# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

(Mark One)

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

**For the Quarter Ended March 31, 2020**

**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** | **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**

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

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

Indicate by check mark whether the registrant (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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

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

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 $0.50, as of May 7, 2020 was 190,354,945.

**COMSTOCK RESOURCES, INC.**

**QUARTERLY REPORT**

**For the Quarter Ended March 31, 2020**

**INDEX**

**PART I — FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

**COMSTOCK RESOURCES, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| | March 31, 2020 | December 31, 2019 |
|---|---|---|
| **ASSETS** | *(In thousands)* | |
| Cash and Cash Equivalents | $ 15,527 | $ 18,532 |
| Accounts Receivable: | | |
| Oil and gas sales | 83,594 | 120,111 |
| Joint interest operations | 16,706 | 24,761 |
| From affiliates | 25,744 | 35,469 |
| Derivative Financial Instruments | 101,821 | 75,304 |
| Income Taxes Receivable | 10,218 | 5,109 |
| Other Current Assets | 14,227 | 10,399 |
| Total current assets | 267,837 | 289,685 |
| Property and Equipment: | | |
| Oil and natural gas properties, successful efforts method: | | |
| Proved | 4,234,229 | 4,077,513 |
| Unproved | 384,654 | 410,897 |
| Other | 6,821 | 6,866 |
| Accumulated depreciation, depletion and amortization | (596,591) | (486,473) |
| Net property and equipment | 4,029,113 | 4,008,803 |
| Goodwill | 335,897 | 335,897 |
| Income Taxes Receivable | — | 5,109 |
| Derivative Financial Instruments | 6,835 | 13,888 |
| Operating Lease Right-of-Use Assets | 3,828 | 3,509 |
| Other Assets | 231 | 231 |
| | $ 4,643,741 | $ 4,657,122 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Accounts Payable | $ 215,338 | $ 252,994 |
| Accrued Expenses | 107,081 | 137,166 |
| Operating Leases | 2,157 | 1,994 |
| Derivative Financial Instruments | 3,043 | 222 |
| Total current liabilities | 327,619 | 392,376 |
| Long-term Debt | 2,507,284 | 2,500,132 |
| Deferred Income Taxes | 223,104 | 211,772 |
| Derivative Financial Instruments | 4,380 | 4,220 |
| Long-term Operating Leases | 1,671 | 1,515 |
| Reserve for Future Abandonment Costs | 18,613 | 18,151 |
| Other Non-current Liabilities | 4,594 | 6,351 |
| Total liabilities | 3,087,265 | 3,134,517 |
| Commitments and Contingencies | | |
| Mezzanine Equity: | | |
| Preferred Stock — 5,000,000 shares authorized, 385,000 shares issued and outstanding at March 31, 2020 and December 31, 2019: | | |
| Series A 10% Convertible Preferred Stock, 210,000 shares issued and outstanding | 207,083 | 204,583 |
| Series B 10% Convertible Preferred Stock, 175,000 shares issued and outstanding | 175,000 | 175,000 |
| Stockholders' Equity: | | |
| Common stock—$0.50 par, 400,000,000 shares authorized, 189,980,509 and 190,006,776 shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively | 94,990 | 95,003 |
| Additional paid-in capital | 910,851 | 909,423 |
| Accumulated earnings | 168,552 | 138,596 |
| Total stockholders' equity | 1,174,393 | 1,143,022 |
| | $ 4,643,741 | $ 4,657,122 |

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, | |
|---|---|---|
| | **2020** | **2019** |
| | *(In thousands, except per share amounts)* | |
| Revenues: | | |
| Natural gas sales | $ 207,239 | $ 90,132 |
| Oil sales | 18,639 | 36,749 |
| Total oil and gas sales | 225,878 | 126,881 |
| Operating expenses: | | |
| Production taxes | 5,567 | 5,939 |
| Gathering and transportation | 28,411 | 7,430 |
| Lease operating | 28,712 | 14,885 |
| Depreciation, depletion and amortization | 110,425 | 37,590 |
| General and administrative | 8,719 | 7,814 |
| Exploration | 27 | — |
| Gain on sale of oil and gas properties | — | (1) |
| Total operating expenses | 181,861 | 73,657 |
| Operating income | 44,017 | 53,224 |
| Other income (expenses): | | |
| Gain (loss) from derivative financial instruments | 61,899 | (7,657) |
| Other income | 313 | 93 |
| Interest expense | (52,810) | (27,851) |
| Total other income (expenses) | 9,402 | (35,415) |
| Income before income taxes | 53,419 | 17,809 |
| Provision for income taxes | (11,391) | (4,234) |
| Net income | 42,028 | 13,575 |
| Preferred stock dividends and accretion | (12,072) | — |
| Net income available to common stockholders | $ 29,956 | $ 13,575 |
| | | |
| Net income per share: | | |
| Basic | $ 0.16 | $ 0.13 |
| Diluted | $ 0.15 | $ 0.13 |
| Weighted average shares outstanding: | | |
| Basic | 188,916 | 105,457 |
| Diluted | 285,166 | 105,457 |

The accompanying notes are an integral part of these statements

**COMSTOCK RESOURCES, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**(Unaudited)**

| | Common Shares | Common Stock-Par Value | Additional Paid-in Capital | Accumulated Earnings | Total |
|---|---|---|---|---|---|
| | | | *(In thousands)* | | |
| Balance at December 31, 2018 | 105,871 | $ 52,936 | $ 452,513 | $ 64,122 | $ 569,571 |
| Stock-based compensation | (3) | (2) | 650 | — | 648 |
| Net income | — | — | — | 13,575 | 13,575 |
| Balance at March 31, 2019 | 105,868 | $ 52,934 | $ 453,163 | $ 77,697 | $ 583,794 |
| | | | | | |
| Balance at December 31, 2019 | 190,007 | $ 95,003 | $ 909,423 | $ 138,596 | $ 1,143,022 |
| Stock-based compensation | (24) | (12) | 1,442 | — | 1,430 |
| Income tax withholdings related to equity awards | (2) | (1) | (14) | — | (15) |
| Net income | — | — | — | 42,028 | 42,028 |
| Preferred dividend accretion | — | — | — | (2,500) | (2,500) |
| Payment of preferred dividends | — | — | — | (9,572) | (9,572) |
| Balance at March 31, 2020 | 189,981 | $ 94,990 | $ 910,851 | $ 168,552 | $ 1,174,393 |

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, 2020 | 2019 |
|---|---|---|
| | *(In thousands)* | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 42,028 | $ 13,575 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Deferred and non-current income taxes | 11,330 | 4,352 |
| Exploration | 27 | — |
| Gain on sale of oil and gas properties | — | (1) |
| Depreciation, depletion and amortization | 110,425 | 37,590 |
| Loss (gain) on derivative financial instruments | (61,899) | 7,657 |
| Cash settlements of derivative financial instruments | 45,416 | 5,388 |
| Amortization of debt discount, premium and issuance costs | 7,199 | 1,574 |
| Stock-based compensation | 1,430 | 648 |
| Decrease in accounts receivable | 54,297 | 10,783 |
| Decrease (increase) in other current assets | (3,828) | 1,577 |
| Decrease in accounts payable and accrued expenses | (56,306) | (8,428) |
| Net cash provided by operating activities | 150,119 | 74,715 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | (143,490) | (94,939) |
| Advance payments for drilling costs | — | 6,030 |
| Proceeds from sales of oil and gas properties | — | 415 |
| Net cash used for investing activities | (143,490) | (88,494) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Borrowings | 57,000 | 45,000 |
| Payments to retire debt | (57,000) | (25,000) |
| Preferred stock dividends paid | (9,572) | — |
| Debt and equity issuance costs | (47) | (90) |
| Income tax withholdings related to equity awards | (15) | — |
| Net cash provided by (used for) financing activities | (9,634) | 19,910 |
| Net increase (decrease) in cash and cash equivalents | (3,005) | 6,131 |
| Cash and cash equivalents, beginning of the year | 18,532 | 23,193 |
| Cash and cash equivalents, end of the year | $ 15,527 | $ 29,324 |

The accompanying notes are an integral part of these statements.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –

### *Basis of Presentation*

These unaudited consolidated financial statements include the accounts of Comstock Resources, Inc. and its wholly-owned subsidiaries (collectively, "Comstock" or the "Company"). In management's opinion, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the financial position of Comstock as of March 31, 2020, and the related results of operations and cash flows for the periods being presented. Net income and comprehensive income are the same in all periods presented. All adjustments are of a normal recurring nature unless otherwise disclosed.

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, 2019.

The results of operations for the period through March 31, 2020 are not necessarily an indication of the results expected for the full year.

### *Covey Park Acquisition*

On July 16, 2019, Comstock acquired Covey Park Energy LLC ("Covey Park") for total consideration of $700.0 million of cash, the issuance of Series A Convertible Preferred Stock with a redemption value of $210.0 million, and the issuance of 28,833,000 shares of common stock (the "Covey Park Acquisition"). In addition to the consideration paid, Comstock assumed $625.0 million of Covey Park's 7.5% senior notes, repaid $380.0 million of Covey Park's then outstanding borrowings under its bank credit facility and redeemed all of Covey Park's preferred equity for $153.4 million. Based on the fair value of the preferred stock issued and the closing price of the Company's common stock of $5.82 per share on July 16, 2019, the transaction was valued at approximately $2.2 billion. Covey Park's operations are focused primarily in the Haynesville/Bossier shale in North Louisiana and East Texas. Funding for the Covey Park Acquisition was provided by the sale of 50.0 million newly issued shares of common stock for $300.0 million and 175,000 shares of newly issued Series B Convertible Preferred Stock for $175.0 million to the Company's majority stockholder and by borrowings under Comstock's bank credit facility and cash on hand. In connection with the Covey Park Acquisition, Comstock incurred $41.0 million of advisory and legal fees and other acquisition-related costs during the year ended December 31, 2019. These acquisition costs were included in transaction costs in the Company's consolidated statements of operations. The operations of Covey Park are included in the financial results for the three months ended March 31, 2020. The following pro forma condensed combined financial information for the three months ended March 31, 2019 gives effect to the Covey Park Acquisition as if the acquisition had occurred on January 1, 2019. The unaudited pro forma information reflects adjustments for the issuance of the Company's common stock and preferred stock, debt incurred in connection with the transaction, impact of the fair value of properties acquired on depletion and other adjustments the Company believes are reasonable for the pro forma presentation. In addition, the pro forma earnings exclude acquisition-related costs. The unaudited pro forma results do not reflect any cost savings or other synergies that may arise in the future.

| | Pro Forma Three Months Ended March 31, 2019 |
|---|---|
| | *(In thousands, except per share amount)* |
| Revenues: | $ 315,303 |
| Net Income | $ 62,077 |
| Net income per share: | |
| Basic | $ 0.28 |
| Diluted | $ 0.22 |

***Property and Equipment***

The Company follows the successful efforts method of accounting for its oil and natural gas properties. Costs incurred to acquire oil and gas leasehold are capitalized.

The Company assesses the need for an impairment of the capitalized costs for its proved oil and gas properties on a property basis. No impairments were recognized to adjust the carrying value of the Company's proved oil and gas properties during any of the periods presented. Unproved oil and gas properties are also periodically assessed and any impairment in value is charged to expense. The costs of unproved properties are transferred to oil and gas properties and amortized on an equivalent unit-of-production basis as wells are drilled on these properties. Exploratory drilling costs are initially capitalized as unproved property but charged to expense if and when the well is determined not to have found commercial quantities of proved oil and gas reserves. Exploratory drilling costs are evaluated within a one-year period after the completion of drilling.

The Company determines the fair values of its oil and gas properties using a discounted cash flow model and proved and risk-adjusted probable oil and natural gas reserves. Undrilled acreage can also be valued based on sales transactions in comparable areas. Significant Level 3 assumptions associated with the calculation of discounted future cash flows included in the cash flow model include management's outlook for oil and natural gas prices, production costs, capital expenditures, and future production as well as estimated proved oil and gas reserves and risk-adjusted probable oil and natural gas reserves. Management's oil and natural gas price outlook is developed based on third-party longer-term price forecasts as of each measurement date. The expected future net cash flows are discounted using an appropriate discount rate in determining a property's fair value.

It is reasonably possible that the Company's estimates of undiscounted future net cash flows attributable to its oil and gas properties may change in the future. The primary factors that may affect estimates of future cash flows include future adjustments, both positive and negative, to proved and appropriate risk-adjusted probable oil and gas reserves, results of future drilling activities, future prices for oil and natural gas, and increases or decreases in production and capital costs. As a result of these changes, there may be future impairments in the carrying values of these or other properties.

***Goodwill***

The Company had goodwill of $335.9 million as of March 31, 2020 that was recorded in 2018. Goodwill represents the excess of value of the Company over fair value of net tangible and identifiable intangible assets at the time of the change in control, which occurred on August 14, 2018. The Company is not required to amortize goodwill as a charge to earnings; however, the Company is required to conduct an annual review of goodwill for impairment. The Company performs annual assessment of goodwill on October 1st of each year to allow sufficient time to assess goodwill impairment and performs interim assessments if indicators of impairment are present. If the carrying value of goodwill exceeds the fair value, an impairment charge would be recorded for the difference between fair value and carrying value.

***Leases***

The Company has right-of-use lease assets of $3.8 million related to its corporate office lease, certain office equipment and leased vehicles used in oil and gas operations with corresponding short-term and long-term liabilities of $2.1 million and $1.7 million, respectively. The value of the lease assets and liabilities are determined based upon discounted future minimum cash flows contained within each of the respective contracts. The Company determines if contracts contain a lease at inception of the contract. To the extent that contract terms representing a lease are identified, leases are identified as being either an operating lease or a finance-type lease. Comstock currently has no finance-type leases. Right-of-use lease assets representing the Company's right to use an underlying asset for the lease term and the related lease liabilities represent our obligation to make lease payments under the terms of the contracts. Short-term leases that have an initial term of one year or less are not capitalized; however, amounts paid for those leases are included as part of its lease cost disclosures. Short-term lease costs exclude expenses related to leases with a lease term of one month or less. Leases for the right to explore for and develop oil and natural gas reserves and the related rights to use the land associated with those leases are reflected as oil and gas properties.

Comstock contracts for a variety of equipment used in its oil and natural gas exploration and development operations. Contract terms for this equipment vary broadly, including the contract duration, pricing, scope of services included along with the equipment, cancellation terms, and rights of substitution, among others. The Company's drilling operations routinely change due to changes in commodity prices, demand for oil and natural gas, and the overall operating and economic environment. Comstock accordingly manages the terms of its contracts for drilling rigs so as to allow for maximum flexibility in responding to these changing conditions. The Company's rig contracts are presently either for periods of less than one year, or they are on terms that provide for cancellation with thirty days advance notice without a specified expiration date. Accordingly, the Company has elected not to recognize right-of-use lease assets for these rig contracts. The costs associated with drilling rig operations are accounted for under the successful efforts method, which generally require that these costs be capitalized as part of our proved oil and natural gas properties on our balance sheet unless they are incurred on exploration wells that are unsuccessful, in which case they are charged to exploration expense.

Lease costs recognized during the three months ended March 31, 2020 were as follows:

| | Three Months Ended March 31, 2020 |
|---|---|
| | *(In thousands)* |
| Operating lease cost included in general and administrative expense | $ 411 |
| Operating lease cost included in lease operating expense | 137 |
| Short-term lease cost (drilling rig costs included in proved oil and gas properties) | 12,309 |
| | $ 12,857 |

Cash payments for operating leases associated with right-of-use assets included in cash provided by operating activities were $0.5 million for the three months ended March 31, 2020.

As of March 31, 2020, Comstock had the following liabilities under contracts that contain operating leases:

| | *(In thousands)* |
|---|---|
| April 1 to December 31, 2020 | $ 2,293 |
| 2021 | 1,518 |
| 2022 | 196 |
| Total lease payments | 4,007 |
| Imputed interest | (179) |
| Total lease liability | $ 3,828 |

The weighted average term of these operating leases was 1.8 years and the weighted average rate used in lease computations was 4.8%. As of March 31, 2020, the Company also had expected future payments for contracted drilling services of $4.4 million.

***Accrued Expenses***

Accrued expenses at March 31, 2020 and December 31, 2019 consisted of the following:

| | As of March 31, 2020 | As of December 31, 2019 |
|---|---|---|
| | *(In thousands)* | |
| Accrued interest payable | $ 29,906 | $ 39,501 |
| Accrued drilling costs | 29,003 | 42,193 |
| Accrued transportation costs | 26,359 | 26,907 |
| Accrued transaction costs | 6,690 | 10,830 |
| Accrued employee compensation | 4,562 | 8,653 |
| Accrued lease operating expenses | 6,200 | 4,990 |
| Other | 4,361 | 4,092 |
| | $ 107,081 | $ 137,166 |

***Reserve for Future Abandonment Costs***

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 for such obligations during the periods presented:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2020 | 2019 |
| | *(In thousands)* | |
| Reserve for future abandonment costs at beginning of period | $ 18,151 | $ 5,136 |
| New wells placed on production | 186 | 40 |
| Liabilities settled and assets disposed of | (11) | (29) |
| Accretion expense | 287 | 96 |
| Reserve for future abandonment costs at end of period | $ 18,613 | $ 5,243 |

*Derivative Financial Instruments and Hedging Activities*

All of the Company's derivative financial instruments are used for risk management purposes and, by policy, none are held for trading or speculative purposes. Comstock minimizes credit risk to counterparties of its derivative financial instruments through formal credit policies, monitoring procedures, and diversification. The Company is not required to provide any credit support to its counterparties other than cross collateralization with the assets securing its bank credit facility. None of the Company's derivative financial instruments involve payment or receipt of premiums. The Company classifies the fair value amounts of derivative financial instruments as net current or noncurrent assets or liabilities, whichever the case may be, by commodity contract.

All of Comstock's natural gas derivative financial instruments are tied to the Henry Hub-NYMEX price index and all of its crude oil derivative financial instruments are tied to the WTI-NYMEX index price. Basis swaps are tied to Henry Hub. The Company had the following outstanding commodity-based derivative financial instruments, excluding basis swaps which are discussed separately below, at March 31, 2020:

| | Future Production Period | | |
|---|---|---|---|
| | Nine Months Ending December 31, 2020 | Year Ending December 31, 2021 | Total |
| **Natural Gas Swap Contracts:** | | | |
| Volume (MMBtu) | 78,222,890 | 62,883,140 | 141,106,030 |
| Average Price per MMBtu | $2.73 | $2.57 | $2.66 |
| **Natural Gas 2-Way Collar Contracts:** | | | |
| Volume (MMBtu) | 7,200,000 | — | 7,200,000 |
| Price per MMBtu: | | | |
| Average Ceiling | $2.92 | — | $2.92 |
| Average Floor | $2.41 | — | $2.41 |
| **Natural Gas 3-Way Collar Contracts:** | | | |
| Volume (MMBtu) | 13,750,000 | — | 13,750,000 |
| Price per MMBtu: | | | |
| Average Ceiling | $2.99 | — | $2.99 |
| Average Floor | $2.63 | — | $2.63 |
| Average Put | $2.32 | — | $2.32 |
| **Natural Gas Swaptions Contracts:** | | | |
| Volume (MMBtu) | 57,750,000 (a) | 23,650,000 (b) | 81,400,000 |
| Average Price per MMBtu | $2.52 | $2.52 | $2.52 |
| **Crude Oil Collar Contracts:** | | | |
| Volume (Barrels) | 820,600 | — | 820,600 |
| Price per Barrel: | | | |
| Average Ceiling | $64.13 | — | $64.13 |
| Average Floor | $49.51 | — | $49.51 |

(a) The counterparty has the right to extend hedged volumes of 71,250,000 MMBtu of swaptions placed in 2020 into 2021 at an average price of $2.52 per MMBtu.

(b) The counterparty has the right to extend hedged volumes of 49,200,000 MMBtu of swaptions placed in 2020 and 2021 into 2022 at an average price $2.51 per MMBtu.

In addition to the swaps, collars and swaptions above, at March 31, 2020, the Company had basis swap contracts that lock-in the differential between NYMEX Henry Hub and certain physical pricing indices. These contracts settle monthly through December 2022 and include a total volume of 42,050,000 MMBtu. The fair value of these contracts was a net asset of $1.9 million at March 31, 2020.

None of the Company's derivative contracts were designated as cash flow hedges. The aggregate fair value of the Company's derivative instruments reported in the accompanying consolidated balance sheets by type, including the classification between assets and liabilities, consists of the following:

| Type | Consolidated Balance Sheet Location | March 31, 2020 | December 31, 2019 |
|---|---|---|---|
| | | (in thousands) | |
| **Fair Value of Derivative Instruments** | | | |
| **Asset Derivatives:** | | | |
| Natural gas price derivatives | Derivative Financial Instruments – current | $ 85,349 | $ 75,123 |
| Oil price derivatives | Derivative Financial Instruments – current | 16,472 | 181 |
| | | $ 101,821 | $ 75,304 |
| Natural gas price derivatives | Derivative Financial Instruments – long-term | $ 6,835 | $ 13,888 |
| **Liability Derivatives:** | | | |
| Natural gas price derivatives | Derivative Financial Instruments – current | $ 3,043 | $ 222 |
| Natural gas price derivatives | Derivative Financial Instruments – long-term | $ 4,380 | $ 4,220 |

The Company recognized cash settlements and changes in the fair value of its derivative financial instruments as a single component of other income (expenses). Gains and losses related to the change in the fair value recognized on the Company's derivative contracts recognized in the consolidated statement of operations were as follows:

| Gain/(Loss) Recognized in Earnings on Derivatives | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|
| | (In thousands) | |
| Swaps | $ 22,147 | $ 3,157 |
| Collars | 24,087 | (10,814) |
| Swaptions | 15,665 | — |
| | $ 61,899 | $ (7,657) |

Subsequent to March 31, 2020, the Company entered into additional natural gas swap contracts for 2,300,000 MMBtu for the fourth quarter of 2020 with a weighted average price of $2.60 per MMBtu, 56,100,000 MMBtu for 2021 with a weighted average price of $2.54 per MMBtu and 10,950,000 MMBtu in 2022 with a weighted average price of $2.53 per MMBtu. The Company also entered into natural gas collars covering 4,600,000 MMBtu for the fourth quarter of 2020 with an average ceiling price of $3.01 per MMBtu and an average floor price of $2.50 per MMBtu and 54,750,000 MMBtu in 2021 with an average ceiling price of $2.94 per MMBtu and an average floor price of $2.43 per MMBtu. Comstock entered into interest rate swap agreements to fix LIBOR at 0.33% for $500.0 million of amounts outstanding under the bank credit facility from April 2020 through April 2023.

***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 and included in general and administrative expenses for awards of restricted stock and performance stock units ("PSUs") to the Company's employees and directors. The Company recognized $1.4 million and $0.6 million of stock-based compensation expense within general and administrative expenses related to awards of restricted stock and PSUs to its employees and directors during the three months ended March 31, 2020 and 2019, respectively.

As of March 31, 2020, Comstock had 1,060,248 shares of unvested restricted stock outstanding at a weighted average grant date fair value of $6.10 per share. Total unrecognized compensation cost related to unvested restricted stock grants of $4.6 million as of March 31, 2020 is expected to be recognized over a period of 2.0 years.

As of March 31, 2020, Comstock had 904,400 PSUs outstanding at a weighted average grant date fair value of $9.58 per unit. The number of shares of common stock to be issued related to the PSUs is based on the Company's stock price performance as compared to its peers which could result in the issuance of anywhere from zero to 1,808,800 shares of common stock. Total unrecognized compensation cost related to these grants of $5.6 million as of March 31, 2020 is expected to be recognized over a period of 2.1 years.

### *Revenue Recognition*

Comstock produces oil and natural gas and reports revenues separately for each of these two primary products in its statements of operations. Revenues are recognized upon the transfer of produced volumes to the Company's customers, who take control of the volumes and receive all the benefits of ownership upon delivery at designated sales points. Payment is reasonably assured upon delivery of production. All sales are subject to contracts that have commercial substance, contain specific pricing terms, and define the enforceable rights and obligations of both parties. These contracts typically provide for cash settlement within 25 days following each production month and are cancellable upon 30 days' notice by either party. Prices for sales of oil and natural gas are generally based upon terms that are common in the oil and gas industry, including index or spot prices, location and quality differentials, as well as market supply and demand conditions. As a result, prices for oil and natural gas routinely fluctuate based on changes in these factors. Each unit of production (barrel of crude oil and thousand cubic feet of natural gas) represents a separate performance obligation under the Company's contracts since each unit has economic benefit on its own and each is priced separately according to the terms of the contracts.

Comstock has elected to exclude all taxes from the measurement of transaction prices, and its revenues are reported net of royalties and exclude revenue interests owned by others because the Company acts as an agent when selling crude oil and natural gas, on behalf of royalty owners and working interest owners. Revenue is recorded in the month of production based on an estimate of the Company's share of volumes produced and prices realized. The Company recognizes any differences between estimates and actual amounts received in the month when payment is received. Historically, differences between estimated revenues and actual revenue received have not been significant. The amount of oil or natural gas sold may differ from the amount to which the Company is entitled based on its revenue interests in the properties. The Company did not have any significant imbalance positions at March 31, 2020. Sales of oil and natural gas generally occur at or near the wellhead. When sales of oil and gas occur at locations other than the wellhead, the Company accounts for costs incurred to transport the production to the delivery point as gathering and transportation expenses. The Company recognized accounts receivable of $83.6 million as of March 31, 2020 from customers for contracts where performance obligations have been satisfied and an unconditional right to consideration exists.

### *Credit Losses*

On January 1, 2020, the Company adopted Financial Accounting Standards Board Accounting Standards Codification 326, Credit Losses ("ASC 326"). In adopting ASC 326, the Company determined Topic 326 is limited to the trade accounts receivables relating to purchaser receivables and joint interest receivables of the Company. The Company performs quarterly impairment analysis using the Current Expected Credit Losses ("CECL") impairment model. The Company concluded there is no cumulative-effect adjustment required as of January 1, 2020 and credit impairment at March 31, 2020 is immaterial.

### *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.

In recording deferred income tax assets, the Company considers whether it is more likely than not that its deferred income tax assets will be realized in the future. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those deferred income tax assets would be deductible. The Company believes that after considering all the available objective evidence, historical and prospective, with greater weight given to historical evidence, management is not able to determine that it is more likely than not that all of its deferred tax assets will be realized. As a result, the Company established valuation allowances for its deferred tax assets and U.S. federal and state net operating loss carryforwards that are not expected to be utilized due to the uncertainty of generating taxable income prior to the expiration of the carryforward periods. The Company will continue to assess the valuation allowances against deferred tax assets considering all available information obtained in future periods.

The following is an analysis of the consolidated income tax provision:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2020 | 2019 |
| | (In thousands) | |
| Current - Federal | $ — | $ — |
| Current - State | 61 | (118) |
| Deferred - Federal | 11,503 | 3,942 |
| Deferred - State | (173) | 410 |
| | $ 11,391 | $ 4,234 |

The difference between the federal statutory rate of 21% and the effective tax rate is due to the following:

| | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|
| Tax at statutory rate | 21.0% | 21.0% |
| Tax effect of: | | |
| Valuation allowance on deferred tax assets | (0.5) | 1.5 |
| State income taxes, net of federal benefit | 0.3 | 0.7 |
| Nondeductible stock-based compensation | 0.5 | 0.6 |
| Effective tax rate | 21.3% | 23.8% |

The Company's federal income tax returns for the years subsequent to December 31, 2015 remain subject to examination. The Company's income tax returns in major state income tax jurisdictions remain subject to examination for various periods subsequent to December 31, 2012. The Company currently believes that all other significant filing positions are highly certain and that all of its other significant income tax positions and deductions would be sustained under audit or the final resolution would not have a material effect on the consolidated financial statements. Therefore, the Company has not established any significant reserves for uncertain tax positions.

***Fair Value Measurements***

The Company holds or has held certain financial assets and liabilities that are required to be measured at fair value. These include cash and cash equivalents held in bank accounts and derivative financial instruments in the form of oil and 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 Company's oil and natural gas price swap agreements and its natural gas price collars were not traded on a public exchange, and their value is determined utilizing a discounted cash flow model based on inputs that are readily available in public markets and, accordingly, the valuation of these swap agreements, is categorized as a Level 2 measurement. The Company’s swaption agreements are measured at fair value using a third-party pricing service, categorized as a Level 3 measurement.

The Company had no derivative instruments classified as Level 3 as of March 31, 2019. The following is a reconciliation of the beginning and ending balances for derivative instruments classified as Level 3 in the fair value hierarchy:

| | Three Months Ended March 31, 2020 *(In thousands)* |
|---|---|
| Balance at beginning of year | $ 4,351 |
| Total gain included in earnings | 15,665 |
| Settlements, net | (7,328) |
| Balance at end of period | $ 12,688 |

*Fair Values – Reported*

The following presents the carrying amounts and the fair values of the Company's financial instruments as of March 31, 2020 and December 31, 2019:

| | March 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| | *(In thousands)* | | | |
| Assets: | | | | |
| Commodity-based derivatives (a)(b) | $ 108,656 | $ 108,656 | $ 89,192 | $ 89,192 |
| Liabilities: | | | | |
| Commodity-based derivatives (a)(b) | 7,423 | 7,423 | 4,442 | 4,442 |
| Bank credit facility (c) | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 |
| 7.5% senior notes due 2025 (d) | 461,023 | 362,500 | 455,768 | 534,375 |
| 9.75% senior notes due 2026 (d) | 820,854 | 569,500 | 820,057 | 765,000 |

(a) The Company's oil and natural gas swaps, options, and basis swap agreements and its natural gas price collars are classified as Level 2 and measured at fair value using a market approach using third party pricing services and other active markets or broker quotes that are readily available in the public markets.

(b) As of March 31, 2020, a portion of our natural gas derivatives contain swaptions where the counterparty has the right, but not the obligation, to extend terms of an existing swap on predetermined dates. Due to subjectivity of the inputs used to value the counterparty rights in swaptions, these rights are classified as Level 3 in the fair value hierarchy.

(c) The carrying value of our floating rate debt outstanding approximates fair value because of its floating rate structure.

(d) The fair value of the Company's fixed rate debt was based on quoted prices as of December 31, 2019, a Level 1 measurement.

*Earnings Per Share*

Unvested share-based payment awards containing nonforfeitable rights to dividends are considered to be participating securities and included in the computation of basic and diluted earnings per share pursuant to the two-class method. PSUs represent the right to receive a number of shares of the Company's common stock that may range from zero to up to two times the number of PSUs granted on the award date based on the achievement of certain performance measures during a performance period. The number of potentially dilutive shares related to PSUs is based on the number of shares, if any, which would be issuable at the end of the respective period, assuming that date was the end of the contingency period. The treasury stock method is used to measure the dilutive effect of PSUs. The shares that would have been issuable upon exercise of the conversion rights contains in the Predecessor Company's convertible debt are based on the if-converted method for computing potentially dilutive shares of common stock that could be issued upon conversion. None of the Company's participating securities participate in losses and as such are excluded from the computation of basic earnings per share during periods of net losses. The Series A and Series B Convertible Preferred Stock issued in connection with the Covey Park Acquisition will become convertible into in the aggregate 96,250,000 shares of common stock beginning on July 16, 2020 at a conversion price of $4.00 per share. The dilutive effect of preferred stock is computed using the if-converted method as if conversion of the preferred shares had occurred at the earlier of the date of issuance or the beginning of the period. For the three months ended March 31, 2020, the preferred stock was dilutive.

Basic and diluted income per share were determined as follows:

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | | 2019 | | |
| | Income | Shares | Per Share | Income | Shares | Per Share |
| | *(In thousands, except per share amounts)* | | | | | |
| Net income attributable to common stock | $ 29,956 | | | $ 13,575 | | |
| Income allocable to unvested restricted shares | (37) | | | (53) | | |
| Basic income attributable to common stock | 29,919 | 188,916 | $ 0.16 | 13,522 | 105,457 | $ 0.13 |
| Effect of Dilutive Securities: | | | | | | |
| Preferred stock | $ 12,072 | 96,250 | | — | — | |
| Diluted income attributable to common stock | $ 41,991 | 285,166 | $ 0.15 | $ 13,522 | 105,457 | $ 0.13 |

At March 31, 2020 and December 31, 2019, 1,060,248 and 1,092,309 shares of restricted stock, respectively, are included in common stock outstanding as such shares have a non-forfeitable right to participate in any dividends that might be declared and have the right to vote on matters submitted to the Company's stockholders.

Weighted average shares of unvested restricted stock outstanding were as follows:

| | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|
| | (in thousands) | |
| Unvested restricted stock | 1,085 | 414 |

Weighted average unearned PSUs outstanding were as follows:

| | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|
| | (In thousands, except per share/unit amounts) | |
| Weighted average PSUs | 927 | 335 |
| Weighted average grant date fair value per unit | $ 9.58 | $ 12.93 |

The PSUs were anti-dilutive in the three months ended March 31, 2020 and 2019.

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

Cash payments made for interest, income taxes and the change in non-cash investing activities related to accrued capital expenditures for the three months ended March 31, 2020 and 2019, respectively, were as follows:

| | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|
| | (In thousands) | |
| **Cash payments for:** | | |
| Interest payments | $ 55,207 | $ 50,329 |
| Income tax payments | — | — |
| **Non-cash investing activities include:** | | |
| Decrease in accrued capital expenditures | $ 13,190 | $ 2,463 |

***Recent Accounting Pronouncements***

In January 2017, the FASB issued Accounting Standards Update No. 2017-04 (ASU 2017-04) "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." ASU 2017-04 eliminates step two of the goodwill impairment test and specifies that goodwill impairment should be measured by comparing the fair value of a reporting unit with its carrying amount. ASU 2017-04 is effective for annual or interim goodwill impairment tests performed in fiscal years beginning after December 15, 2019 and early adoption is permitted. We did not early adopt ASU 2017-04 and will implement ASU 2017-04 when we perform our annual impairment assessments following adoption of this standard in 2020. We do not expect the adoption to have a significant effect on our results of operations, liquidity or financial position.

**(2) LONG-TERM DEBT –**

At March 31, 2020, long-term debt was comprised of the following:

| | (In thousands) |
|---|---|
| 7½% Senior Notes due 2025: | |
| Principal | 625,000 |
| Discount, net of amortization | (163,977) |
| 9¾% Senior Notes due 2026: | |
| Principal | 850,000 |
| Discount, net of amortization | (29,146) |
| Bank Credit Facility: | |
| Principal | 1,250,000 |
| Debt issuance costs, net of amortization | (24,593) |
| | $ 2,507,284 |

As of March 31, 2020, the Company has a revolving bank credit facility with $1.5 billion committed borrowing base which is re-determined on a semi-annual basis and upon the occurrence of certain other events which matures on July 16, 2024. The borrowing base was re-determined in May 2020 at $1.4 billion. Borrowings under the bank credit facility are secured by substantially all of the assets of the Company and its subsidiaries. Beginning in May, amounts outstanding bear interest at the Company's option, at either LIBOR plus 2.25% to 3.25% or a base rate plus 1.25% to 2.25%, in each case depending on the utilization of the borrowing base. The Company also pays a commitment fee of 0.375% to 0.5% on the unused portion of the borrowing base. The bank credit facility places certain restrictions upon the Company's and its restricted subsidiaries' ability to, among other things, incur additional indebtedness, pay cash dividends, repurchase common stock, make certain loans, investments and divestitures and redeem the senior notes. The only financial covenants are the maintenance of a leverage ratio of less than 4.0 to 1.0 and an adjusted current ratio of at least 1.0 to 1.0. The Company was in compliance with the covenants as of March 31, 2020.

**(3) PREFERRED STOCK –**

In connection with the Covey Park Acquisition, the Company issued 210,000 shares of Series A Convertible Preferred Stock with a face value of $210.0 million and a fair value of $200.0 million as part of the consideration for the acquisition and sold 175,000 shares of Series B Convertible Preferred Stock for $175.0 million to its majority stockholder. Holders of the newly issued convertible preferred stock are entitled to receive quarterly dividends at a rate of 10% per annum, which are paid in arrears. At any time after July 16, 2020, each holder may convert any or all shares of preferred stock into shares of the Company's common stock at the then prevailing conversion rate. The conversion price of the preferred stock is $4.00 per share of common stock, or an aggregate of 96,250,000 shares of the Company’s common stock, subject to adjustment pursuant to customary anti-dilution provisions. The Company has the right to redeem the preferred stock at any time at face value plus accrued dividends. The Series A Convertible Preferred Stock and Series B Convertible Preferred Stock are classified as mezzanine equity based on the majority stockholder's ability to control the terms of conversion to common stock. The difference in the fair value of the Series A Convertible Preferred Stock and the redemption value is being accreted to the redemption value of $210.0 million over a one year period to reflect the value of the preferred stock on July 16, 2020, when the preferred shares become convertible.

**(4) COMMITMENTS AND CONTINGENCIES –**

The Company has entered into natural gas transportation contracts which expire beginning February 2021 and extend through October 2031. Commitments under these contracts are $10.9 million for the remainder of 2020, $15.1 million for 2021, $24.8 million per year for 2022 through 2023, $24.9 million for 2024 and $169.6 million for the remaining term of the contracts.

The Company has drilling rig contracts and completion service contracts. Terms of drilling contracts vary from well to well, or are for periods of less than one year. The service contracts are generally cancellable with 30 to 60 days' notice. Existing commitments under these contracts is $4.4 million as of March 31, 2020.

From time to time, the Company 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, results of operations or cash flows and no material amounts are accrued relative to these matters at March 31, 2020 or 2019.

**5) RELATED PARTY TRANSACTIONS –**

Comstock operates wells for partnerships owned by the Company's majority stockholder. As operator, Comstock charges the partnerships for the costs incurred to drill and operate the wells as well as customary drilling and operating overhead fees that it charges other working interest owners. Comstock received $46.7 million and $0.7 million from the partnerships related to these wells for the three months ended March 31, 2020 and March 31, 2019, respectively. Comstock had a $25.7 million receivable from the partnerships at March 31, 2020.

## 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, 2019.

In December 2019, a novel strain of coronavirus (SARS-CoV-2), which causes COVID-19, was reported to have surfaced in China. The spread of this virus has caused business disruption beginning in January 2020, including disruption to the oil and natural gas industry. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic, and the U.S. economy began to experience pronounced effects. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, reduced global demand for oil and natural gas, and created significant volatility and disruption of financial and commodity markets. In March 2020, announced price reductions and possible production increases by members of the Organization of Petroleum Exporting Countries and other oil exporting nations in combination with the reduced global demand for oil caused the posted price for West Texas Intermediate oil to decline sharply. Natural gas prices have improved subsequent to March 31, 2020 but remain low. The extent of the impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives, is uncertain and depends on various factors, including the future demand for oil and natural gas, the availability of personnel, equipment and services critical to our ability to operate and develop our properties and the impact of potential governmental restrictions on travel, transports and operations. Our natural gas operations, which are primarily in the Haynesville shale in North Louisiana and East Texas, were not adversely affected in the first quarter of 2020. We do expect our non-operated oil operations to be impacted by the current low oil prices and cannot predict whether the operators of those wells will shut them in while oil prices are low and oil storage is limited.

### Results of Operations

| | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|
| | *(In thousands except per unit amounts)* | |
| **Net Production Data:** | | |
| Natural gas (MMcf) | 122,786 | 33,149 |
| Oil (Mbbls) | 454 | 810 |
| Natural gas equivalent (MMcfe) | 125,513 | 38,012 |
| **Revenues:** | | |
| Natural gas sales | $ 207,239 | $ 90,132 |
| Oil sales | 18,639 | 36,749 |
| Total oil and gas sales | $ 225,878 | $ 126,881 |
| **Expenses:** | | |
| Production taxes | $ 5,567 | $ 5,939 |
| Gathering and transportation | $ 28,411 | $ 7,430 |
| Lease operating(1) | $ 28,712 | $ 14,885 |
| Depreciation, depletion and amortization | $ 110,425 | $ 37,590 |
| Exploration | $ 27 | — |
| **Average Sales Price:** | | |
| Natural gas (per Mcf) | $ 1.69 | $ 2.72 |
| Oil (per Bbl) | $ 41.01 | $ 45.34 |
| Average equivalent (Mcfe) | $ 1.80 | $ 3.34 |
| **Expenses ($ per Mcfe):** | | |
| Production taxes | $ 0.04 | $ 0.16 |
| Gathering and transportation | $ 0.23 | $ 0.20 |
| Lease operating(1) | $ 0.23 | $ 0.38 |
| Depreciation, depletion and amortization(2) | $ 0.88 | $ 0.99 |

(1) Includes ad valorem taxes.

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

*Revenues –*

Oil and natural gas sales of $225.9 million increased 78% in the first quarter of 2020 as compared to the first quarter of 2019. Our natural gas production for the first three months of 2020 was 122.8 Bcf (1.3 Bcf per day) was sold at an average price of $1.69 per Mcf as compared to 33.1 Bcf (0.4 Bcf per day) sold at an average price of $2.72 per Mcf, in the first quarter of 2019. Oil production of 454 Mbbls (4,994 barrels per day) was sold at an average price of $41.01 per barrel as compared to 810 Mbbls (9,005 barrels per day) sold at an average price of $45.34 per barrel.

We utilize oil collars and natural gas price swaps and collars to manage our exposure to oil and natural gas prices and protect returns on investment from our drilling activities. The following table presents our natural gas prices before and after the effect of cash settlements of our derivative financial instruments:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2020 | 2019 |
| **Average Realized Natural Gas Price:** | | |
| Natural gas, per Mcf | $ 1.69 | $ 2.72 |
| Cash settlements on derivative financial instruments, per Mcf | 0.35 | 0.15 |
| Price per Mcf, including cash settlements on derivative financial instruments | $ 2.04 | $ 2.87 |
| **Average Realized Oil Price:** | | |
| Crude oil per Barrel | $ 41.01 | $ 45.34 |
| Cash settlements on derivative financial instruments, per Barrel | 5.30 | 0.44 |
| Price per Barrel, including cash settlements on derivative financial instruments | $ 46.31 | $ 45.78 |

*Costs and Expenses –*

Our production taxes decreased $0.3 million (6%) to $5.6 million for the first quarter of 2020 from $5.9 million in the first quarter of 2019 mainly due to the lower oil and natural gas prices and the lower oil production which has a higher rate than our natural gas production.

Gathering and transportation costs for the first quarter of 2020 increased $21.0 million (282%) to $28.4 million as compared to $7.4 million in the first quarter of 2019. The increase primarily related to the increase in our natural gas production resulting from the Covey Park acquisition and our drilling activities.

Our lease operating expense of $28.7 million for the first quarter of 2020 increased $13.8 million (93%) from lease operating expense of $14.9 million for the first quarter of 2019. This increase primarily reflects the increase in production of 230%. Our lease operating expense of $0.23 per Mcfe produced for the three months ended March 31, 2020 was $0.15 per Mcfe lower than the lease operating expense of $0.38 per Mcfe for the same period in 2019. The lower average per unit cost is related to the growth in our lower cost natural gas production where much of the operating costs are fixed in nature.

Exploration expense in the first quarter of 2020 related to impairments of unevaluated properties in the first quarter of 2020.

Depreciation, depletion and amortization ("DD&A") increased $72.8 million (194%) to $110.4 million in the first quarter of 2020 from $37.6 million in the first quarter of 2019 due to the 230% increase in production. Our DD&A per equivalent Mcf produced decreased $0.11 (11%) to $0.88 per Mcfe for the three months ended March 31, 2020 from $0.99 per Mcfe for the three months ended March 31, 2019. The lower rates in 2020 reflect the increase in production from our lower cost Haynesville shale properties.

General and administrative expenses, which are reported net of overhead reimbursements, increased to $8.7 million for the first quarter of 2020 from $7.8 million in the first quarter of 2019 mainly due to higher stock-based compensation. Included in general and administrative expenses are stock-based compensation of $1.4 million and $0.6 million for the three months ended March 31, 2020 and 2019, respectively.

We use derivative financial instruments as part of our price risk management program to protect our capital investments. During the three months ended March 31, 2020 and 2019, we had net gains on derivatives of $61.9 million and net losses on derivatives of $7.7 million, respectively. Our realized net gains from our price risk management program were $45.4 million and $5.4 million for the three months ended March 31, 2020 and 2019, respectively.

Interest expense of $52.8 million for the three months ended March 31, 2020, included interest on our 7½% senior notes (the "2025 Notes"), our 9¾% senior notes (the "2026 Notes") and our bank credit facility. Interest expense in the three months ended March 31, 2020 includes $5.2 million for amortization of the discount on the 2025 Notes which were valued at 71% of their par value in connection with the Covey Park Acquisition. Interest expense of $27.9 million for the three months ended March 31, 2019 includes interest on the 2026 Notes and our bank credit facility.

Income taxes for the three months ended March 31, 2020 were a provision of $11.4 million. The effective tax rate was 21.3% for the three months ended March 31, 2020. Income taxes for the three months ended March 31, 2019 were a provision of $4.2 million. The provision for income taxes for the three months ended March 31, 2019 reflects an effective tax rate of 23.8%.

We reported net income available to common stockholders of $30.0 million, or $0.15 per diluted share, for the three months ended March 31, 2020. Our net income during this period includes income from operations of $44.0 million and gains on derivative financial instruments of $61.9 million, which were partially offset by higher interest expense and $12.1 million in preferred stock dividends. We reported net income of $13.6 million, or $0.13 per diluted share, for the three months ended March 31, 2019.

**Liquidity and Capital Resources**

Funding for our activities has historically been provided by our operating cash flow, debt or equity financings or proceeds from asset sales. For the three months ended March 31, 2020, our primary source of funds was $150.1 million in cash flow from operating activities. For the three months ended March 31, 2019, cash provided by operating activities was $74.7 million and we had net borrowings under our bank credit facility of $20.0 million.

Our primary needs for capital, in addition to funding our ongoing operations, relate to the acquisition, development and exploration of our oil and natural gas properties and the repayment of our debt. In the three months ended March 31, 2020, we incurred capital expenditures of $130.5 million to fund our development and exploration activities.

The following table summarizes our capital expenditure activity:

| | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|
| Exploration and development: | | |
| Development leasehold costs | $ 3,881 | $ 1,857 |
| Development drilling and completion costs | 122,058 | 87,333 |
| Other development costs | 4,561 | 3,279 |
| Total capital expenditures | $ 130,500 | $ 92,469 |

During the first three months of 2020, we drilled 20 (9.9 net) wells and completed 21 (11.5 net) Haynesville shale wells. We expect to spend an additional $281.5 million in the remaining nine months of 2020 to drill 53 (30.0 net) additional wells, to complete 62 (30.6 net) wells and for other development activity. We expect to fund our future development and exploration activities with future operating cash flow. The timing of most of our future 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. As of March 31, 2020, we had five drilling rigs with minimum contractual payments of $4.4 million. We also have obligations to incur future payments for dismantlement, abandonment and restoration costs of oil and gas properties which are currently estimated to be incurred primarily after 2023.

At March 31, 2020, we had a revolving bank credit facility with a $1.5 billion committed borrowing base which is re-determined on a semi-annual basis and upon the occurrence of certain other events which matures on July 16, 2024. In May 2020, the borrowing base was re-determined to $1.4 billion. Borrowings under the bank credit facility are secured by substantially all of our assets and those of our subsidiaries and subsequent to the re-determination in May 2020, borrowings bear interest at our option, at either LIBOR plus 2.25% to 3.25% or a base rate plus 1.25% to 2.25%, in each case depending on the utilization of the borrowing base. We also pay a commitment fee of 0.375% to 0.5% on the unused borrowing base. The bank credit facility places certain restrictions upon our and our restricted subsidiaries' ability to, among other things, incur additional indebtedness, pay cash dividends, repurchase common stock, make certain loans, investments and divestitures and redeem the senior notes. The only financial covenants are the maintenance of a leverage ratio of less than 4.0 to 1.0 and a current ratio of at least 1.0 to 1.0. We were in compliance with the covenants as of March 31, 2020.

**Federal Taxation**

The Tax Cuts and Jobs Act repealed the AMT for tax years beginning on or after January 1, 2018 and provides that existing AMT credit carryforwards can be utilized to offset federal taxes for any taxable year. Due to tax law enacted with the CARES Act, we have $10.2 million of unused credit carryforwards at March 31, 2020 that are expected to be fully refunded in 2020.

The shares of common stock issued as a result of the Jones Contribution triggered an ownership change under Section 382 of the Internal Revenue Code. As a result, our ability to use net operating losses ("NOLs") to reduce taxable income is generally limited to an annual amount based on the fair market value of our stock immediately prior to the ownership change multiplied by the long-term tax-exempt interest rate. Our NOLs are estimated to be limited to $3.3 million a year as a result of this limitation. In addition to this limitation, IRC Section 382 provides that a corporation with a net unrealized built-in gain immediately before an ownership change may increase its limitation by the amount of recognized built-in gain recognized during a recognition period, which is generally the five-year period immediately following an ownership change. Based on the fair market value of our common stock immediately prior to the ownership change, we believe that we have a net unrealized built-in gain which will increase the Section 382 limitation during the five-year recognition period from 2018 to 2023. NOLs that exceed the Section 382 limitation in any year continue to be allowed as carry forwards until they expire and can be used to offset taxable income for years within the carryover period subject to the limitation in each year. NOLs incurred prior to 2018 generally have a 20-year life until they expire. NOLs generated in 2018 and after would be carried forward indefinitely. Our use of new NOLs arising after the date of an ownership change would not be affected by the 382 limitation. If we do not generate a sufficient level of taxable income prior to the expiration of the pre-2018 NOL carry forward periods, then we will lose the ability to apply those NOLs as offsets to future taxable income.

## 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 natural gas and oil. 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 natural gas and oil 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 natural gas and oil 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 natural gas and oil prices can have a favorable impact on our financial condition, results of operations and capital resources.

As of March 31, 2020, we had entered into natural gas price swap agreements to hedge approximately 141.1 billion cubic feet of our 2020 and 2021 production at an average price of $2.66 per MMBtu. We had also entered into natural gas two-way collars to hedge approximately 7.2 Bcf of natural gas with an average floor price of $2.41 per MMBtu and an average ceiling price of $2.92 per MMBtu. We had also entered into natural gas three-way collars to hedge 13.8 Bcf of natural gas with an average floor price of $2.63 per MMBtu, an average ceiling price of $2.99 per MMBtu and an average put price of $2.32 per MMBtu. We also had oil collars to hedge 820,600 barrels with an average floor price of $49.51 per barrel and an average ceiling price of $64.13 per barrel. None of our derivative contracts have margin requirements or collateral provisions that could require funding prior to the scheduled cash settlement date. The change in the fair value of our natural gas swaps that would result from a 10% change in commodities prices at March 31, 2020 would be $38.2 million. Such a change in fair value could be a gain or a loss depending on whether prices increase or decrease.

Based on our oil and natural gas production for the three months ended March 31, 2020 and our outstanding natural gas price swap agreements, a $0.10 change in the price per Mcf of natural gas would have changed our cash flow by approximately $7.8 million and 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 $0.4 million. Our natural gas two-way collars which cover the period April 1, 2020 through December 31, 2020 will result in natural gas prices on 7.2 Bcf of our future production to be subject to a floor price of $2.41 per MMBtu and an average ceiling price of $2.92 per MMBtu. Our natural gas three-way collars which cover the period April 1, 2020 through December 31, 2020 will result in natural gas prices on 13.8 Bcf of our future production to be subject to a floor price of $2.63 per MMBtu, an average ceiling price of $2.99 per MMBtu and an average put price of $2.32 per MMBtu. Our crude oil price collars which cover the period April 1, 2020 through December 31, 2020 will result in oil prices on 820,600 barrels of our future oil production to be subject to a floor price of $49.51 per barrel and an average ceiling price of $64.13 per barrel. These collars may increase or decrease our cash flow depending upon whether future prices are below the floor or above the ceiling prices.

## Interest Rates

At March 31, 2020, we had approximately $2.7 billion principal amount of long-term debt outstanding as compared to $1.3 billion as of March 31, 2019. The 2026 Notes of $850.0 million bear interest at a fixed rate of 9¾%. The 2025 Notes of $625.0 million bear interest at a fixed rate of 7½%. The fair market value of our 2026 Notes and 2025 Notes as of March 31, 2020 was $569.5 million and $362.5 million, respectively, based on the market price of approximately 67% and 58% of the face amount of such debt. At March 31, 2020, we had $1,250 million outstanding under our bank credit facility, which is subject to variable rates of interest that are tied to LIBOR or the corporate base rate, at our option. Any increase in these interest rates would have an adverse impact on our results of operations and cash flow. Based on borrowings outstanding at March 31, 2020, a 100 basis point change in interest rates would change our successor period interest expense on our variable rate debt by approximately $12.5 million.

## ITEM 4: CONTROLS AND PROCEDURES

As of March 31, 2020, 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, 2020 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 three months ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

## PART II — OTHER INFORMATION

### ITEM 1A: RISK FACTORS

The following risk factors update the Risk Factors included in our Annual Report on Form 10-K for the year ended December 31, 2019. Except as set forth below, there have been no material changes to the risks described in the Annual Report on Form 10-K.

***The widespread outbreak of an illness, pandemic or any other public health crisis may have material adverse effects on our business, financial position, results of operations and/or cash flows.***

In December 2019, a novel strain of coronavirus (SARS-CoV-2), which causes COVID-19, was reported to have surfaced in China. The spread of this virus has caused business disruption beginning in January 2020, including disruption to the oil and natural gas industry. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic, and the U.S. economy began to experience pronounced effects. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, reduced global demand for oil and gas, and created significant volatility and disruption of financial and commodity markets. The extent of the impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, is uncertain and depends on various factors, including the demand for oil and natural gas, the availability of personnel, equipment and services critical to our ability to operate our properties and the impact of potential governmental restrictions on travel, transports and operations. There is uncertainty around the extent and duration of the disruption. The degree to which the COVID-19 pandemic or any other public health crisis adversely impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, its impact on the economy and market conditions, and how quickly and to what extent normal economic and operating conditions can resume. Therefore, while the Company expects this matter will likely disrupt our operations in some way, the degree of the adverse financial impact cannot be reasonably estimated at this time.

### ITEM 6: EXHIBITS

| Exhibit No. | Description |
|---|---|
| 10.1* | Borrowing Base Redetermination Agreement and Second Amendment to Amended and Restated Credit Agreement dated as of May 6, 2020, among the Company, Bank of Montreal as Administrative Agent and the lenders party thereto from time to time. |
| 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. |
| 101.INS* | XBRL Instance Document |
| 101.SCH* | XBRL Schema Document |
| 101.CAL* | XBRL Calculation Linkbase Document |
| 101.LAB* | XBRL Labels Linkbase Document |
| 101.PRE* | XBRL Presentation Linkbase Document |
| 101.DEF* | XBRL Definition Linkbase Document |

* 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 7, 2020

/s/ M. JAY ALLISON

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

Date: May 7, 2020

/s/ ROLAND O. BURNS

**Roland O. Burns**, President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)

**Exhibit 10.1**

# BORROWING BASE REDETERMINATION AGREEMENT AND SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This BORROWING BASE REDETERMINATION AGREEMENT AND SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "**Amendment**") dated as of May 6, 2020, is among COMSTOCK RESOURCES, INC. (the "**Borrower**"), the Lenders (as defined below) party hereto, 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 Amended and Restated Credit Agreement dated as of July 16, 2019 (as amended by that certain Borrowing Base Redetermination Agreement and First Amendment to Amended and Restated Credit Agreement dated November 27, 2019, and as further amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "**Credit Agreement**") pursuant to which the Lenders have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of the Borrower.

B. The Borrower has provided the necessary Reserve Report in order for the Administrative Agent and the Lenders to complete the spring 2020 Scheduled Redetermination of the Borrowing Base and, after reviewing such Reserve Report, the Administrative Agent and the Lenders have recommended decreasing the Borrowing Base from $1,575,000,000 to $1,400,000,000.

C. Pursuant to Section 2.8(d) of the Credit Agreement, in connection with the reduction in the Borrowing Base pursuant to this Amendment to an amount that is less than the Aggregate Maximum Credit Amount, the Aggregate Maximum Credit Amount shall be automatically and permanently reduced to $1,400,000,000 (subject to any increase of the Aggregate Maximum Credit Amount in accordance with Section 2.23 of the Credit Agreement).

D. The Borrower, the Administrative Agent and the Lenders party hereto desire to enter into this Amendment, to among other things, make certain amendments to the Credit Agreement.

E. Subject to the terms and conditions of this Amendment, the Lenders, the Administrative Agent and the Borrower have entered into this Amendment in order to redetermine the Borrowing Base and to amend the Credit Agreement, all as set forth herein.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein and other good and valuable consideration, 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. ***Redetermination of the Borrowing Base and Reduction of the Aggregate Maximum Credit Amount***.

(a) Effective as of the Amendment Effective Date (as defined below), the Borrowing Base shall be decreased to $1,400,000,000 in accordance with Section 2.4(b) of the Credit Agreement, which Borrowing Base shall remain in effect until otherwise redetermined or adjusted in accordance with the Credit Agreement. Both the Borrower, on the one hand, and the Administrative Agent and the Lenders, on the other hand, agree that the foregoing redetermination of the Borrowing Base pursuant to this Section 2(a) shall constitute the regularly scheduled spring 2020 Scheduled Redetermination of the Borrowing Base and shall not constitute an Interim Redetermination.

(b) In accordance with Section 2.8(d) of the Credit Agreement, upon the reduction of the Borrowing Base pursuant to Section 2(a) above to an amount that is less than the Aggregate Maximum Credit Amount, the Aggregate Maximum Credit Amount shall be automatically and permanently reduced to $1,400,000,000 (subject to any increase of the Aggregate Maximum Credit Amount in accordance with Section 2.23 of the Credit Agreement), ratably among the Lenders in accordance with each Lender's Applicable Percentage.

Section 3. ***Amendments to the Credit Agreement***. Effective as of the Amendment Effective Date, the Credit Agreement is hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is hereby amended by inserting the following defined terms therein in appropriate alphabetical order:

> "<u>Excess Cash</u>" means, at any time, the aggregate cash and Cash Equivalent Investments of the Borrower and its Restricted Subsidiaries (other than Excluded Cash) in excess of $75,000,000.
>
> "<u>Excluded Cash</u>" means (a) any cash or Cash Equivalent Investments of the Borrower or any Restricted Subsidiary in an Excluded Account, (b) any cash or Cash Equivalent Investments held by the Administrative Agent as cash collateral pursuant to this Agreement or any other Loan Documents and (c) checks issued, wires initiated, or automated clearing house transfers initiated, in each case (i) solely to the extent issued or initiated to satisfy bona fide expenditures of the Borrower or any Restricted Subsidiary and (ii) on account of transactions not prohibited under this Agreement and in the ordinary course of business.

(b) Section 1.1 of the Credit Agreement is hereby amended by amending and restating the Borrowing Base Utilization Grid in the definition of "Applicable Margin" therein to provide as follows:

| Borrowing Base Utilization Percentage | *≤25.0%* | *>25%, but ≤50%* | *>50%, but ≤75%* | *>75% but ≤90%* | *>90%* |
|---|---|---|---|---|---|
| Base Rate Loans | *1.25%* | *1.50%* | *1.75%* | *2.00%* | *2.25%* |
| Eurodollar Loans | *2.25%* | *2.50%* | *2.75%* | *3.00%* | *3.25%* |
| Commitment Fee Rate | *0.375%* | *0.375%* | *0.50%* | *0.50%* | *0.50%* |

(c) Section 2.3 of the Credit Agreement is hereby amended by (i) deleting the "and" at the end of clause (E) therein, (ii) replacing the period at the end of clause (F) therein with "; and", and (iii) inserting a new clause (G) therein to provide as follows:

> "(G) the total cash and Cash Equivalent Investments of the Borrower and its Restricted Subsidiaries (without regard to the requested Borrowing) and the pro forma cash and Cash Equivalent Investments of the Borrower and its Restricted Subsidiaries (giving effect to the requested Borrowing)."

(d) Section 2.4(f) of the Credit Agreement is hereby amended by deleting in its entirety the proviso at the end of the first sentence therein (including the semicolon immediately preceding such proviso, but retaining the period at the end of such first sentence). (For the avoidance of doubt, the Borrower acknowledges and agrees that upon the issuance of any Permitted Debt the proceeds of which are used to Redeem Preferred Stock, the Borrowing Base then in effect shall be reduced in accordance with the remaining provisions of Section 2.4(f) of the Credit Agreement without regard to the proviso at the end of the first sentence thereof that is deleted by this Section 3(d).)

(e) Section 2.10(c) of the Credit Agreement is hereby amended to add a new paragraph (iv) therein to provide as follows:

> "(iv) If the Borrower and the Restricted Subsidiaries have any Excess Cash outstanding for more than five (5) consecutive Business Days, the Borrower shall prepay the Borrowings on the next succeeding Business Day, which prepayment shall be in a principal amount equal to or greater than the amount of such Excess Cash as of such fifth ($5^{th}$) Business Day."

(f) Section 4.2 of the Credit Agreement is hereby amended to

(i) insert a new clause (e) therein to provide as follows:

> "(e) The Borrower and the Restricted Subsidiaries shall not have any Excess Cash immediately before or after giving effect to such Borrowing, in each case determined after giving effect to any intended use of proceeds in the ordinary course of business (as certified by the Borrower, to the extent applicable, in the related Borrowing Request, and

including, for the avoidance of doubt, any purpose permitted by Section 5.8) on or before the date that is five (5) Business Days after the date the Borrower receives the funds from such Borrowing, nor may such Borrowing, after giving effect to any such intended use of proceeds in the ordinary course of business (as certified by the Borrower, to the extent applicable, in the related Borrowing Request), be in an amount that would trigger a mandatory prepayment under Section 2.10(c)(iv), and such Loans shall be funded in accordance with Section 2.6 and thereafter maintained (until used in accordance with this Agreement) in (A) an account of the Borrower over which the Administrative Agent has "control" (within the meaning of Section 9-104 of the Uniform Commercial Code) or (B) an Excluded Account to the extent permitted in accordance with the definition thereof."; and

(ii) amend the final sentence thereof to replace the phrase "clauses (a), (b), (c) and (d)" therein with the phrase "clauses (a), (b), (c), (d) and (e)".

(g) Section 5.1(c) of the Credit Agreement is hereby amended by inserting therein the following new sentence after the period at the end of such Section:

"In addition, not later than one (1) Business Day after the date on which the board of directors of the Borrower declares, approves or agrees to pay or make, directly or indirectly, any Restricted Payment pursuant to either clauses (c) or (d) of Section 6.8, the Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer of the Borrower setting forth the Borrower's calculation of the ratio of (x) Total Net Debt as of the date of such declaration, approval or agreement after giving effect to such Restricted Payment to (y) EBITDAX as of the last day of the most recent period of four consecutive fiscal quarters for which financial statements have been provided in accordance with clause (a) or (b) above."

(h) Section 5.1 of the Credit Agreement is hereby amended to add a new clause (t) therein to provide as follows:

"(t) Cash and Cash Equivalent Investments Information. Upon the reasonable request of the Administrative Agent, the Borrower shall provide to the Administrative Agent, no later than two (2) Business Days following such request a summary of cash and Cash Equivalent Investments of the Borrower and its Restricted Subsidiaries as of such date."

(i) Section 6.1(a) of the Credit Agreement is hereby amended by inserting the following proviso immediately prior to the period at the end of the first sentence thereof:

"; provided that the Borrower shall not permit, on any date on or after May 1, 2020, on which the board of directors of the Borrower declares, approves or agrees to pay or make, directly or indirectly, any Restricted Payment pursuant to clause (c) of Section 6.8, or on any date on or after December 31, 2020, on which the board of directors of the Borrower declares, approves or agrees to pay or make, directly or indirectly, any Restricted Payment pursuant to clause (d) of Section 6.8, as applicable, its ratio of (x) Total Net Debt as of the date of such declaration, approval or agreement after giving pro forma effect to such Restricted Payment to (y) EBITDAX as of the last day of the most recent period of four consecutive fiscal quarters for which financial statements have been provided in accordance with clause (a) or (b) of Section 5.1, to be greater than 2.25 to 1.0 (notwithstanding any other ratio requirement in this Agreement)"

(j) Section 6.8 of the Credit Agreement is hereby amended by (i) deleting the "and" at the end of clause (d) therein and (ii) inserting ", and" and the following new clause (f) therein immediately prior to the existing proviso at the end of clause (e) therein to provide as follows:

"(f) the Borrower may Redeem the Series A Preferred Stock in whole or in part in accordance with the Preferred Stock Documents as in effect on the Effective Date using solely the net cash proceeds of any substantially concurrent issuance of any Permitted Debt or additional shares of common stock of the Borrower (or any combination thereof), so long as no Default or Borrowing Base Deficiency then exists or would result therefrom after giving effect to either such Redemption or such issuance."

(k) Section 6.14(a)(iii)(B) of the Credit Agreement is hereby amended to replace the reference to "3.00:1.00" therein with "2.50:1:00".

(l) Schedule 2.1 of the Credit Agreement is hereby amended and restated in its entirety with Annex I attached hereto.

(m) Exhibit B of the Credit Agreement is hereby amended and restated in its entirety with Annex II attached thereto.

Section 4. ***Correction of Scrivener's Error in Section 2.13(c) of the Credit Agreement***. If this Amendment has become effective in accordance with Section 7 below, but the Administrative Agent has not received executed counterpart signature pages to this Amendment from each Lender, then effective as of the Amendment Effective Date, Section 2.13(c) of the Credit Agreement is hereby amended to correct a scrivener's error by replacing the two references to "clause (b)" therein with references to "clause (a)".

Section 5. ***Further Amendments to the Credit Agreement Regarding "Benchmark" Provisions***. If the Administrative Agent has received executed counterpart signature pages to this Amendment from each Lender and this Amendment has otherwise become effective in accordance with Section 7 below, then effective as of the Amendment Effective Date, the Credit Agreement is hereby further amended as follows:

(a) Section 1.1 of the Credit Agreement is hereby amended by inserting the following defined terms therein in appropriate alphabetical order:

"Benchmark Replacement" means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant

Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the LIBO Rate for U.S. dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the LIBO Rate with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent determines may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

"Benchmark Replacement Date" means the earlier to occur of the following events with respect to the LIBO Rate:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the LIBO Rate permanently or indefinitely ceases to provide the LIBO Rate; and

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the LIBO Rate:

(a) a public statement or publication of information by or on behalf of the administrator of the LIBO Rate announcing that such administrator has ceased or will cease to provide the LIBO Rate, permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the LIBO Rate, a resolution authority with jurisdiction over the administrator for the LIBO Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBO Rate, which states that the administrator of the LIBO Rate has ceased or will cease to provide the LIBO Rate permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate; or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Rate announcing that the LIBO Rate is no longer representative.

"Benchmark Transition Start Date" means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Majority Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Majority Lenders) and the Lenders.

"Benchmark Unavailability Period" means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBO Rate and solely to the extent that the LIBO Rate has not been replaced with a Benchmark Replacement, the period (a) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder in accordance with Section 2.13(b) and (b) ending at the time that a Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder pursuant to Section 2.13(b).

"Early Opt-in Election" means the occurrence of:

(a) (i) a determination by the Administrative Agent (in consultation with the Borrower) or (ii) a notification by the Majority Lenders to the Administrative Agent (with a copy to the Borrower) that the Majority Lenders have determined, in either case, that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in

Section 2.13(b) are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBO Rate, and

(b) (i) the election by the Administrative Agent (in consultation with the Borrower) or (ii) the election by the Majority Lenders to declare, in either case, that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Majority Lenders of written notice of such election to the Administrative Agent.

"Federal Reserve Bank of New York's Website" means the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org, or any successor source.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"SOFR" means, with respect to any day, the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York's website.

"Term SOFR" means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(b) The definition of "LIBO Rate" in Section 1.1 of the Credit Agreement is amended and restated to provide as follows:

"LIBO Rate" means, subject to the implementation of a Benchmark Replacement in accordance with Section 2.13(b), with respect to any Eurodollar Borrowing for any Interest Period, the rate per annum equal to the rate per annum appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for Dollar deposits with a maturity comparable to such Interest Period, provided, that if, in any case, such rate is less than zero, the LIBO Rate shall be deemed to be zero. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which Dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, provided that, if any case, such rate is less than zero, the LIBO Rate shall be deemed to be zero. Unless otherwise specified in any amendment to this Agreement entered into in accordance with Section 2.13(b), in the event that a Benchmark Replacement with respect to the LIBO Rate is implemented, then all references herein to the LIBO Rate shall be deemed references to such Benchmark Replacement.

(c) Section 1.8 of the Credit Agreement is hereby amended by (i) replacing each instance of "Section 2.13(c)" therein with "Section 2.13"; and (ii) adding the phrase "any Benchmark Replacement or any Benchmark Replacement Conforming Changes," immediately after the phrase "including without limitation," in the fifth sentence therein.

(d) Section 2.13 of the Credit Agreement is hereby amended and restated to read as follows:

"Section 2.13 Alternate Rate of Interest.

(a) Circumstances Affecting LIBO Rate Availability. Subject to clause (b) below, in connection with any request for a Eurodollar Borrowing or a conversion to or continuation thereof or otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Loan, (ii) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining the Adjusted LIBO Rate or LIBO Rate for such Interest Period with respect to a proposed Eurodollar Borrowing or (iii) the Majority Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that the Adjusted LIBO Rate or LIBO Rate does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans during such Interest Period, then the Administrative Agent shall promptly give notice thereof to the Borrower. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, the obligation of the Lenders to make Eurodollar Loans and the right of the Borrower to convert any Loan to or continue any Loan as a Eurodollar Borrowing shall be suspended, and the Borrower shall either (A) repay in full (or cause to be repaid in full) the then outstanding principal amount of each such Eurodollar Borrowing together with accrued interest thereon, on the last day of the then current Interest Period applicable to such Eurodollar Borrowing; or (B) convert the then outstanding principal amount of each such Eurodollar Borrowing to an Alternate Base Rate Borrowing as of the last day of such Interest Period.

(b) Effect of Benchmark Transition Event.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace the LIBO Rate with a Benchmark

Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Majority Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Majority Lenders have delivered to the Administrative Agent written notice that such Majority Lenders accept such amendment. No replacement of the Adjusted LIBO Rate or LIBO Rate with a Benchmark Replacement pursuant to this Section 2.13(b) will occur prior to the applicable Benchmark Transition Start Date.

(ii) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (B) the implementation of any Benchmark Replacement, (C) the effectiveness of any Benchmark Replacement Conforming Changes and (D) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or Lenders pursuant to this Section 2.13(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their reasonable discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.13(b).

(iv) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Eurodollar Borrowing of, conversion to or continuation of Eurodollar Borrowings to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Alternate Base Rate Borrowings. During any Benchmark Unavailability Period, the component of the Alternate Base Rate based upon the LIBO Rate will not be used in any determination of the Alternate Base Rate."

(e) Section 9.2(c) of the Credit Agreement is hereby amended by (i) deleting the "or" at the end of clause (iii) therein and replacing it with a comma, (ii) replacing the period at the end of clause (iv) therein with ", and", and (iii) inserting a new clause (v) therein to provide as follows:

"(v) to implement any Benchmark Replacement Conforming Changes in accordance with the terms of Section 2.13(b)."

Section 6. ***Ratification***. The Borrower, for itself and the other Loan Parties, 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 7. ***Effectiveness***. This Amendment shall become effective upon the first date on which all of the conditions set forth in this Section 7 are satisfied (the "**Amendment Effective Date**"):

(a) The Administrative Agent shall have received executed counterpart signature pages to this Amendment from the Borrower, the Administrative Agent and Lenders comprising at least the Required Lenders (provided that, for the avoidance of doubt, if the Administrative Agent shall have received executed counterpart signature pages to this Amendment from each Lender, then the amendments to the Credit Agreement set forth in Section 5 of this Amendment shall also become effective (and the correction of the scrivener's error contemplated by Section 4 of this Amendment shall be superseded thereby)); 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 and each other Loan Party; (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 each other Loan Party contained in the Credit Agreement and in the other Loan Documents are true and correct on and as of the date hereof 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 8. ***Governing Law***. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 9. ***Miscellaneous***. (a) On and after the effectiveness of this Amendment, each reference in each Loan Document to "this Agreement", "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, operate as a waiver of any default of the Borrower or any other Loan Party or any right, power or remedy of the

Administrative Agent or the Lenders 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. This Amendment shall constitute a Loan Document for purposes of the Credit Agreement.

Section 10. ***Release of Administrative Agent, Issuing Bank and Lenders; Etc.*** In consideration of the amendments set forth in this Amendment, the Borrower and the Guarantors hereby release, acquit, forever discharge, and covenant not to sue, the Administrative Agent, the Issuing Bank and each Lender, along with all of their respective beneficiaries, officers, directors, shareholders, agents, employees, servants, attorneys and representatives, as well as their respective affiliates, heirs, executors, legal representatives, administrators, predecessors in interest, successors and assigns (each individually, a "**Released Party**" and collectively, the "**Released Parties**") from any and all claims, demands, debts, liabilities, contracts, agreements, obligations, accounts, defenses, suits, offsets against the indebtedness evidenced by the Loan Documents, actions, causes of action or claims for damages or relief of whatever kind or nature, whether equitable or monetary, whether known or unknown, suspected or unsuspected by the Borrower which the Borrower, any Guarantor or any Subsidiary of any of them, has, had or may have against any Released Party, for or by reason of any matter, cause or thing whatsoever occurring on or at any time prior to the date of this Amendment, including, without limitation, any matter that relates to, in whole or in part, directly or indirectly (a) the Credit Agreement, any promissory note, any Security Document, any other Loan Document or the transactions evidenced thereby, including, without limitation, any disbursements under the Credit Agreement, any promissory notes, the negotiation of any of the Credit Agreement, the promissory notes, the Mortgages or the other Loan Documents, the terms thereof, or the approval, administration or servicing thereof; or (b) any notice of default, event of default in reference to any Loan Document or any other matter pertaining to the collection or enforcement by any Released Party of the indebtedness evidenced by any Loan Document or any right or remedy under any Loan Document; or (c) any purported oral agreements or understandings by and between any Released Party and the Borrower or any Guarantor in reference to any Loan Document.

Section 11. ***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 Amendment 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: President and Chief Financial Officer

**ADMINISTRATIVE AGENT AND LENDERS**:

**BANK OF MONTREAL**, as Administrative Agent, Issuing Bank and Lender

/s/ James V. Ducote
Managing Partner

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

/s/ Raza Jafferi
Director

**FIFTH THIRD BANK, NATIONAL ASSOCIATION**, as a Lender

/s/ Thomas Kleiderer
Director

**MIZUHO Bank, Ltd.**, as a Lender

/s/ Edward Sacks
Authorized Signatory

**Wells Fargo Bank, N.A.,** as a Lender

/s/ Johnathan Herrick
Director

**CAPITAL ONE, NATIONAL ASSOCIATION,** as Lender

/s/ Christopher Kuna
Senior Director

**Societe Generale,** as Lender

/s/ Max Sonnonstine
Director

**REGIONS BANK,** as Lender

/s/ Cody Chance
Vice President

**KEYBANK NATIONAL ASSOCIATION,** as Lender

/s/ David M. Bornstein
Senior Vice President

**CREDIT AGRICOLE COPORATE AND INVESTMENT BANK,** as Lender

/s/ Michael Willis
Managing Director

/s/ Page C. Dillehunt
Managing Director

**CITIZENS Bank, N.A.,** as Lender

/s/ Kelly Graham
Vice President

**BARCLAYS BANK PLC,** as Lender

/s/ Sydney G. Dennis
Director

**The Huntington National Bank,** as Lender

/s/ Cameron Hinojosa
Vice President

**CIT BANK, N.A.,** as Lender

/s/ Sean M. Murphy
Managing Director

**HANCOCK WHITNEY BANK,** as Lender

/s/ William Jochetz
Senior Vice President

**GOLDMAN SACHS BANK USA,** as Lender

/s/ Jamie Minieri

Authorized Singatory

**Exhibit 31.1**

## Section 302 Certification

I, M. Jay Allison, certify that:

1. I have reviewed this March 31, 2020 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 7, 2020

/s/ M. JAY ALLISON
Chief Executive Officer

**Exhibit 31.2**

**Section 302 Certification**

I, Roland O. Burns, certify that:

1. I have reviewed this March 31, 2020 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 7, 2020

/s/ ROLAND O. BURNS
President and Chief Financial Officer

**Exhibit 32.1**

**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, 2020 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 7, 2020

**Exhibit 32.2**

**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, 2020 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 7, 2020