 31, 2009. No interest was capitalized during the three months ended March 31, 2008.

Income tax expense related to continuing operations decreased by \$19.3 million to a benefit of \$2.1 million for the three months ended March 31, 2009 as compared to a provision of \$17.2 million for the three months ended March 31, 2008. The operating loss incurred during the three months ended March 31, 2009 resulted in an income tax benefit.

We reported a net loss from continuing operations of \$5.7 million for the three months ended March 31, 2009, as compared to net income of \$29.4 million for the three months ended March 31, 2008. The loss was primarily related to lower natural gas and oil prices. The loss per share from continuing operations for the first quarter of 2009 was \$0.12 on weighted average shares outstanding of 44.9 million as compared to income per share of \$0.64 for the first quarter of 2008 on weighted average diluted shares outstanding of 44.6 million. Income from discontinued operations was \$11.7 million in the three months ended March 31, 2008.

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 three months ended March 31, 2009, our primary sources of funds were net cash flow from operations of \$40.5 million and borrowings under our bank credit facility of \$55.0 million. Our net cash flow from continuing operating activities decreased \$13.9 million (26%) to \$40.5 million in the first three months of 2009 from \$54.4 million for the three months ended March 31, 2008. This decrease is primarily due to the lower revenues we had in the first three months of 2009 primarily driven by lower natural gas and oil prices.

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. In the first three months of 2009, we incurred capital expenditures of \$97.3 million primarily for our development and exploration activities. We funded our capital program with cash flow provided by operating activities and borrowings under the bank credit facility.

The following table summarizes our capital expenditure activity, on an accrual basis, for the three months ended March 31, 2009 and 2008:

	Three months ended March 31,	
	2009	2008
	<i>(In thousands)</i>	
Leasehold costs	\$ 3,672	\$ 4,034
Development drilling	50,609	52,165
Exploratory drilling	38,279	2,479
Other development	4,696	3,363
	<u>97,256</u>	<u>62,041</u>
Other	25	419
	<u>\$ 97,281</u>	<u>\$ 62,460</u>

We expect to spend approximately \$360.0 million for development and exploration projects during 2009. We expect to fund our development and exploration activities with operating cash flow and with borrowings under our bank credit facility.

The timing of most of our capital expenditures is discretionary because we have no material long-term capital expenditure commitments except for commitments for contract drilling services. Consequently, we have a significant degree of flexibility to adjust the level of our capital expenditures as circumstances warrant. As of March 31, 2009 we have contracted for the services of drilling rigs through October 2012 at an aggregate cost of \$125.2 million and we have minimum commitments of \$25.1 million to transport natural gas through May 2019. We have obligations to incur future payments for dismantlement, abandonment and restoration costs of oil and gas properties. These payments are currently estimated to be incurred primarily after 2014. We record a separate liability for the fair value of these asset retirement obligations which totaled \$5.7 million as of March 31, 2009.

We have a \$850.0 million bank credit facility with a group of banks, including the Bank of Montreal, as the administrative agent. The credit facility is a five-year revolving credit commitment that matures on December 15, 2011. 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 our oil and natural gas properties. The borrowing base may be affected by the performance of our properties and changes in oil and natural gas prices. As of March 31, 2009 the borrowing base was \$590.0 million, \$500.0 million of which was available. Effective May 1, 2009 the borrowing base was redetermined by our bank group at \$550.0 million. Indebtedness under the bank credit facility is secured by substantially all of our and our subsidiaries' oil and gas properties and is guaranteed by all of our subsidiaries. Effective May 1, 2009 borrowings under the credit facility bear interest, based on the utilization of the borrowing base, at our option of either LIBOR plus 2.0% to 2.75% or the base rate (which is the higher of the administrative agent's prime rate, the federal funds rate plus 0.5%, or 30 day LIBOR plus 1.5%) plus 0.5% to 1.25%. A commitment fee of 0.5% is payable on the unused borrowing base. The credit facility contains covenants that, among other things, restrict the payment of cash dividends in excess of \$40.0 million, limit the amount of consolidated debt that we may incur and limit our ability to make certain loans and investments. The only financial covenants are the maintenance of a current ratio and maintenance of a minimum tangible net worth. We were in compliance with these covenants as of March 31, 2009. We also have \$175.0 million of 6% senior notes due March 1, 2012, with interest payable semiannually on each March 1 and September 1. The notes are unsecured obligations and are guaranteed by all of our subsidiaries.

We believe that our cash flow from operations and available borrowings under our bank credit facilities 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 terms acceptable to us.

Critical Accounting Policies

In March 2008, the Financial Accounting Standard Board (the "FASB") issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – An Amendment of FASB Statement No. 133" ("SFAS 161"). This standard applies to derivative instruments, nonderivative instruments that are designated and qualify as hedging instruments and related hedged items accounted for under SFAS 133. SFAS 161 does not change the accounting for derivatives and hedging activities, but requires enhanced disclosures concerning the effect on the financial statements from their use. Adoption of the provisions of SFAS 161 effective January 1, 2009 did not have a significant impact on our financial statements.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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, some of which 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 for the three months ended March 31, 2009, 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 \$0.2 million and a \$1.00 change in the price per Mcf of natural gas would have changed our cash flow by approximately \$11.0 million.

We hedge a portion of our price risks associated with our natural gas sales. As of March 31, 2009, our outstanding natural gas price swap agreements had a fair value of \$18.4 million. A change in the fair value of our natural gas swaps that would result from a 10% change in commodities prices at March 31, 2009 would be \$1.1 million. Such a change in fair value could be a gain or a loss depending on whether prices increase or decrease.

Because our swap agreements have been designated as hedge derivatives, changes in their fair value generally are reported as a component of accumulated other comprehensive loss until the related sale of production occurs. At that time, the realized hedge derivative gain or loss is transferred to oil and gas sales in our consolidated income statement. None of our derivative contracts have margin requirements or collateral provisions that could require funding prior to the scheduled cash settlement date.

Interest Rates

At March 31, 2009 we had total long-term debt of \$265.0 million. Of this amount, \$175.0 million bears interest at a fixed rate of 6%. We had \$90.0 million outstanding under our bank credit facility, which bears 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. Based on borrowings outstanding at March 31, 2009, a 100 basis point change in interest rates would change our interest expense for the three month period ended March 31, 2009 by approximately \$0.2 million.

ITEM 4: CONTROLS AND PROCEDURES

As of March 31, 2009, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2009 to provide reasonable assurance that information required to be disclosed by us in the reports filed or submitted by us under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to provide reasonable assurance that information required to be disclosed by us is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. There were no changes in our internal controls over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that occurred during the quarter ended March 31, 2009, that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II — OTHER INFORMATION

ITEM 6: EXHIBITS

Exhibit No.	Description
10.1*	Second Amendment to Second Amended and Restated Credit Agreement dated as of May 1, 2009 among Comstock Resources, Inc., the Lenders from time to time thereto and Bank of Montreal, as Administrative Agent for the Lenders.
15.1*	Awareness Letter of Ernst & Young LLP.
31.1*	Section 302 Certification of the Chief Executive Officer.
31.2*	Section 302 Certification of the Chief Financial Officer.
32.1†	Certification for the Chief Executive Officer as required by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2†	Certification for the Chief Financial Officer as required by Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

† Furnished herewith.

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: May 6, 2009

/s/ M. JAY ALLISON

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

Date: May 6, 2009

/s/ ROLAND O. BURNS

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

**SECOND AMENDMENT
TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

This SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "**Amendment**") dated as of May 1, 2009, is among COMSTOCK RESOURCES, INC. (the "**Borrower**"), the banks named on the signature pages hereto (together with their respective successors and assigns in such capacity, each as a "**Lender**"), and BANK OF MONTREAL, as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the "**Administrative Agent**").

PRELIMINARY STATEMENT

A. The Borrower, the Administrative Agent, the Lenders and certain other parties have entered into that certain Second Amended and Restated Credit Agreement dated as of December 15, 2006, as amended by that certain First Amendment to Second Amended and Restated Credit Agreement dated as of April 30, 2008 (as so amended and as further amended, restated, modified or supplemented from time to time until the date hereof, the "**Credit Agreement**").

B. Subject to the terms and conditions of this Amendment, the Lenders, the Administrative Agent, the Issuing Bank and the Borrower have agreed to enter into this Amendment in order to effectuate such amendments and modifications to the Credit Agreement and redetermine the Borrowing Base, all as set forth herein.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein, the parties agree as follows:

Section 1. **Definitions.** Unless otherwise defined in this Amendment, each capitalized term used in this Amendment has the meaning assigned to such term in the Credit Agreement.

Section 2. **Amendment of Credit Agreement.**

(a) Section 1.1 of the Credit Agreement is hereby amended by amending and restating the definition of "Base Rate" to provide:

"**Base Rate**" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum equal to the greatest of (a) the rate of interest most recently announced by Bank of Montreal at its Chicago, Illinois office as its base rate for dollar advances made in the United States, (b) the Federal Funds Rate most recently determined by the Administrative Agent plus ½% (0.5%) per annum and (c) the rate of interest per annum equal to the offered quotation appearing on Telerate Page 3750 at approximately 11:00 a.m. (London time) for a one-month interest period on such day (or if such day is not a Business Day, the immediately preceding Business Day) (or if such Telerate Page shall not be available, the rate per annum determined by the Administrative Agent by reference to the British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars as set forth by any service which has been nominated by the British Bankers' Association as an authorized information vendor for the purpose of displaying such rates) plus 1.5%. The Base Rate is not necessarily intended to be the lowest rate of interest determined by Bank of Montreal or any Lender in connection with extensions of credit. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Base Rate. The Administrative Agent will give notice to the Borrower of changes in the Base Rate promptly upon receipt of notice of any such change from Bank of Montreal."

(b) The pricing grid in the definition of "Base Rate Spread" in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following table:

<u>Percentage of Borrowing Base Usage</u>	<u>Base Rate Spread</u>
> 90%	1.250%
>75% but <90%	1.000%
>50% but <75%	0.750%
<50%	0.500%

(c) The pricing grid in the definition of "Commitment Fee Rate" in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following table:

<u>Percentage of Borrowing Base Usage</u>	<u>Commitment Fee Rate</u>
> 90%	0.500%
>75% but <90%	0.500%
>50% but <75%	0.500%
<50%	0.500%

(d) The pricing grid in the definition of "LIBOR Spread" in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following table:

<u>Percentage of Borrowing Base Usage</u>	<u>LIBOR Spread</u>
> 90%	2.750%
>75% but <90%	2.500%
>50% but <75%	2.250%
<50%	2.000%

Section 3. **Redetermination of Borrowing Base.**

(a) The Borrowing Base shall be decreased from \$590,000,000 to \$550,000,000 from and after the Effective Date until the Borrowing Base shall be otherwise redetermined in accordance with the Credit Agreement.

(b) Both the Borrower, on the one hand, and the Administrative Agent and the Lenders, on the other hand, agree that the redetermination of the Borrowing Base pursuant to clause (a) of this Section 3 constitutes the regularly scheduled Borrowing Base redetermination for Spring 2009 (and shall not constitute a discretionary redetermination of the Borrowing Base pursuant to Section 2.8 of the Credit Agreement).

Section 4. **Ratification.** The Borrower hereby ratifies and confirms all of the Obligations under the Credit Agreement (as amended hereby) and the other Loan Documents, and, in particular, affirms that the terms of the Security Documents secure, and will continue to secure, all Obligations, after giving effect to this Amendment.

Section 5. **Effectiveness.** This Amendment shall become effective on the first date on which all of the conditions set forth in this Section 5 are satisfied:

(a) The Administrative Agent shall have received duly executed counterparts of this Amendment from the Borrower, the Administrative Agent and Lenders comprising at least the Majority Lenders; and

(b) The Borrower shall have confirmed and acknowledged to the Administrative Agent and the Lenders, and by its execution and delivery of this Amendment, the Borrower does hereby confirm and acknowledge to the Administrative Agent and the Lenders, that (i) the execution, delivery and performance of this Amendment has been duly authorized by all requisite corporate action on the part of the Borrower; (ii) the Credit Agreement (as amended hereby) and each other Loan Document constitute valid and legally binding agreements enforceable against the Borrower and each other Loan Party that is a party thereto in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general principles of equity, (iii) the representations and warranties by the Borrower and the other Loan Parties contained in the Credit Agreement and in the other Loan Documents are true and correct on and as of the date hereof in all material respects as though made as of the date hereof, and (iv) no Default or Event of Default exists under the Credit Agreement or any of the other Loan Documents.

Section 6. **Governing Law.** This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 7. **Miscellaneous.** (a) On and after the effectiveness of this Amendment, each reference in each Loan Document to "this Amendment", "this Note", "this Mortgage", "hereunder", "hereof" or words of like import, referring to such Loan Document, and each reference in each other Loan Document to "the Credit Agreement", "the Notes", "the Mortgages", "thereunder", "thereof" or words of like import referring to the Credit Agreement, the Notes, or the Mortgage or any of them, shall mean and be a reference to such Loan Document, the Credit Agreement, the Notes, the Mortgage or any of them, as amended or otherwise modified by this Amendment; (b) the execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any default of the Borrower or any right, power or remedy of the Administrative Agent or the Banks under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents and except as otherwise modified by the terms hereof, the Credit Agreement and such other Loan Documents shall remain in full force and effect; (c) this Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement; and (d) delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 8. **Severability.** Any provisions of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provisions so held to be invalid.

Section 9. **Successors and Assigns.** This Amendment is binding upon and shall inure to the benefit of the Administrative Agent, the Issuing Bank, the Lenders and the Borrower and their respective successors and assigns.

Section 10. **Counterparts.** This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart.

Section 11. **Headings.** The headings, captions and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 12. **Final Agreement.** THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, INCLUDING THIS AMENDMENT, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Second Amendment to Second Amended and Restated Credit Agreement to be executed by its officer(s) thereunto duly authorized as of the date first above written.

BORROWER:

COMSTOCK RESOURCES, INC.,
a Nevada corporation

By: /s/ROLAND O. BURNS
Name: Roland O. Burns
Title: Senior Vice President

ADMINISTRATIVE AGENT AND LENDERS:

BANK OF MONTREAL, as Administrative Agent and a Lender

By: /s/JAMES V. DUCOTE
Name: James V. Ducote
Title: Director

BMO CAPITAL MARKETS FINANCING, INC., as Lender

By: /s/JAMES V. DUCOTE
Name: James V. Ducote
Title: Director

BANK OF AMERICA, N.A., as a Lender

By: /s/JEFFREY RATHKAMP

Name: Jeffrey Rathkamp

Title: Managing Director

COMERICA BANK, as a Lender

By: /s/REBECCA L. WILSON

Name: Rebecca L. Wilson

Title: Assistant Vice President

FORTIS CAPITAL CORP., as a Lender

By: /s/MICHELE JONES

Name: Michele Jones

Title: Director

By: /s/DARRELL HOLLEY

Name: Darrell Holley

Title: Managing Director

UNION BANK OF CALIFORNIA, N.A.,
as a Lender

By: /s/WHITNEY RANDOLPH

Name: Whitney Randolph

Title: Vice President

BANK OF SCOTLAND, as a Lender

By: /s/

Name:

Title:

CALYON NEW YORK BRANCH, as a Lender

By:
Name:
Title:

By:
Name:
Title:

THE ROYAL BANK OF SCOTLAND plc,
as a Lender

By:
Name:
Title:

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/D.G. MILLS
Name: D.G. Mills
Title: Managing Director

REGIONS BANK, successor by merger to
AmSouth Bank, as a Lender

By: /s/W.A. PHILIPP
Name: W.A. Philipp
Title: Vice President

COMPASS BANK, as a Lender

By: /s/DOROTHY MARCHAND
Name: Dorothy Marchand
Title: Senior Vice President

CAPITAL ONE, NATIONAL ASSOCIATION,
as a Lender

By: /s/NANCY M. MAK
Name: Nancy M. Mak
Title: Vice President

NATIXIS, as a Lender

By: /s/DONOVAN C. BROUSSARD
Name: Donovan C. Broussard
Title: Managing Director

By: /s/LIANA TCHERNYSHEVA
Name: Liana Tchernysheva
Title: Director

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/DARIA MAHONEY
Name: Daria Mahoney
Title: Vice President

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/TODD COKER
Name: Todd Coker
Title: Assistant Vice President

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ELIZABETH K. JOHNSON
Name: Elizabeth K. Johnson
Title: Vice President

SUNTRUST BANK,
as a Lender

By: /s/YANN PIRIO
Name: Yann Pirio
Title: Director

ACKNOWLEDGMENT BY GUARANTORS

Each of the undersigned Guarantors hereby (i) consents to the terms and conditions of that certain Second Amendment to Second Amended and Restated Credit Agreement dated as of May 1, 2009 (the "Amendment"), (ii) acknowledges and agrees that its consent is not required for the effectiveness of the Amendment, (iii) ratifies and acknowledges its respective Obligations under each Loan Document to which it is a party and affirms that the terms of its respective Guaranty guarantees, and will continue to guarantee, the Obligations, after giving effect to the Amendment, and (iv) represents and warrants that (a) no Default or Event of Default has occurred and is continuing, (b) it is in full compliance with all covenants and agreements pertaining to it in the Loan Documents, and (c) it has reviewed a copy of the Amendment.

COMSTOCK OIL & GAS HOLDINGS, INC.
COMSTOCK OIL & GAS - LOUISIANA, LLC
COMSTOCK OFFSHORE, LLC
COMSTOCK OIL & GAS GP, LLC,
By Comstock Resources, Inc., its sole member
COMSTOCK OIL & GAS, LP,

By Comstock Oil & Gas GP, LLC,
its general partner,

By Comstock Resources, Inc., its sole member

By: /s/ROLAND O. BURNS
Name: Roland O. Burns
Title: Senior Vice President

COMSTOCK OIL & GAS INVESTMENTS, LLC

By: /s/ROLAND O. BURNS
Name: Roland O. Burns
Title: Manager

May 5, 2009

Comstock Resources, Inc.
5300 Town & Country Boulevard
Suite 500
Frisco, Texas 75034

Shareholders and Board of Directors
Comstock Resources, Inc.

We are aware of the incorporation by reference in the Registration Statements (Nos. 33-20981 and 33-88962 filed on Form S-8 and Nos. 333-111237, 333-112100 and 333-128813 filed on Form S-3) of Comstock Resources, Inc. and of the related Prospectuses of our report dated May 5, 2009 relating to the unaudited consolidated interim financial statements of Comstock Resources, Inc. that are included in its Form 10-Q for the quarter ended March 31, 2009.

/s/ Ernst & Young LLP

Dallas, Texas

Section 302 Certification

I, M. Jay Allison, certify that:

1. I have reviewed this March 31, 2009 Form 10-Q of Comstock Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2009

/s/ M. JAY ALLISON

President and Chief Executive Officer

Section 302 Certification

I, Roland O. Burns, certify that:

1. I have reviewed this March 31, 2009 Form 10-Q of Comstock Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2009

/s/ ROLAND O. BURNS

Sr. Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Comstock Resources, Inc. (the "Company") on Form 10-Q for the three months ending March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Jay Allison, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ M. JAY ALLISON

M. Jay Allison

Chief Executive Officer

May 6, 2009

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Comstock Resources, Inc. (the "Company") on Form 10-Q for the three months ending March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roland O. Burns, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ ROLAND O. BURNS

Roland O. Burns
Chief Financial Officer
May 6, 2009