

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

FORM 8-K/A

(Amendment No. 1)

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

Date of Report (Date of Earliest Event Reported): **August 13, 2018**

COMSTOCK RESOURCES, INC.

(Exact Name of Registrant as Specified in Charter)

STATE OF NEVADA

(State or other
jurisdiction incorporation)

001-03262

(Commission File Number)

94-1667468

(I.R.S. Employer
Identification Number)

**5300 Town and Country Boulevard
Suite 500**

Frisco, Texas 75034

(Address of principal executive offices)

(972) 668-8800

(Registrant's Telephone No.)

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

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

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

Emerging growth company

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

EXPLANATORY NOTE

Comstock Resources, Inc. (the “Company”) is filing this Amendment No. 1 to the Form 8-K for the purpose of amending and supplementing Item 9.01 of the Current Report on Form 8-K originally filed with the Securities and Exchange Commission (the “SEC”) on August 15, 2018 (the “Original Form 8-K”) in connection with the consummation of the transactions contemplated under the Contribution Agreement dated May 9, 2018, as amended, among the Company, Arkoma Drilling, L.P. and Williston Drilling, L.P. As indicated in the Original Form 8-K, this Amendment No. 1 to Current Report on Form 8-K is being filed to provide the information required by Item 9.01(a) and (b) of Form 8-K and Rule 3-05(b) of Regulation S-X that was not previously filed with the Original Form 8-K, as permitted by the rules of the SEC. Except as provided herein, the disclosures made in the Original Form 8-K remain unchanged.

Item 9.01 Financial Statements and Exhibits

(b) Pro Forma Financial Information.

The pro forma financial information required by this item is filed as Exhibit 99.3 to this Form 8-K/A.

(d) Exhibits.

Exhibit 23.1 [Consent of Ernst & Young, LLP](#)

Exhibit 23.2 [Consent of Independent Petroleum Engineers](#)

Exhibit 99.2 [Audited Financial Statements and Unaudited Interim Financial Statements of the Bakken Shale Properties](#)

Exhibit 99.3 [Pro Forma Consolidated Balance Sheet as of June 30, 2018 and Consolidated Statements of Operations for the Year ended December 31, 2017 and for the six months ended June 30, 2018.](#)

SIGNATURES

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

COMSTOCK RESOURCES, INC.

Dated: October 30, 2018

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

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-217453) of Comstock Resources, Inc.,
- (2) Registration Statement (Form S-8 No. 333-214945) pertaining to the Comstock Resources, Inc. 2009 Long-Term Incentive Plan,
- (3) Registration Statement (Form S-8 No. 033-88962) pertaining to the Comstock Resources, Inc. 401(k) Profit Sharing Plan,
- (4) Registration Statement (Form S-8 No. 333-207180) pertaining to the Comstock Resources, Inc. 2009 Long-Term Incentive Plan, and
- (5) Registration Statement (Form S-8 No. 333-159332) pertaining to the Comstock Resources, Inc. 2009 Long-Term Incentive Plan;

of our report dated May 23, 2018, with respect to the statements of assets acquired and liabilities assumed and revenues and direct operating expenses of the Bakken Shale Properties included in this Current Report (Form 8-K/A) for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Dallas, Texas
October 30, 2018

CONSENT OF INDEPENDENT PETROLEUM CONSULTANTS

Lee Keeling and Associates, Inc. hereby consents to the references to our firm in the form and context in which they appear in (i) this Current Report on Form 8-K/A of Comstock Resources Inc. filed with the Securities and Exchange Commission on October 30, 2018 and (ii) We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-217453) of Comstock Resources, Inc.,
- (2) Registration Statement (Form S-8 No. 333-214945) pertaining to the Comstock Resources, Inc. 2009 Long-Term Incentive Plan,
- (3) Registration Statement (Form S-8 No. 033-88962) pertaining to the Comstock Resources, Inc. 401(k) Profit Sharing Plan,
- (4) Registration Statement (Form S-8 No. 333-207180) pertaining to the Comstock Resources, Inc. 2009 Long-Term Incentive Plan, and
- (5) Registration Statement (Form S-8 No. 333-159332) pertaining to the Comstock Resources, Inc. 2009 Long-Term Incentive Plan;

/s/ Lee Keeling and Associates, Inc.

Tulsa, Oklahoma
October 30, 2018

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Report of Independent Auditors

To the Partners of
Arkoma Drilling, L.P. and Williston Drilling, L.P.

We have audited the accompanying statement of assets acquired and liabilities assumed of the properties to be acquired by Comstock Resources, Inc. (the "Bakken Shale Properties") as of December 31, 2016 and 2017, the related statements of revenues and direct operating expenses for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Bakken Shale Properties as of December 31, 2016 and 2017 and their revenues and direct operating expenses for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

The accompanying financial statements were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission as described in Note 1. The presentation is not intended to be a complete financial statement presentation of the properties described above.

/s/ Ernst & Young LLP
Dallas, Texas
May 23, 2018

THE BAKKEN SHALE PROPERTIES
STATEMENTS OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

(In thousands)

	<u>As of December 31,</u>	
	<u>2016</u>	<u>2017</u>
Assets Acquired:		
Oil and Gas Properties, Successful Efforts Method	\$ 323,449	\$ 502,851
Accumulated Depletion, Depreciation and Amortization	(41,259)	(110,371)
Net assets acquired	<u>\$ 282,190</u>	<u>\$ 392,480</u>
Liabilities Assumed:		
Reserve for Future Abandonment Costs	\$ 109	\$ 189
Total liabilities assumed	<u>\$ 109</u>	<u>\$ 189</u>

See accompanying Notes to the Financial Statements.

THE BAKKEN SHALE PROPERTIES
STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES

(In thousands)

	For the year ended December 31,		
	2015	2016	2017
Revenues:			
Oil sales	\$ 22,713	\$ 83,299	\$ 178,226
Natural gas sales	860	3,710	16,736
Total oil and gas sales	23,573	87,009	194,962
Direct operating expenses:			
Production taxes	2,301	8,665	18,382
Lease operating	1,120	9,260	21,500
Total direct operating expenses	3,421	17,925	39,882
Revenues in excess of direct operating expenses	\$ 20,152	\$ 69,084	\$ 155,080

See accompanying Notes to the Financial Statements.

THE BAKKEN SHALE PROPERTIES
NOTES TO THE FINANCIAL STATEMENTS

(1) Basis of Presentation

On May 9, 2018, Arkoma Drilling, L.P. ("Arkoma") and Williston Drilling, L.P. ("Williston") entered into a contribution agreement (the "Contribution Agreement") with Comstock Resources, Inc. (the "Company" or "Comstock") whereby Williston and Arkoma will contribute certain oil and natural gas properties in North Dakota and Montana (the "Bakken Shale Properties") in exchange for up to 88.6 million newly issued shares of Comstock common stock. Arkoma and Williston are wholly owned by Jerry Jones and his children. The transaction is subject to customary adjustments and has an effective date of April 1, 2018.

The Bakken Shale Properties were not accounted for as a separate subsidiary or division during the periods presented. Accordingly, complete financial statements under U.S. generally accepted accounting principles ("GAAP") are not available or practicable to obtain for the Bakken Shale Properties. The Statements of Assets Acquired and Liabilities Assumed are not intended to be a complete presentation of all assets and liabilities related to the Bakken Shale Properties. The Statement of Revenues and Direct Operating Expenses is not intended to be a complete presentation of the results of operations of the Bakken Shale Properties and will not be representative of future operations as they do not include general and administrative expenses, effects of derivative transactions, interest income or expense, depreciation, depletion and amortization, provision for income taxes and other income and expense items not directly associated with revenues from crude oil and natural gas. The accompanying Statement of Assets Acquired and Liabilities Assumed and the Statements of Revenues and Direct Operating Expenses are presented in lieu of the full financial statements required under Item 14 of Schedule 14A and Rule 3-05 of Regulation S-X.

(2) Summary of Significant Accounting Policies

Revenue Recognition

Arkoma and Williston recognize oil and gas revenue upon delivery and transfer of title using the sales method for gas imbalances, net of any royalty interests or other profit interests in the produced product. Natural gas sales include sales related to natural gas liquids.

Direct Operating Expenses

Direct operating expenses are recognized when incurred and consist of direct expenses of the Bakken Shale Properties. The direct operating expenses include production taxes and lease operating. Lease operating expenses include lifting costs, well repair expenses, facility maintenance expenses, well workover costs, and other field related expenses. Lease operating expenses also include overhead charged by the operator of the property, and expenses directly associated with support personnel, support services, equipment, and facilities directly related to oil and gas production activities.

Use of Estimates in the Preparation of Operating Revenues less Direct Operating Expenses

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of operating revenues and direct operating expenses during the reporting period. Actual amounts could differ from those estimates.

Oil and Gas Properties

Arkoma and Williston follow the successful efforts method of accounting for the Bakken Shale Properties. Costs incurred to develop oil and gas properties are capitalized and amortized on an equivalent units-of-production basis over the life of the remaining related oil and gas reserves.

**THE BAKKEN SHALE PROPERTIES
NOTES TO THE FINANCIAL STATEMENTS**

Reserve for Future Abandonment Costs

Arkoma and Williston record a liability for future plugging and abandonment costs of its oil and gas properties in the period when the asset obligation is incurred. An amount equal to the estimated future fair value of the obligation is capitalized at its present value, and thereafter the liability is accreted up to the final retirement cost.

Contingencies

Pursuant to the terms of the Contribution Agreement among the Company, Arkoma and Williston, obligations relating to matters arising in connection with ownership of the Bakken Shale Properties prior to April 1, 2018 are retained by Arkoma and Williston. Arkoma and Williston also retain liability for certain matters arising as a result of the ownership or operation of the Bakken Shale Properties and occurring between April 1, 2018 and the closing date of the acquisition of the Bakken Shale Properties, specifically (i) liability for any property damage, personal injury or death; (ii) fines, penalties and other payments of money levied by governmental authorities arising from violations of law; and (iii) damages resulting from the transportation or disposal, or arrangement for transportation or disposal, of hazardous materials by Arkoma and Williston to or at off-site locations.

Arkoma and Williston also retain liability for all litigation existing as of the closing date, to the extent it relates to the period of time prior to April 1, 2018, except to the extent such matters are disclosed to the Company pursuant to the Contribution Agreement.

Costs Incurred

Development costs incurred attributable to the Bakken Shale Properties totaled \$144.7 million, \$178.1 million, and \$179.4 million for each of the three years ended December 31, 2015, 2016 and 2017, respectively.

Subsequent Events

Subsequent events were evaluated through May 23, 2018.

THE BAKKEN SHALE PROPERTIES
SUPPLEMENTARY FINANCIAL INFORMATION
SUPPLEMENTARY OIL AND GAS DISCLOSURES
(Unaudited)

The following tables summarize the net ownership interest in the proved oil and gas reserves and the standardized measure of discounted future net cash flows related to the proved oil, natural gas and natural gas liquids for the Bakken Shale Properties.

Proved reserves were estimated by the Company's independent petroleum engineers using historical data and other information from the records of Arkoma and Williston.

Numerous uncertainties are inherent in establishing quantities of proved reserves. The following reserve data represents estimates only, and should not be deemed exact. In addition, the standardized measure of discounted future net cash flows should not be construed as the current market value of the Bakken Shale Properties or the cost that would be incurred to obtain equivalent reserves. Actual quantities of oil and natural gas may differ materially from the amounts estimated.

All information set forth herein relating to the proved reserves, including the estimated future net cash flows and present values, from those dates, is taken or derived from the records of Arkoma and Williston of the Bakken Shale Properties. These estimates were based upon a review of historical production data and other geological, economic, ownership, and engineering data provided related to the reserves. No reports on these reserves have been filed with any federal agency. In accordance with the SEC's guidelines, estimates of proved reserves and the future net revenues from which present values are derived were based on an unweighted twelve month average of the first-day-of-the-month price for the period, and held constant throughout the life of the Bakken Shale Properties. Operating costs, development costs, and certain production-related taxes, which are based on current information and held constant, were deducted in arriving at estimated future net revenues.

The proved reserves of the Bakken Shale Properties, all held within the United States, together with the changes therein are as follows:

	2015		2016		2017	
	Oil (MBbls)	Natural Gas (MMcf)	Oil (MBbls)	Natural Gas (MMcf)	Oil (MBbls)	Natural Gas (MMcf)
Proved Reserves:						
Beginning of year	1,811	2,774	9,107	18,002	16,728	41,759
Revisions of previous estimates	(103)	(92)	(57)	(188)	547	974
Extensions and discoveries	7,980	15,651	9,867	27,039	9,296	12,768
Production	(581)	(331)	(2,189)	(3,094)	(3,901)	(6,584)
End of year	<u>9,107</u>	<u>18,002</u>	<u>16,728</u>	<u>41,759</u>	<u>22,670</u>	<u>48,917</u>
Proved Developed Reserves:						
Beginning of year	<u>1,811</u>	<u>2,774</u>	<u>9,107</u>	<u>18,002</u>	<u>15,651</u>	<u>39,205</u>
End of year	<u>9,107</u>	<u>18,002</u>	<u>15,651</u>	<u>39,205</u>	<u>20,523</u>	<u>44,926</u>
Proved Undeveloped Reserves:						
Beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,077</u>	<u>2,554</u>
End of year	<u>—</u>	<u>—</u>	<u>1,077</u>	<u>2,554</u>	<u>2,147</u>	<u>3,991</u>

THE BAKKEN SHALE PROPERTIES
SUPPLEMENTARY FINANCIAL INFORMATION
SUPPLEMENTARY OIL AND GAS DISCLOSURES
(Unaudited)

Future cash inflows are computed by applying a twelve month average of the first day of the month commodity price adjusted for location and quality differentials to year-end quantities of proved reserves. Future development costs include future asset retirement costs. Future production costs do not include any general and administrative expenses. A discount factor of 10% was used to reflect the timing of future net cash flows. The standardized measure of discounted future net cash flows is not intended to represent the replacement cost or fair value of the Bakken Shale Properties.

The discounted future cash flow estimates do not include the effects of derivative financial instruments. The average oil and natural gas prices, net of differentials, were \$47.17, \$39.27 and \$47.00 per barrel of oil and \$2.75, \$2.88 and \$3.58 per thousand cubic feet of natural gas for the years ended December 31, 2015, 2016 and 2017, respectively.

The following table sets forth the standardized measure of discounted future net cash flows relating to proved reserves at December 31, 2016 and 2017:

	<u>Year Ended December 31,</u>	
	<u>2016</u>	<u>2017</u>
	<i>(in thousands)</i>	
Future Cash Flows	\$ 776,956	\$ 1,240,435
Future Costs:		
Production	(272,694)	(421,079)
Development and Abandonment	(98,827)	(112,063)
Future Income Taxes	—	—
Future Net Cash Flows	<u>405,435</u>	<u>707,293</u>
10% Discount Factor	(177,553)	(330,073)
Standardized Measure of Discounted Future Net Cash Flows	<u>\$ 227,882</u>	<u>\$ 377,220</u>

The following table sets forth the changes in the standardized measure of discounted future net cash flows relating to proved reserves for the years ended December 31, 2015, 2016 and 2017:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	<i>(in thousands)</i>		
Standardized Measure, Beginning of Year	\$ 28,890	\$ 140,626	\$ 227,882
Net change in sales price, net of production costs	(18,374)	(94,302)	79,697
Accretion of discount	2,889	14,063	22,788
Changes in future development costs	(11,679)	(975)	16,811
Changes in timing and other	—	(14,969)	(211)
Extensions and discoveries	159,052	252,523	185,333
Sales, net of production costs	(20,152)	(69,084)	(155,080)
Standardized measure, End of Year	<u>\$ 140,626</u>	<u>\$ 227,882</u>	<u>\$ 377,220</u>

THE BAKKEN SHALE PROPERTIES
UNAUDITED INTERIM STATEMENT OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

(In thousands)

	<u>As of</u> <u>June 30, 2018</u> (Unaudited)
Assets Acquired:	
Receivable from Arkoma and Williston	\$ 25,100
Oil and Gas Properties, Successful Efforts Method	546,100
Accumulated Depletion, Depreciation and Amortization	<u>(146,042)</u>
Net oil and gas properties	<u>400,058</u>
Total assets acquired	<u>\$ 425,158</u>
Liabilities Assumed:	
Reserve for Future Abandonment Costs	\$ 241
Total liabilities assumed	<u>\$ 241</u>

See accompanying Notes to the Unaudited Financial Statements.

THE BAKKEN SHALE PROPERTIES
UNAUDITED INTERIM STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES

(In thousands)

	<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2018</u>
	(Unaudited)	
Revenues:		
Oil sales	\$ 79,766	\$ 114,040
Natural gas sales	7,331	8,707
Total oil and gas sales	<u>87,097</u>	<u>122,747</u>
Direct operating expenses:		
Production taxes	8,298	11,630
Lease operating	8,492	13,039
Total direct operating expenses	<u>16,790</u>	<u>24,669</u>
Revenues in excess of direct operating expenses	<u>\$ 70,307</u>	<u>\$ 98,078</u>

See accompanying Notes to the Unaudited Financial Statements.

THE BAKKEN SHALE PROPERTIES
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(1) Basis of Presentation

On May 9, 2018, Arkoma Drilling, L.P. ("Arkoma") and Williston Drilling, L.P. ("Williston") entered into a contribution agreement (the "Contribution Agreement") with Comstock Resources, Inc. (the "Company" or "Comstock") whereby Williston and Arkoma contributed certain oil and natural gas properties in North Dakota and Montana (the "Bakken Shale Properties") in exchange for 88.6 million newly issued shares of Comstock common stock. Arkoma and Williston are wholly owned by Jerry Jones and his children. The transaction, which closed on August 14, 2018, had an effective date of April 1, 2018.

The Bakken Shale Properties were not accounted for as a separate subsidiary or division during the periods presented. Accordingly, complete financial statements under U.S. generally accepted accounting principles ("GAAP") are not available or practicable to obtain for the Bakken Shale Properties. The Statement of Assets Acquired and Liabilities Assumed is not intended to be a complete presentation of all assets and liabilities related to the Bakken Shale Properties. The Statements of Revenues and Direct Operating Expenses are not intended to be a complete presentation of the results of operations of the Bakken Shale Properties and will not be representative of future operations as they do not include general and administrative expenses, effects of derivative transactions, interest income or expense, depreciation, depletion and amortization, provision for income taxes and other income and expense items not directly associated with revenues from crude oil and natural gas. The accompanying Statement of Assets Acquired and Liabilities Assumed and the Statements of Revenues and Direct Operating Expenses are presented in lieu of the full financial statements required under Rule 3-05 of Regulation S-X.

In the opinion of management, the accompanying unaudited interim statements include all adjustments considered necessary for a fair presentation. Interim period results are not necessarily indicative of the results of operations for a full year.

(2) Summary of Significant Accounting Policies

Revenue Recognition

Arkoma and Williston recognize oil and gas revenue upon delivery and transfer of title using the sales method for gas imbalances, net of any royalty interests or other profit interests in the produced product. Natural gas sales include sales related to natural gas liquids.

Direct Operating Expenses

Direct operating expenses are recognized when incurred and consist of direct expenses of the Bakken Shale Properties. The direct operating expenses include production taxes and lease operating expenses. Lease operating expenses include lifting costs, well repair expenses, facility maintenance expenses, well workover costs, and other field related expenses. Lease operating expenses also include overhead charged by the operator of the property, and expenses directly associated with support personnel, support services, equipment, and facilities directly related to oil and gas production activities.

Receivable from Arkoma and Williston

The receivable from Arkoma and Williston represents revenues in excess of direct operating expenses and capital expenditures for the period April 1, 2018 through June 30, 2018.

Oil and Gas Properties

Arkoma and Williston follow the successful efforts method of accounting for the Bakken Shale Properties. Costs incurred to develop oil and gas properties are capitalized and amortized on an equivalent units-of-production basis over the life of the remaining related oil and gas reserves.

THE BAKKEN SHALE PROPERTIES
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

Reserve for Future Abandonment Costs

Arkoma and Williston record a liability for future plugging and abandonment costs of their respective oil and gas properties in the period when the asset obligation is incurred. An amount equal to the estimated future fair value of the obligation is capitalized at its present value, and thereafter the liability is accreted up to the final retirement cost.

Subsequent Events

Subsequent events were evaluated through October 30, 2018.

COMSTOCK RESOURCES, INC.
UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Introduction

Following are the unaudited pro forma combined financial statements and accompanying notes as of and for the six months ended June 30, 2018 and for the year ended December 31, 2017, which have been prepared by our management and are derived from, and should be read in conjunction with, (a) our audited consolidated financial statements as of and for the year ended December 31, 2017 included in our Annual Report on Form 10-K; (b) our unaudited consolidated financial statements as of and for the three and six months ended June 30, 2018 included in our Quarterly Report on Form 10-Q for the period then ended; (c) the audited statements of revenues and direct operating expenses of the Bakken Shale Properties being acquired from Arkoma and Williston for the year ended December 31, 2017 included in Exhibit 99.2 to this filing on Form 8-K/A; and (d) the unaudited statements of assets acquired and liabilities assumed and revenues and direct operating expenses of the Bakken Shale Properties being acquired from Arkoma and Williston as of and for the six months ended June 30, 2018 included in Exhibit 99.2 to this filing on Form 8-K/A.

On August 14, 2018 Comstock Resources, Inc. (“us” or the “Company”) consummated a Contribution Agreement with Arkoma Drilling, L.P. and Williston Drilling, L.P. (collectively the “Jones Partnerships”) under which the Jones Partnerships contributed certain assets (the “Bakken Shale Properties”) to us in exchange for common stock representing a controlling stake in the Company. The Jones Partnerships are wholly owned by Dallas businessman Jerry Jones and his children. The Jones Partnerships received 88,571,429 newly issued shares of Comstock common stock (the “Jones Issuance”), based on an agreed upon share price of \$7.00 per share. Upon completion of the transactions contemplated under the Contribution Agreement (the “Jones Transactions”), the Jones Partnerships owned approximately 84.6% of the Company’s pro forma outstanding common stock.

Concurrent with the closing of the Contribution Agreement, the Company completed a series of refinancing transactions in which it issued \$850.0 million of new 9¾% senior unsecured notes due 2026 (the “New Senior Notes”) on August 3, 2018 and it entered into a new bank credit agreement with an initial borrowing base of \$700.0 million with an initial term that runs through August 2023. The Company utilized the net proceeds from the senior notes offering, \$450.0 million of borrowings under its new credit facility and cash on hand to complete a tender offer and to call all of its then outstanding senior secured and unsecured notes. Following the completion of these refinancing transactions, the Company’s debt outstanding is comprised solely of the New Senior Notes and the borrowings under the new bank credit facility.

The unaudited pro forma combined financial information presented below gives effect to the transactions in the Contribution Agreement, including the Jones Issuance, the contribution of the Bakken Shale Properties (the “Jones Transactions”) and the refinancing transactions as if they occurred on June 30, 2018. The pro forma statements of operations are not necessarily indicative of Comstock’s operations going forward because the presentation of the operations of the Bakken Shale Properties is limited to only the revenues and direct operating expenses related thereto, while other operating expenses related to these properties have been excluded.

The pro forma adjustments are based upon available information and assumptions that management of Comstock believes are reasonable. These assumptions are subject to change. The pro forma financial statements are not necessarily indicative of and do not purport to represent the financial position or results of operations of Comstock which would have occurred had the Jones Transactions been consummated on the dates indicated or Comstock’s financial position or results of operations for any future date or period.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
PRO FORMA COMBINED BALANCE SHEET
(Unaudited)

AS OF JUNE 30, 2018
(in thousands)

	Historical		Total Pro Forma Adjustments	As Combined
	Comstock	Bakken Shale Properties		
ASSETS				
Cash and Cash Equivalents	\$ 158,378	\$ —	\$ (25,454) (d)	\$ 132,9
Accounts Receivable:				
Oil and gas sales	21,518	—	—	21,5
Joint interest operations	17,771	—	—	17,7
Other Current Assets	4,482	25,100	(239) (a)	29,3
Total current assets	<u>202,149</u>	<u>25,100</u>	<u>(25,693)</u>	<u>201,5</u>
Property and Equipment:				
Unproved oil and gas properties	—	—	195,178 (a)	195,1
Proved oil and gas properties	2,776,179	546,100	(1,823,609) (a)	1,498,6
Other	18,921	—	(14,481) (a)	4,4
Accumulated depreciation depletion and amortization	<u>(2,096,410)</u>	<u>(146,042)</u>	<u>2,096,410</u> (a)	<u>(146,0</u>
Net property and equipment	698,690	400,058	453,498	1,552,2
Income Taxes Receivable	19,086	—	—	19,0
Goodwill	—	—	309,297 (a)	309,2
Other Assets	1,408	—	—	1,4
	<u>\$ 921,333</u>	<u>\$ 425,158</u>	<u>\$ 737,102</u>	<u>\$ 2,083,5</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
Accounts Payable	\$ 153,387	\$ —	\$ —	\$ 153,3
Accrued Expenses	35,456	—	17,691 (a)	50,0
			(5,686) (d)	
			2,569 (e)	
Derivative Financial Instruments	230	—	—	2
Total current liabilities	<u>189,073</u>	<u>—</u>	<u>14,574</u>	<u>203,6</u>
Long-term Debt	1,153,333	—	108,312 (a)	1,241,8
			(19,768) (d)	
Deferred Income Taxes	10,726	—	51,109 (a)	131,4
			69,570 (b)	
Reserve for Future Abandonment Costs	10,622	241	(6,182) (a)	4,6
Total liabilities	<u>1,363,754</u>	<u>241</u>	<u>217,615</u>	<u>1,581,6</u>
Partner and Stockholders' Equity (Deficit):				
Partner's Equity – Arkoma and Williston	—	424,917	(424,917) (c)	—
Common stock	8,131	—	515 (a)	52,9
			44,286 (c)	
Common stock warrants	441	—	—	4
Additional paid-in capital	552,135	—	(412,017) (a)	451,1
			(69,570) (b)	
			380,631 (c)	
Accumulated Deficit	(1,003,128)	—	1,003,128 (a)	(2,5
			(2,569) (e)	
Total member / stockholders' equity (deficit)	<u>(442,421)</u>	<u>424,917</u>	<u>519,487</u>	<u>501,9</u>
	<u>\$ 921,333</u>	<u>\$ 425,158</u>	<u>\$ 737,102</u>	<u>\$ 2,083,5</u>

See accompanying notes to unaudited pro forma
combined financial statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
PRO FORMA COMBINED STATEMENT OF OPERATIONS
(Unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2017

(in thousands)

	Historical		Total Pro Forma Adjustments	As Combined
	Comstock	Bakken Shale Properties		
Revenues:				
Oil sales	\$ 46,590	\$ 178,226	\$ —	\$ 224,816
Natural gas sales	208,741	16,736	—	225,477
Total oil and gas sales	<u>255,331</u>	<u>194,962</u>	<u>—</u>	<u>450,293</u>
Operating expenses:				
Production taxes	5,373	18,382	—	23,755
Gathering and transportation	17,538	—	—	17,538
Lease operating	37,859	21,500	—	59,359
Depreciation, depletion and amortization	123,557	—	69,123 (f)	192,680
General and administrative	26,137	—	—	26,137
Impairment of oil and gas properties	43,990	—	—	43,990
Loss on sale of oil and gas properties	1,060	—	—	1,060
Total operating expenses	<u>255,514</u>	<u>39,882</u>	<u>69,123</u>	<u>364,519</u>
Operating income (loss)	(183)	155,080	(69,123)	85,774
Other income (expenses):				
Gain from derivative financial instruments	16,753	—	—	16,753
Other income	530	—	—	530
Interest expense	(146,449)	—	34,763 (i)	(111,686)
Total other income (expenses)	<u>(129,166)</u>	<u>—</u>	<u>34,763</u>	<u>(94,403)</u>
Income (loss) before income taxes	(129,349)	155,080	(34,360)	(8,629)
Benefit from (provision for) income taxes	17,944	—	18,058 (h)	22,389
			(13,613) (i)	
Net income (loss)	<u>\$ (111,405)</u>	<u>\$ 155,080</u>	<u>\$ (29,915)</u>	<u>\$ 13,760</u>
Net income (loss per) share –				
Basic	<u>\$ (7.61)</u>			<u>\$ 0.13</u>
Diluted	<u>\$ (7.61)</u>			<u>\$ 0.13</u>
Weighted average shares outstanding –				
Basic	<u>14,644</u>		<u>90,504 (j)</u>	<u>105,148</u>
Diluted	<u>14,644</u>		<u>90,504</u>	<u>105,610</u>

See accompanying notes to unaudited pro forma
combined financial statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
PRO FORMA COMBINED STATEMENT OF OPERATIONS
(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2018

(in thousands)

	Historical		Total Pro Forma Adjustments	As Combined
	Comstock	Bakken Shale Properties		
Revenues:				
Oil sales	\$ 18,234	\$ 114,040	\$ —	\$ 132,274
Natural gas sales	115,808	8,707	—	124,515
Total oil and gas sales	<u>134,042</u>	<u>122,747</u>	<u>—</u>	<u>256,789</u>
Operating expenses:				
Production taxes	2,952	11,630	—	14,582
Gathering and transportation	8,732	—	—	8,732
Lease operating	17,721	13,039	—	30,760
Depreciation, depletion and amortization	53,950	—	35,677 (f)	89,627
General and administrative	12,972	—	(307) (g)	12,665
Loss on sale of oil and gas properties	35,438	—	—	35,438
Total operating expenses	<u>131,765</u>	<u>24,669</u>	<u>35,370</u>	<u>191,804</u>
Operating income (loss)	2,277	98,078	(35,370)	64,985
Other income (expenses):				
Gain from derivative financial instruments	964	—	—	964
Other income	393	—	—	393
Interest expense	(79,063)	—	22,966 (i)	(56,097)
Total other income (expenses)	<u>(77,706)</u>	<u>—</u>	<u>22,966</u>	<u>(54,740)</u>
Income (loss) before income taxes	(75,429)	98,078	(12,404)	10,245
Benefit from (provision for) income taxes	(460)	—	3,757 (h)	(2,656)
			(5,953) (i)	
Net income (loss)	<u>\$ (75,889)</u>	<u>\$ 98,078</u>	<u>\$ (14,600)</u>	<u>\$ 7,589</u>
Net income (loss per) share –				
Basic	<u>\$ (4.99)</u>			<u>\$ 0.07</u>
Diluted	<u>\$ (4.99)</u>			<u>\$ 0.07</u>
Weighted average shares outstanding –				
Basic	<u>15,212</u>		<u>90,504 (j)</u>	<u>105,716</u>
Diluted	<u>15,212</u>		<u>90,504</u>	<u>105,883</u>

See accompanying notes to unaudited pro forma
combined financial statements.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

(1) Introduction and Basis of Presentation

On August 14, 2018, Comstock consummated the Contribution Agreement with the Jones Partnerships under which the Jones Partnerships contributed certain assets to us in exchange for common stock representing a controlling stake in the Company. The assets contributed include working interests in oil and gas assets in North Dakota and Montana producing from the Bakken shale in the Williston Basin. The effective date of these transactions is April 1, 2018. Concurrent with the closing of the Contribution Agreement, the Company completed a series of refinancing transactions in which it issued \$850.0 million of new 9¾% senior unsecured notes due 2026 (the “New Senior Notes”) on August 3, 2018 and it entered into a new bank credit agreement with an initial borrowing base of \$700.0 million with an initial term that runs through August 2023. The Company utilized the net proceeds from the senior notes offering, \$450.0 million of borrowings under its new bank credit facility and cash on hand to retire all of its then outstanding senior secured and unsecured notes. Following the completion of these refinancing transactions, the Company’s debt outstanding is comprised solely of the New Senior Notes and the borrowings under the new bank credit facility.

The Company assessed the Bakken Shale Properties to determine whether they meet the definition of a business under US generally accepted accounting principles, determining that they do not meet the definition of a business. As a result, the Jones Contribution is not being accounted for as a business combination. The Jones Partnerships are controlled by Jerry Jones and his children (collectively, the “Jones Group”). Upon the issuance of the shares of Comstock common stock, the Jones Group obtained control over Comstock through their ownership of the Jones Partnerships. Through the Jones Partnerships, the Jones Group owns a majority of the voting common stock as well as the ability to control the composition of the majority of the board of directors of Comstock. As a result of the change of control that occurred upon the issuance of the common stock, the Jones Group controls Comstock and, thereby, continues to control the Bakken Shale Properties.

Accordingly, the Bakken Shale Properties basis recognized by Comstock will be at the historical basis of the Jones Group. The change in control of Comstock results in a new basis for Comstock as the company has elected to apply pushdown accounting pursuant to ASC 805, Business Combinations. The new basis is pushed down to Comstock for financial reporting purposes, resulting in Comstock’s assets, liabilities and equity accounts being recognized at fair value upon the closing of the Jones Transactions.

The unaudited pro forma combined balance sheet was prepared assuming that the Jones Transactions and the Company’s refinancing transactions had occurred on June 30, 2018. The unaudited pro forma combined statements of operations for the year ended December 31, 2017 and for the six months ended June 30, 2018 were prepared assuming the Jones Transactions had occurred on January 1, 2017.

Transaction-related costs (i.e., advisory, legal, accounting, valuation, other professional or consulting fees) and certain transaction related restructuring charges are not included as a component of consideration transferred but are accounted for as expenses in the periods in which the costs are incurred and the services received. Actual transaction costs incurred through June 30, 2018 are excluded from the results of operations in the accompanying pro forma unaudited combined financial statements. Costs incurred associated with the issuance of our common stock are being accounted for as a reduction of additional paid in capital. Costs associated with the issuance of the new unsecured senior notes and the costs of originating the bank credit facility are being accounted for as an offset against the carrying value of the corresponding debt and amortized over the remaining life of each of these respective borrowings.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The transactions triggered payment of an aggregate of \$8.1 million of success fees to financial advisors and certain fees under our licenses for technical data. These costs were contingent on the consummation of the transactions, all of which were interdependent and all of which had to close in order to meet the legal requirements of the Contribution Agreement. None of these fees would have been incurred otherwise. These costs are being considered in the purchase accounting adjustments in arriving at the fair value of the liabilities assumed since they were payable only in the event the transactions successfully closed, and they are not clearly identifiable to operations either prior to or subsequent to the transactions.

The Jones Transactions constitute a change in control, upon which restricted shares granted to employees and executive officers vested, and performance share units granted to executive officers vested at the maximum number of shares granted. These additional shares are included in the computations of pro forma income per share.

The unaudited pro forma combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of the Company would have been had the acquisition occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or financial position.

The pro forma adjustments described below were developed based on the Company's management's assumptions and estimates.

(2) Unaudited Pro Forma Balance Sheet

In preparing these pro forma financial statements, the fair value of Comstock is being estimated based upon its market capitalization as of August 14, 2018, and the valuation of Comstock's assets and liabilities are based on management's preliminary valuation estimates. These valuations will be finalized as the Company finalizes its accounting for these transactions, and the final fair values may differ, possibly materially, from those being presented in the accompanying unaudited pro forma financial statements.

The fair value of Comstock's assets and liabilities as of June 30, 2018 and resulting goodwill expected to be recorded is estimated as follows:

	(In thousands)
Fair Value of Comstock's common stock	\$ 149,205
Fair Value of Liabilities Assumed —	
Current Liabilities	206,764
Long-Term Debt	1,261,645
Deferred Income Taxes	61,835
Reserve for Future Abandonment Costs	4,440
Net Liabilities Assumed	1,534,684
Fair Value of Assets Acquired —	
Current Assets	201,910
Oil and Gas Properties	1,147,748
Other Property & Equipment	4,440
Income Taxes Receivable	19,086
Other Assets	1,408
Total Assets	1,374,592
Goodwill	\$ 309,297

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Goodwill recognized is primarily attributable to the excess of the fair value of Comstock's common stock over the identifiable assets acquired net of liabilities assumed, measured in accordance with generally accepted accounting principles in the United States.

The Bakken Shale Properties are organized as limited partnerships and are treated as flow-through entities for federal and state income tax purposes. As a result, the net taxable income of the Bakken Shale Properties and any related tax credits are passed through to the members and are included in their tax returns even though such net taxable income or tax credits may not have actually been distributed. Accordingly, no federal tax provision has been recorded in the financial statements of the Bakken Shale Properties.

These unaudited pro forma combined financial statements are presented on the basis of the Bakken Shale Properties being contributed to Comstock in exchange for common stock of Comstock. Comstock is a corporation, which is treated as a taxable C corporation and thus is subject to federal and state income taxes. Accordingly, a pro forma income tax provision has been disclosed as if the Bakken Shale Properties were organized as a taxable corporation for the most recent period presented. The Bakken Shale Properties have computed pro forma tax expense using a 37.8% and 24.1% blended corporate level federal and state tax rate, for the periods ending December 31, 2017 and June 30, 2018, respectively. If the Bakken Shale Properties had effected the contribution on June 30, 2018, a deferred tax liability of approximately \$69.6 million would have been recognized related to the tax basis of its long-lived assets being less than its book basis in those assets. The recording of this deferred tax liability has been treated as an adjustment to APIC in these pro forma financial statements.

(3) Pro Forma Adjustments

Adjustments to the unaudited pro forma combined financial statements are as follows:

The accompanying unaudited pro forma balance sheet as of June 30, 2018 reflects the following adjustments:

- (a) To record the adjustment to fair value of the Comstock assets and liabilities based upon the Comstock market capitalization value of \$8.58 per share as of August 14, 2018.
- (b) To record the deferred tax liability resulting from the contribution of the Bakken Shale Properties to a taxable corporation.
- (c) To record the issuance of 88,571,429 shares of common stock in exchange for the Bakken Shale Properties pursuant to the terms of the Contribution Agreement.
- (d) To record the refinancing transactions, including the issuance of \$850.0 million of new 9¾% senior secured notes, the borrowing of \$450.0 million under a new bank credit facility and the retirement of all previously outstanding senior notes.
- (e) To record estimated remaining transaction costs attributable to the Jones Transactions. Such costs are reflected in the pro forma balance sheet only as an increase in accrued expenses.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The accompanying unaudited pro forma statement of operations for the year ended December 31, 2017 and the six months ended June 30, 2018 reflect the following adjustments:

- (f) To record depletion, depreciation and amortization expense for the Bakken Shale Properties.
- (g) To exclude costs related to the transactions incurred through June 30, 2018.
- (h) To record income taxes for the combined operations of Comstock and the Bakken Shale Properties.
- (i) To record the assumed interest expense and amortization of deferred costs associated with our new bank credit facility and our 9¾% senior unsecured notes and to reflect the retirement of our outstanding senior notes including the estimate related income tax effects.
- (j) To adjust basic and diluted shares outstanding to give effect to the share issuances pursuant to the Jones Transactions.

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

(4) Pro Forma Oil and Natural Gas Information

The following unaudited pro forma oil and natural gas reserve information reflects how the oil and natural gas reserves and the standardized measure information of the combined entities may have appeared had the Jones Transactions closed as of January 1, 2017:

	Year Ended December 31, 2017					
	Crude Oil - MBbls			Natural Gas - MMcf		
	Comstock	Bakken Shale Properties	Pro Forma Combined	Comstock	Bakken Shale Properties	Pro Forma Combined
Proved Reserves:						
Beginning of year	7,277	16,728	24,005	872,468	41,759	914,227
Revisions of previous estimates	1,232	547	1,779	33,721	974	34,695
Extensions and discoveries	1	9,296	9,297	291,881	12,768	304,649
Sale of mineral in place	(7)	—	(7)	(7,593)	—	(7,593)
Production	(951)	(3,901)	(4,852)	(73,521)	(6,584)	(80,105)
End of year	<u>7,552</u>	<u>22,670</u>	<u>30,222</u>	<u>1,116,956</u>	<u>48,917</u>	<u>1,165,873</u>
Proved Developed Reserves:						
Beginning of year	7,277	15,651	22,928	321,527	39,205	360,732
End of year	<u>7,552</u>	<u>20,523</u>	<u>28,075</u>	<u>436,114</u>	<u>44,926</u>	<u>481,040</u>
Proved Undeveloped Reserves:						
Beginning of year	—	1,077	1,077	550,941	2,554	553,495
End of year	<u>—</u>	<u>2,147</u>	<u>2,147</u>	<u>680,842</u>	<u>3,991</u>	<u>684,833</u>

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

	Year Ended December 31, 2017			
	Comstock	Bakken Shale Properties	Pro Forma Adjustments	Pro Forma Combined
	<i>(in thousands)</i>			
Future Cash Flows	\$ 3,588,764	\$ 1,240,435	\$ —	\$ 4,829,199
Future Costs:				
Production	(986,398)	(421,079)	—	(1,407,477)
Development and Abandonment	(672,559)	(112,063)	—	(784,622)
Future Income Taxes	5,239	—	(347,758) ⁽¹⁾	(342,519)
Future Net Cash Flows	1,935,046	707,293	(347,758)	2,294,581
10% Discount Factor	(1,053,502)	(330,073)	195,375 ⁽¹⁾	(1,188,200)
Standardized Measure of Discounted Future Net Cash Flows	<u>\$ 881,544</u>	<u>\$ 377,220</u>	<u>\$ (152,383)⁽¹⁾</u>	<u>\$ 1,106,381</u>

	Year Ended December 31, 2017			
	Comstock	Bakken Shale Properties	Pro Forma Adjustments	Pro Forma Combined
	<i>(in thousands)</i>			
Standardized Measure, Beginning of Year	\$ 429,275	\$ 227,882	\$ —	\$ 657,157
Net change in sales price, net of production costs	326,662	79,697	—	406,359
Development costs incurred during the year which were previously estimated	119,864	—	—	119,864
Revisions of quantity estimates	57,042	—	—	57,042
Accretion of discount	43,130	22,788	—	65,918
Changes in future development and abandonment costs	(62,509)	16,811	—	(45,698)
Changes in timing and other	(15,565)	(211)	—	(15,776)
Extensions and discoveries	167,135	185,333	—	352,468
Sales of minerals in place	(6,027)	—	—	(6,027)
Sales, net of production costs	(194,562)	(155,080)	—	(349,642)
Changes in income taxes	17,099	—	(152,383) ⁽¹⁾	(135,284)
Standardized measure, End of Year	<u>\$ 881,544</u>	<u>\$ 377,220</u>	<u>\$ (152,383)⁽¹⁾</u>	<u>\$ 1,106,381</u>

(1) Adjustment for the assumed impact of the Jones Transactions including the adjustment of Comstock's oil and gas properties to fair value and also the effect of the Section 382 limitation on the future use of Comstock's federal tax net operating losses.