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 September 30, 2002

OR

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

Commission File No. 0-16741

COMSTOCK RESOURCES, INC.

(Exact name of registrant as specified in its charter)

NEVADA	**94-1667468**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5300 Town and Country Blvd., Suite 500, Frisco, Texas 75034
(Address of principal executive offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.
Yes √ No ____

The number of shares outstanding of the registrant's common stock, par value $.50, as of November 8, 2002 was 28,836,811.

COMSTOCK RESOURCES, INC.

QUARTERLY REPORT

For The Quarter Ended September 30, 2002

INDEX

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2002	December 31, 2001
	(Unaudited)	
	(In thousands)	
Cash and Cash Equivalents	$ 3,574	$ 6,122
Accounts Receivable:		
Oil and gas sales	23,675	20,015
Joint interest operations	1,620	4,717
Derivatives	66	1,342
Other Current Assets	2,319	7,418
Total current assets	31,254	39,614
Property and Equipment:		
Unevaluated oil and gas properties	19,534	13,416
Oil and gas properties, successful efforts method	927,394	901,206
Other	2,566	2,633
Accumulated depreciation, depletion and amortization	(301,440)	(278,679)
Net property and equipment	648,054	638,576
Derivatives	7	254
Other Assets	6,065	4,627
	$ 685,380	$ 683,071

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2002	December 31, 2001
Current Portion of Long-Term Debt	$ 472	$ 229
Accounts Payable and Accrued Expenses	38,341	37,389
Derivatives	335	798
Total current liabilities	39,148	38,416
Long-Term Debt, less current portion	372,002	372,235
Deferred Taxes Payable	49,066	47,911
Derivatives	—	1,053
Reserve for Future Abandonment Costs	7,169	7,794
Stockholders' Equity:		
Preferred stock--$10.00 par, 5,000,000 shares authorized, 1,757,310 shares outstanding	17,573	17,573
Common stock--$0.50 par, 50,000,000 shares authorized, 28,836,811 and 28,552,553 shares outstanding at September 30, 2002 and December 31, 2001, respectively	14,418	14,276
Additional paid-in capital	132,642	130,956
Retained earnings	54,589	54,183
Deferred compensation-restricted stock grants	(1,009)	(1,187)
Accumulated other comprehensive income (loss)	(218)	(139)
Total stockholders' equity	217,995	215,662
	$ 685,380	$ 683,071

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
	(In thousands, except per share amounts)			
Revenues:				
Oil and gas sales	$ 35,550	$ 29,305	$ 100,044	$ 142,212
Other income	128	113	327	381
Total revenues	35,678	29,418	100,371	142,593
Expenses:				
Oil and gas operating	7,944	7,108	24,526	24,667
Exploration	411	63	3,392	3,371
Depreciation, depletion and amortization	13,196	12,314	40,711	36,244
General and administrative, net	935	623	2,942	2,450
Interest	7,875	5,018	22,387	15,479
Loss from derivatives	126	—	2,294	—
Total expenses	30,487	25,126	96,252	82,211
Income from continuing operations before income taxes	5,191	4,292	4,119	60,382
Income tax expense	(1,817)	(1,502)	(1,442)	(21,134)
Net income from continuing operations	3,374	2,790	2,677	39,248
Preferred stock dividends	(404)	(404)	(1,199)	(1,199)
Net income from continuing operations attributable to common stock	2,970	2,386	1,478	38,049
Income from discontinued operations, including loss on disposal of $1,156, net of income taxes	57	100	(1,072)	454
Net income attributable to common stock	$ 3,027	$ 2,486	$ 406	$ 38,503
Net income per share:				
Basic -				
Net income from continuing operations per share	$ 0.10	$ 0.08	$ 0.05	$ 1.30
Net income per share	$ 0.10	$ 0.09	$ 0.01	$ 1.32
Diluted -				
Net income from continuing operations per share	$ 0.10	$ 0.08	$ 0.05	$ 1.13
Net income per share	$ 0.10	$ 0.09	$ 0.01	$ 1.14
Weighted average shares outstanding:				
Basic	28,835	28,796	28,731	29,207
Diluted	33,755	33,970	29,433	34,851

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

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

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Deferred Compensation-Restricted Stock Grants	Accumulated Other Comprehensive Income (Loss)	Total
				(In thousands)			
Balance at December 31, 2001	$ 17,573	$ 14,276	$ 130,956	$ 54,183	$ (1,187)	$ (139)	$ 215,662
Restricted stock grants	—	—	—	—	178	—	178
Value of warrants issued for exploration prospects	—	—	836	—	—	—	836
Exercise of stock options	—	142	850	—	—	—	992
Net income attributable to common stock	—	—	—	406	—	—	406
Unrealized hedge loss	—	—	—	—	—	(79)	(79)
Balance at September 30, 2002	$ 17,573	$ 14,418	$ 132,642	$ 54,589	$ (1,009)	$ (218)	$ 217,995

The accompanying notes are an integral part of these statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,605	$ 39,702
Adjustments to reconcile net income to net cash provided by operating activities:		
Compensation paid in common stock	178	168
Exploration	3,392	3,371
Depreciation, depletion and amortization	40,711	36,244
Deferred income taxes	1,442	17,658
Unrealized gains from derivatives	(189)	—
Gain on sale of properties	—	(12)
Non-cash effect of discontinued operations, net	1,395	458
Working capital provided by operations	48,534	97,589
Decrease (increase) in accounts receivable	(563)	18,300
Decrease in other current assets	5,099	696
Increase (decrease) in accounts payable and accrued expenses	1,147	(8,434)
Net cash provided by operating activities	54,217	108,151
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of properties	3,478	45
Capital expenditures and acquisitions	(57,784)	(81,816)
Net cash used for investing activities	(54,306)	(81,771)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	20,736	23,730
Proceeds from issuance of senior notes	75,000	—
Debt issuance costs	(2,262)	—
Principal payments on debt	(95,726)	(51,414)
Preferred stock dividends paid	(1,199)	(1,199)
Proceeds from common stock issuance	992	1,900
Repurchases of common stock	—	(2,926)
Net cash used for financing activities	(2,459)	(29,909)
Net decrease in cash and cash equivalents	(2,548)	(3,529)
Cash and cash equivalents, beginning of period	6,122	7,105
Cash and cash equivalents, end of period	$ 3,574	$ 3,576

The accompanying notes are an integral part of these statements.

(1) SIGNIFICANT ACCOUNTING POLICIES -

Basis of Presentation -

In management's opinion, the accompanying consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position of Comstock Resources, Inc. and subsidiaries ("Comstock") as of September 30, 2002 and the related results of operations for the three months and nine months ended September 30, 2002 and 2001 and cash flows for the nine months ended September 30, 2002 and 2001.

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to those rules and regulations, although Comstock believes that the disclosures made are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in Comstock's Annual Report on Form 10-K for the year ended December 31, 2001.

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

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

	For the Nine Months Ended September 30, 2002	2001
	(In thousands)	
Cash Payments -		
Interest payments	$ 15,192	$ 11,686
Income tax payments	—	243
Noncash Investing and Financing Activities -		
Value of vested stock options under exploration joint venture	$ 836	$ 3,028

Income Taxes -

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

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Earnings Per Share -

Basic earnings per share is determined without the effect of any outstanding potentially dilutive stock options or other convertible securities and diluted earnings per share is determined with the effect of outstanding stock options and other convertible securities that are potentially dilutive. For the nine months ended September 30, 2002, the convertible preferred stock was anti-dilutive and therefore not included in the diluted earnings per share calculation. Basic and diluted earnings per share for the three months and nine months ended September 30, 2002 and 2001 were determined as follows:

	For the Three Months Ended September 30,					
	2002			2001		
	Income	Shares	Per Share	Income	Shares	Per Share
	(Amounts in thousands except per share data)					
Basic Earnings Per Share:						
Income from Continuing Operations	$ 3,374	28,835		$ 2,790	28,796	
Less Preferred Stock Dividends	(404)	—		(404)	—	
Net Income from Continuing Operations Available to Common Stockholders	2,970	28,835	$ 0.10	2,386	28,796	$ 0.08
Income from Discontinued Operations	57	28,835	—	100	28,796	0.01
Net Income Available to Common Stockholders	$ 3,027	28,835	$ 0.10	$ 2,486	28,796	$ 0.09
Diluted Earnings Per Share:						
Income from Continuing Operations	$ 3,374	28,835		$ 2,790	28,796	
Effect of Dilutive Securities:						
Stock Options	—	527		—	781	
Convertible Preferred Stock	—	4,393		—	4,393	
Net Income from Continuing Operations Available to Common Stockholders With Assumed Conversions	3,374	33,755	$ 0.10	2,790	33,970	$ 0.08
Income from Discontinued Operations	57	33,755	—	100	33,970	0.01
Net Income Available to Common Stockholders	$ 3,431	33,755	$ 0.10	$ 2,890	33,970	$ 0.09

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

	For the Nine Months Ended September 30,					
	2002			2001		
	Income	Shares	Per Share	Income	Shares	Per Share
	(Amounts in thousands except per share data)					
Basic Earnings Per Share:						
Income from Continuing Operations	$ 2,677	28,731		$ 39,248	29,207	
Less Preferred Stock Dividends	(1,199)	—		(1,199)	—	
Net Income from Continuing Operations Available to Common Stockholders	1,478	28,731	$ 0.05	38,049	29,207	$ 1.30
Income (Loss) from Discontinued Operations	(1,072)	28,731	(0.04)	454	29,207	0.02
Net Income Available to Common Stockholders	$ 406	28,731	$ 0.01	$ 38,503	29,207	$ 1.32
Diluted Earnings Per Share:						
Income from Continuing Operations	$ 2,677	28,731		$ 39,248	29,207	
Effect of Dilutive Securities:						
Stock Options	—	702		—	1,251	
Convertible Preferred Stock	(1,199)	—		—	4,393	
Net Income from Continuing Operations Available to Common Stockholders With Assumed Conversions	1,478	29,433	$ 0.05	39,248	34,851	$ 1.13
Income (Loss) from Discontinued Operations	(1,072)	29,433	(0.04)	454	34,851	0.01
Net Income Available to Common Stockholders	$ 406	29,433	$ 0.01	$ 39,702	34,851	$ 1.14

Derivative Instruments and Hedging Activities -

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

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

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

Period Beginning	Period Ending	Volume (MMBtu)	Type of Instrument	Swap Price	Floor Price	Ceiling Price
October 1, 2002	October 31, 2002	760,000	Swap	$3.44	—	—
October 1, 2002	October 31, 2002	400,000	Swap	$3.50	—	—
October 1, 2002	October 31, 2002	350,000	Swap	$3.48	—	—
October 1, 2002	December 31, 2002	637,500	Floor	—	$2.00	—
October 1, 2002	December 31, 2002	225,000	Collar	—	$4.00	$6.75
		2,372,500				
January 1, 2003	December 31, 2003	2,250,000	Floor	—	$2.00	—
		4,622,500				

Comstock has designated the swap positions which were entered into in March 2002 as cash flow hedges. The floor and collar positions acquired in the acquisition of DevX Energy, Inc. in December 2001 have not been designated as hedges. Comstock realized gains of $1.6 million in the first nine months of 2002 on the positions designated as hedges. These gains were included in oil and gas sales. For the three months and nine months ended September 30, 2002, Comstock realized losses of $2.8 million and $2.4 million, respectively, on the positions not designated as hedges.

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

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

Comstock had a loss of $126,000 and $2.3 million for the three months and nine months ended September 30, 2002, respectively, related to the derivative contracts not accounted for hedges. The loss on derivatives for the nine months ended September 30, 2002 was comprised of a $114,000 unrealized gain and a $2.4 million realized loss. For the derivative contracts designated as cash flow hedges, the change in fair value of these instruments resulted in an unrealized after tax loss of $79,000 which was recognized in other comprehensive income.

New Accounting Standards -

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142 ("SFAS 142") "Goodwill and Other Intangible Assets." SFAS 142 requires the discontinuance of goodwill amortization. In addition, the SFAS 142 includes provisions regarding the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, reclassification of certain intangibles out of previously reported goodwill and the testing for impairment of existing goodwill and other intangibles. The adoption of SFAS 142 in 2002 by Comstock had no effect on its financial statements since Comstock has no goodwill recorded on its balance sheet.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143 ("SFAS 143") "Accounting for Asset Retirement Obligations," which Comstock will be required to adopt as of January 1, 2003. This statement requires Comstock to record a liability in the period in which an asset retirement obligation ("ARO") is incurred. Upon recognition of an ARO liability, additional asset cost would be capitalized to equal the amount of the liability. Upon initial adoption of SFAS 143, Comstock will recognize (1) a liability for any existing AROs not already provided for in Comstock's reserve for future abandonment costs (2) capitalized cost related to the additional liability and (3) accumulated depreciation on the additional capitalized cost. Comstock has not determined the effect, if any, that the adoption of SFAS 143 will have on its financial statements.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144 ("SFAS 144") "Accounting for the Impairment or Disposal of Long-Lived Assets," which supercedes Statement of Financial Accounting Standards No. 121 ("SFAS 121"). SFAS 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. However, SFAS 144 retains the fundamental provisions of SFAS No. 121 for recognition and measurement of the impairment of long-lived assets to be held and used, and measurement of long-lived assets to be disposed of by sale. Comstock adopted the provisions of SFAS 144 in the first quarter of 2002. The most significant impact of SFAS 144 on Comstock's financial statements was the presentation of sales of oil and gas properties that comprise a cost separate center as discontinued operations.

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"). The Statement establishes accounting and reporting standards that are effective for exit or disposal activities beginning after December 31, 2002 which require that a liability be recognized for an exit or disposal activity when that liability is incurred. Comstock has not determined the effect, if any, that the adoption of SFAS 146 will have on its financial statements.

(2) LONG-TERM DEBT -

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

	(In thousands)
Revolving Bank Credit Facility	$ 152,000
11¼% Senior Notes due 2007	220,000
Other	474
	372,474
Less current portion	(472)
	$ 372,002

Comstock's bank credit facility consists of a $350.0 million three-year revolving credit commitment provided by a syndicate of banks for which Toronto Dominion (Texas), Inc. serves as administrative agent. The credit facility is subject to borrowing base availability, which is redetermined semiannually based on the banks' estimates of the future net cash flows of Comstock's oil and natural gas properties. The borrowing base at September 30, 2002 was $250.0 million of which $98.0 million was available for future borrowing. The revolving credit line bears interest, based on the utilization of the borrowing base, at the option of Comstock at either (i) LIBOR plus 1.5% to 2.375% or (ii) the base rate plus 0.5% to 1.375%. The facility matures on January 2, 2005. Indebtedness under the bank credit facility is secured by substantially all of Comstock's assets. The bank credit facility contains covenants that, among other things, restrict the payment of cash dividends, limit the amount of consolidated debt and limit Comstock's ability to make certain loans and investments. Financial covenants include the maintenance of a current ratio, maintenance of tangible net worth and maintenance of an interest coverage ratio. Comstock was in compliance with all the covenants during the three months and nine months ended September 30, 2002.

Comstock issued $150.0 million in aggregate principal amount of 11¼% Senior Notes due in 2007 (the "Notes") on April 29, 1999. Interest on the Notes is payable semiannually on May 1 and November 1, commencing on November 1, 1999. The Notes are unsecured obligations of Comstock. The Notes can be redeemed beginning on May 1, 2004. Comstock repurchased $5.0 million of the Notes in July 2001. On March 7, 2002, Comstock closed on a private placement of $75.0 million of the Notes at a net price of 97.25% after placements agents' discount. On September 3, 2002, Comstock completed an exchange offer in which it exchanged the $75.0 million of privately-issued Notes for the same principal amount of Notes that were registered under the Securities Act of 1933. As a result of these transactions, $220.0 million of the aggregate principal amount of the Notes are currently outstanding. The net proceeds from the offering were used to reduce amounts outstanding under the bank credit facility.

(3) DISCONTINUED OPERATIONS -

In April and July 2002, Comstock sold certain marginal oil and gas properties for cash proceeds of $3.5 million plus forgiveness of certain accounts payable related to the properties. The properties sold include various interests in nonoperated properties in Nueces, Hardeman, Montague and Wharton counties in Texas. Comstock realized a loss of $1.8 million ($1.2 million, after tax) on these property sales. The sold properties, including the losses on disposal, have been presented as discontinued operations in the accompanying consolidated statements of operations. Revenues and income before income taxes for the sold properties were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(In thousands)			
Revenues	$ —	$ 363	$ 391	$ 1,309
Income before income taxes	$ 90	$ 154	$ 128	$ 698

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

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

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

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

The consolidated financial statements of the Company as of and for the year ended December 31, 2001, were audited by other accountants whose report dated March 8, 2002, expressed an unqualified opinion on those consolidated financial statements. Such consolidated financial statements were not audited by us and, accordingly, we do not express an opinion or any form of assurance on the information set forth in the accompanying consolidated balance sheet as of December 31, 2001. Additionally the consolidated statements of operations for the three-month and nine month periods ended September 30, 2001, and the related statement of cash flows for the nine month period ended September 30, 2001 were not reviewed or audited by us, accordingly, we do not express an opinion or any form of assurance on them.

(signed) KPMG LLP

Dallas, Texas
November 7, 2002

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

Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Net Production Data:				
Oil (Mbbls)	296	365	972	1,169
Natural gas (Mmcf)	8,297	6,506	25,053	20,946
Natural gas equivalent (Mmcfe)	10,071	8,695	30,884	27,961
Average Sales Price:				
Oil (per Bbl)	$ 27.30	$ 26.29	$ 24.16	$ 27.19
Natural gas (per Mcf)	3.31	3.03	3.06	5.27
Average equivalent price (per Mcfe)	3.53	3.37	3.24	5.09
Expenses ($ per Mcfe):				
Oil and gas operating(1)	$ 0.79	$ 0.82	$ 0.79	$ 0.88
General and administrative	0.09	0.07	0.10	0.09
Depreciation, depletion and amortization(2)	1.26	1.37	1.28	1.26
Cash Margin ($ per Mcfe)(3)	$ 2.65	$ 2.51	$ 2.35	$ 4.12

(1) Includes lease operating costs and production and ad valorem taxes.
(2) Represents depreciation, depletion and amortization of oil and gas properties only.
(3) Represents average equivalent price per Mcfe less oil and gas operating expenses per Mcfe and general and administrative expenses per Mcfe.

Revenues -

Our sales of oil and natural gas increased $6.2 million (21%) in the third quarter of 2002 to $35.6 million, from $29.3 million in 2001's third quarter due to a 15% increase in our oil and gas production and higher crude oil and natural gas prices. Our average natural gas price increased by 9% and our average crude oil price increased by by 4% in the third quarter of 2002 as compared to 2001. For the first nine months of 2002, our oil and gas sales decreased $42.2 million (30%) to $100.0 million from $142.2 million for the nine months ended September 30, 2001. The decrease is primarily attributable to 42% lower realized natural gas prices and the 11% lower realized crude oil prices in 2002 as compared to 2001. In the first nine months of 2002, our oil and gas production increased by 10%. The increases in our production relate to our acquisition of DevX Energy, Inc. ("DevX") which was completed in December 2001.

During the three months and nine months ended September 30, 2002, we hedged 55% and 36% respectively, of our natural gas production at a fixed price of $3.46. Without the hedges we would have realized $3.16 per Mcf and $2.99 per Mcf in the three months and nine months ended September 30, 2002, respectively.

Other income increased to $128,000 in the third quarter of 2002 from $113,000 in the third quarter of 2001. Other income for the nine months ended September 30, 2002 decreased to $327,000 in 2002 from $381,000 in 2001. Interest earned on our cash deposits declined in 2002 due to lower interest rates.

Costs and Expenses -

Our oil and gas operating expenses, including production taxes, increased $0.8 million (12%) to $7.9 million in the third quarter of 2002 from $7.1 million in the third quarter of 2001. However, oil and gas operating expenses per equivalent Mcf produced decreased by $0.03 to $0.79 in the third quarter of 2002 from $0.82 in the third quarter of 2001. The increase in operating expenses is related to the lifting costs of properties acquired in the acquisition of DevX. Oil and gas operating costs for the nine months ended September 30, 2002 decreased $141,000 (1%) to $24.5 million from $24.7 million for the nine months ended September 30, 2001. Oil and gas operating expenses per equivalent Mcf produced decreased $0.09 to $0.79 for nine months ended September 30, 2002 from $0.88 for the same period in 2001. The decrease was primarily due to lower production taxes as a result of the significantly lower oil and gas prices which was partially offset by the additional operating costs related to the DevX properties.

In the third quarter of 2002, we had a $411,000 provision for exploration expense as compared to $63,000 in 2001's third quarter. The provision in the third quarter of 2002 primarily relates to an exploratory dry hole drilled in North Louisiana. For the nine months ended September 30, 2002 we had a provision for exploration expense totaling $3.4 million as compared to $3.4 million in the same period in 2001. The 2002 provision primarily related to two offshore exploratory dry holes and two onshore dry holes.

Depreciation, depletion and amortization ("DD&A") increased $0.9 million (7%) to $13.2 million in the third quarter of 2002 from $12.3 million in the third quarter of 2002 due to the 15% increase in our production which was partially offset by a 11% decrease in our average amortization rate. DD&A per equivalent Mcf produced decreased by $0.11 to $1.26 for the three months ended September 30, 2002 from $1.37 for the quarter ended September 30, 2001. For the nine months ended September 30, 2002, DD&A increased $4.5 million (12%) to $40.7 million from $36.2 million for the nine months ended September 30, 2001. The increase is due to the 10% increase in our production and a slightly higher average amortization rate. DD&A per equivalent Mcf increased by $0.02 to $1.28 for the nine months ended September 30, 2002 from $1.26 for the nine months ended September 30, 2001.

General and administrative expenses, which are reported net of overhead reimbursements, of $935,000 for the third quarter of 2002 were 50% higher than general and administrative expenses of $623,000 for the third quarter of 2001. For the first nine months of 2002, general and administrative expenses increased 20% to $2.9 million from $2.5 million for the nine months ended September 30, 2001. The increases are due primarily to an increase in our personnel costs in 2002.

Interest expense increased $2.9 million (57%) to $7.9 million for the third quarter of 2002 from $5.0 million in the third quarter of 2001. Interest expense for the nine months ended September 30, 2002 increased $6.9 million (45%) to $22.4 million from $15.5 million for the nine months ended September 30, 2001. The increases are attributable to higher borrowings outstanding under our bank credit facility and the issuance of an additional $75.0 million of our 11¼% Senior Notes on March 7, 2002. The increase in debt is attributable to borrowings made to finance the DevX acquisition. The average outstanding balance under our bank credit facility increased to $163.3 million and $176.5 million in the third quarter of 2002 and the nine months ended September 30, 2002, respectively, as compared to $53.9 million and $58.9 million in the third quarter of 2001 and nine months ended September 30, 2001, respectively. The higher debt was offset partially by a lower interest rate on our bank credit facility. The weighted average annual interest rate for borrowings under our bank credit facility decreased to 3.6% for the third quarter of 2002 as compared to 5.3% for the third quarter of 2001. The weighted average annual rate for the first nine months of 2002 was 3.8% as compared to 6.1% for the first nine months of 2001.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Comstock reported net income from continuing operations of $3.0 million for the three months ended September 30, 2002, as compared to net income from continuing operations of $2.4 million for the three months ended September 30, 2001. Net income per share from continuing operations for the third quarter was $0.10 on weighted average diluted shares outstanding of 33.8 million as compared to $0.08 for the third quarter of 2001 on weighted average diluted shares outstanding of 34.0 million. Net income from continuing operations for the nine months ended September 30, 2002 was $1.5 million, as compared to $38.0 million for the nine months ended September 30, 2001. Net income from continuing operations per common share for the nine months ended September 30, 2002 was $0.05 as compared to $1.13 for the nine months ended September 30, 2001.

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

Liquidity and Capital Resources

Funding for our activities has historically been provided by our operating cash flow, debt or equity financings or asset dispositions. For the nine months ended September 30, 2002, our net cash flow provided by operating activities before changes to other working capital accounts totaled $48.5 million. Our other primary funding sources in the first nine months of 2002 were borrowings of $20.0 million under our bank credit facility and proceeds of $75.0 million received from the issuance of our 11¼% Senior Notes.

Our primary needs for capital, in addition to funding our ongoing operations, relate to the acquisition, development and exploration of our oil and gas properties and the repayment of our debt. For the nine months ended September 30, 2002, we incurred capital expenditures of $57.8 million primarily for development and exploration activities. We also repaid $95.0 million of borrowings under our bank credit facility.

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

	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
	(In thousands)	
Acquisitions	$ 1,758	$ 250
Leasehold costs	7,238	8,141
Development drilling	16,040	38,158
Exploratory drilling	22,838	29,270
Offshore production facilities	3,560	834
Workovers and recompletions	6,222	5,037
Other	128	126
	$ 57,784	$ 81,816

The timing of most of our capital expenditures is discretionary because we have no material long-term capital expenditure commitments. Consequently, we have a significant degree of flexibility to adjust the level of our capital expenditures as circumstances warrant. We spent $55.9 million and $81.4 million on development and exploration activities in the nine months ended September 30, 2002 and 2001, respectively. We have budgeted approximately $75.0 million for development and exploration projects in 2002. We expect to use internally generated cash flow to fund development and exploration activity.

We do not have a specific acquisition budget for 2002 since the timing and size of acquisitions are not predictable. We intend to use borrowings under our bank credit facility, or other debt or equity financings to the extent available, to finance significant acquisitions. The availability and attractiveness of these sources of financing will depend upon a number of factors, some of which will relate to our financial condition and performance and some of which will be beyond our control, such as prevailing interest rates, oil and natural gas prices and other market conditions.

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

On March 7, 2002, we closed the sale in a private placement of $75.0 million of our 11¼% Senior Notes due 2007 (the "Notes") at a net price of 97.25% after the placements agents' discount. On September 3, 2002, we completed an exchange offer in which we exchanged the $75.0 million of privately-issued Notes for the same principal amount of Notes that were registered under the Securities Act of 1933. As a result of this transaction, $220.0 million of aggregate principal amount of the Notes were outstanding. The net proceeds were used to reduce amounts outstanding under our bank credit facility.

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Oil and Natural Gas Prices

Our financial condition, results of operations and capital resources are highly dependent upon the prevailing market prices of oil and natural gas. These commodity prices are subject to wide fluctuations and market uncertainties due to a variety of factors that are beyond our control. Factors influencing oil and natural gas prices include the level of global demand for crude oil, the foreign supply of oil and natural gas, the establishment of and compliance with production quotas by oil exporting countries, weather conditions that determine the demand for natural gas, the price and availability of alternative fuels and overall economic conditions. It is impossible to predict future oil and natural gas prices with any degree of certainty. Sustained weakness in oil and natural gas prices may adversely affect our financial condition and results of operations, and may also reduce the amount of oil and natural gas reserves that we can produce economically. Any reduction in our oil and natural gas reserves, including reductions due to price fluctuations, can have an adverse effect on our ability to obtain capital for our exploration and development activities. Similarly, any improvements in oil and natural gas prices can have a favorable impact on our financial condition, results of operations and capital resources. Based on our oil and natural gas production in the nine months ended September 30, 2002, a $1.00 change in the price per barrel of oil would have resulted in a change in our cash flow for such period by approximately $0.9 million and a $1.00 change in the price per Mcf of natural gas would have changed our cash flow by approximately $24.0 million.

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

In March 2002, we hedged a portion of our natural gas production for the period April 2002 through October 2002 in order to increase the predictability of our cash flow from operations in order to support our planned 2002 drilling program. The hedges covered approximately 50% of our expected 2002 natural gas production from April 2002 to October 2002. We entered into price swaps covering 50 MMBtus per day of our natural gas production at an average price of $3.46. The price swaps are settled using the closing index price for natural gas delivered to the Houston Ship Channel for 38.2 MMBtus per day and the closing contract price for natural gas delivered to the Henry Hub on the New York Mercantile Exchange for 11.8 MMBtus per day. For the first nine months of 2002 we realized gains of $1.6 million on these hedge positions.

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

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

Period Beginning	Period Ending	Volume (MMBtu)	Type of Instrument	Swap Price	Floor Price	Ceiling Price
October 1, 2002	October 31, 2002	760,000	Swap	$3.44	—	—
October 1, 2002	October 31, 2002	400,000	Swap	$3.50	—	—
October 1, 2002	October 31, 2002	350,000	Swap	$3.48	—	—
October 1, 2002	December 31, 2002	637,500	Floor	—	$2.00	—
October 1, 2002	December 31, 2002	225,000	Collar	—	$4.00	$6.75
		2,372,500				
January 1, 2003	December 31, 2003	2,250,000	Floor	—	$2.00	—
		4,622,500				

The fair value of the commodity price derivative financial instruments at September 30, 2002 was a net liability of $263,000. Certain of the positions have not been designated as cash flow hedges. Changes in fair value of the derivative financial instruments not designated as cash flow hedges are recorded in earnings.

Interest Rates

At September 30, 2002, we had long-term debt of $372.0 million. Of this amount, $220.0 million bears interest at a fixed rate of 11¼%. We had $152.0 million outstanding under our revolving bank credit facility, which is subject to floating market rates of interest. Borrowings under the bank credit facility bear interest at a fluctuating rate that is linked to LIBOR or the corporate base rate, at our option. Any increases in these interest rates can have an adverse impact on our results of operations and cash flow. In March 2001, we entered into an interest rate swap agreement to hedge the impact of interest rate changes on $25.0 million of our floating rate debt beginning on April 30, 2001 and expiring on April 30, 2002. As a result of this interest rate swap, we realized a loss of $218,000 in the first nine months of 2002. As of September 30, 2002, we had no open interest rate derivative financial instruments outstanding.

ITEM 4. CONTROLS AND PROCEDURES

Within ninety days prior to the date of this report, 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. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports.

In addition, we reviewed our internal controls, and there has been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

15.1* Awareness Letter of KPMG LLP.

99.1* Certification for the Chief Executive Officer as required by Section 906 of the Sarbanes-Oxley Act of 2002.

99.2* Certification for the Chief Financial Officer as required by Section 906 of the Sarbanes-Oxley Act of 2002.

*Filed herewith.

b. Reports on Form 8-K

Form 8-K Reports filed subsequent to June 30, 2002 are as follows:

Date	Item	Description
August 15, 2002	9	Financial information certifications

SIGNATURES

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

COMSTOCK RESOURCES, INC.

/s/M. JAY ALLISON

Date November 8, 2002

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

/s/ROLAND O. BURNS

Date November 8, 2002

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

CERTIFICATIONS

I, M. Jay Allison, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Comstock Resources, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly 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-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 8, 2002

By: /s/M. JAY ALLISON
M. Jay Allison, Chief Executive Officer

CERTIFICATIONS

I, Roland O. Burns, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Comstock Resources, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly 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-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 8, 2002

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