



Comstock Resources, Inc. Reports 2015 Financial and Operating Results

February 24, 2016

COMSTOCK RESOURCES, INC. REPORTS 2015 FINANCIAL AND OPERATING RESULTS

FRISCO, TEXAS, February 24, 2016 - Comstock Resources, Inc. ("Comstock" or the "Company") (NYSE: CRK) today reported financial and operating results for the quarter and year ended December 31, 2015.

Financial Results for the Three Months Ended December 31, 2015

Comstock produced 14.9 billion cubic feet of natural gas and 493,300 barrels of oil, or 17.9 billion cubic feet ("Bcf") of natural gas equivalent ("Bcfe"), in the fourth quarter of 2015. Natural gas production in the fourth quarter of 2015 grew by 65% from 9.0 Bcf in the fourth quarter of 2014 and by 11% from 13.5 Bcf in the third quarter of 2015 due to the Company's successful Haynesville shale drilling program. Haynesville shale gas production has increased by 161% compared to the first quarter of 2015. Oil production in the fourth quarter of 2015 averaged 5,362 barrels of oil per day compared to 12,403 barrels per day in the fourth quarter of 2014. The decrease in oil production is the result of the sale of the Company's Burleson County, Texas properties and the lack of drilling in the South Texas Eagle Ford.

Oil and natural gas prices declined substantially in 2015. Comstock's average realized natural gas price, including realized hedging gains, decreased 43% to \$2.02 per Mcf in the fourth quarter of 2015 as compared to \$3.55 per Mcf realized in the fourth quarter of 2014. The Company's average realized oil price declined by 57% to \$36.26 per barrel in the fourth quarter of 2015 as compared to \$83.55 per barrel, including realized hedging gains or losses, in the fourth quarter of 2014. As a result of lower realized prices, oil and gas sales (including realized losses from hedging) declined by 62% to \$48.1 million as compared to 2014's fourth quarter sales of \$127.5 million. EBITDAX, or earnings before interest, taxes, depreciation, depletion, amortization, exploration expense and other noncash expenses, was \$27.0 million in the fourth quarter of 2015 as compared to EBITDAX of \$100.5 million in the fourth quarter of 2014.

Low oil and natural gas prices continue to adversely impact the Company's financial results and have resulted in a significant impairment of the Company's producing properties being recorded for the fourth quarter of 2015. Comstock reported a net loss of \$288.5 million, or \$6.25 per share, for the quarter as compared to a net loss of \$58.3 million, or \$1.26 per share, for the fourth quarter of 2014. The fourth quarter 2015 results include a charge to impair certain producing oil and gas properties and unevaluated leases of \$254.6 million, recognition of a valuation allowance on deferred tax assets primarily resulting from the impairment provision of \$93.4 million, an unrealized gain from derivative financial instruments of \$0.1 million, a loss on sale of oil and gas properties of \$0.3 million and a net gain on extinguishment of debt of \$23.2 million. Financial results for the fourth quarter of 2014 included an unrealized gain from derivative financial instruments of \$3.9 million, recognition of a valuation allowance on deferred tax assets primarily resulting from the impairment provision of \$3.2 million, a charge to impair certain oil and gas properties and unevaluated leases and exploratory dry hole costs of \$60.9 million and rig termination fees of \$6.7 million. Excluding these items from each quarter's results, the net loss for the fourth quarter of 2015 would have been \$42.2 million, or 91¢ per share, as compared to a net loss of \$8.7 million, or 19¢ per share, in the fourth quarter of 2014.

Financial Results for the Year Ended December 31, 2015

Comstock produced 47.7 Bcf of natural gas and 3.1 million barrels of oil, or 66.2 Bcfe, in 2015 as compared to 39.8 Bcf of natural gas and 4.3 million barrels of oil or 65.6 Bcfe in 2014. Natural gas production was up 20% over 2014 while oil production declined by 28%.

Comstock's average realized natural gas price, including realized hedging gains, decreased 44% to \$2.33 per Mcf in the year ended December 31, 2015 as compared to \$4.16 per Mcf realized in the year ended December 31, 2014. The Company's average realized oil price decreased by 50% to \$46.19 per barrel in the year ended December 31, 2015 as compared to \$92.50 per barrel, including realized hedging losses, in the year ended December 31, 2014. Oil and gas sales (including realized gains or losses from hedging) in the year ended December 31, 2015 of \$253.7 million decreased by 55% as compared to \$564.4 million in the year ended December 31, 2014. Operating cash flow (before changes in working capital accounts) decreased 91% to \$36.2 million for the year ended December 31, 2015 as compared to \$391.5 million of operating cash flow from continuing operations for the year ended December 31, 2014. EBITDAX decreased 66% to \$150.4 million in the year ended December 31, 2015 from EBITDAX of \$446.4 million in the year ended December 31, 2014.

Comstock reported a net loss of \$1.0 billion, or \$22.71 per share, for the year ended December 31, 2015 as compared to a net loss of \$57.1 million, or \$1.24 per share, for the year ended December 31, 2014. The 2015 results include impairments on oil and gas properties and unevaluated leases of \$870.3 million, a loss on sale of oil and gas properties of \$112.1 million, the valuation allowance on deferred tax assets of \$282.9 million, drilling rig termination fees of \$1.7 million, an unrealized gain from derivative financial instruments of \$1.4 million and a net gain on extinguishment of debt of \$78.7 million. Financial results for the year ended December 31, 2014 included an unrealized loss from derivative financial instruments of \$1.0 million, recognition of a valuation allowance on deferred tax assets primarily resulting from the impairment provision of \$3.2 million, an exploration charge of \$72.6 million, and drilling rig termination fees of \$6.7 million. Excluding these items from each period's results, the net loss for the year ended December 31, 2015 would have been \$189.2 million, or \$4.10 per share, as compared to a net loss of \$1.7 million, or 5¢ per share, in the year ended December 31, 2014.

2015 Drilling Results

Comstock reported the results of its 2015 drilling program. During the year ended December 31, 2015, Comstock spent \$227.7 million on its development and exploration activities and \$13.7 million on acreage and other acquisition costs. Comstock spent an additional \$1.7 million to release one drilling rig before the contract termination date. 2015 capital expenditures, excluding spending on its Burleson County, Texas properties, which were sold in July 2015, totaled \$164.4 million.

Comstock drilled ten Haynesville and Bossier shale wells (9.6 net) in 2015. The Company also completed four horizontal Eagle Ford shale wells (2.2 net) in South Texas which were drilled in 2014. Comstock has completed all of its Haynesville and Bossier shale wells using the Company's enhanced completion design involving extended lateral lengths and larger fracs. The average initial production rate of the ten wells was 24 million cubic feet ("MMcf") per day. Two of these wells have been completed since the Company's last report. The Caraway 20-29 #1 well in Desoto Parish, Louisiana was drilled to a total vertical depth of 11,069 feet with a 5,953 foot lateral. This well targeted the Haynesville shale and was tested with an initial production rate of 24 MMcf per day. The second well, the Jordan 16-21 #1 was drilled in Sabine Parish, Louisiana to a total vertical depth of 11,356 feet with a 7,430 foot lateral. This well targeted the Bossier shale and was tested with an initial production rate of 22 MMcf per day.

2015 Proved Oil & Gas Reserves

Comstock also announced that proved oil and natural gas reserves as of December 31, 2015 were estimated at 9.2 million barrels of crude oil and 569.6 billion cubic feet ("Bcf") of natural gas or 625.0 billion cubic feet of natural gas equivalent ("Bcfe") as compared to total proved reserves as of December 31, 2014 of 620.4 Bcfe. 59% of the proved reserves at December 31, 2015 are classified as proved developed and 98% are operated by Comstock. The present value of proved reserves based on a 10% discount factor was \$372.5 million as of December 31, 2015. Reserves estimates for 2015 were based on average prices of \$2.34 per Mcf for natural gas and \$46.88 per barrel for oil.

The following table reflects the changes in the proved reserve estimates since the end of 2014:

	<u>Oil</u> <u>(MBBLs)</u>	<u>Natural Gas</u> <u>(Bcf)</u>	<u>Total</u> <u>(Bcfe)</u>
Proved Reserves at December 31, 2014	20,854	495.3	620.4
Production	(3,089)	(47.7)	(66.2)
Divestitures	(3,671)	(5.1)	(27.1)
Extensions, discoveries and other revisions	93	204.8	205.3
Price related revisions	<u>(4,958)</u>	<u>(77.7)</u>	<u>(107.4)</u>
Proved Reserves at December 31, 2015	<u>9,229</u>	<u>569.6</u>	<u>625.0</u>

Changes to Comstock's proved reserves, excluding the divestiture of the Company's East Texas Eagle Ford properties, which were sold in July 2015, were as follows:

	<u>Oil</u> <u>(MBBLs)</u>	<u>Natural Gas</u> <u>(Bcf)</u>	<u>Total</u> <u>(Bcfe)</u>
Proved Reserves at December 31, 2014	17,104	491.4	594.0
Production	(2,781)	(46.9)	(63.6)
Extensions, discoveries and other revisions	(136)	202.8	202.0
Price related revisions	<u>(4,958)</u>	<u>(77.7)</u>	<u>(107.4)</u>
Proved Reserves at December 31, 2015	<u>9,229</u>	<u>569.6</u>	<u>625.0</u>

Excluding price related revisions, Comstock's Haynesville and Bossier shale drilling program achieved an all-in finding cost of 66¢ per Mcf with total proved reserves additions of 161 Bcf and Haynesville and Bossier shale capital expenditures of \$110.7 million.

Comstock's proved undeveloped reserves at December 31, 2015 were also limited by the Company's available capital to develop the reserves in the future. The year ended 2015 proved reserve estimates included 35 proved undeveloped locations on its Haynesville and Bossier shale properties. The Company has a total of 636 operated locations, including 286 extended lateral locations, many of which would otherwise qualify as proved undeveloped locations.

2015 Exploration and Development Capital Budget

Comstock estimates that it will drill three to nine wells in 2016 depending upon commodity prices during the year. The Company's 2016 drilling activity will again be focused on its Haynesville shale properties in Louisiana, where the Company's Haynesville and Bossier wells have economic returns even in the current low natural gas price environment. The Company plans to commence drilling in March 2016 utilizing the one drilling rig that the Company has under contract. Capital expenditures in 2016 would be approximately \$98 million if the Company continues its drilling program and drilled nine extended lateral Haynesville shale wells. The number of wells drilled will be based on industry conditions. Comstock expects that its oil production in 2016 will be approximately 4,200 to 4,500 barrels per day and its natural gas production will average between 135 to 160 MMcf per day depending upon the number of wells drilled in 2016.

Other

Comstock has planned a conference call for 10:00 a.m. Central Time on February 24, 2016 to discuss the operational and financial results for the fourth quarter of 2015. Investors wishing to participate should visit the Company's website at www.comstockresources.com for a live web cast or dial 866-300-8761 (international dial-in use 412-455-6227) and provide access code 37644988 when prompted. If you are unable to participate in the

original conference call, a web replay will be available approximately 24 hours following the completion of the call on Comstock's website at www.comstockresources.com. The web replay will be available for approximately one week. A replay of the conference call will be available beginning at 1:00 p.m. CT February 24, 2016 and will continue until 10:59 p.m. March 2, 2016. To hear the replay, call 855-859-2056 (404-537-3406 if calling from outside the US). The conference call access code is 37644988.

This press release may contain "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties which could cause actual results to differ materially from those described herein. Although the Company believes the expectations in such statements to be reasonable, there can be no assurance that such expectations will prove to be correct.

Comstock Resources, Inc. is an independent energy company based in Frisco, Texas and is engaged in oil and gas acquisitions, exploration and development primarily in Texas and Louisiana. The Company's stock is traded on the New York Stock Exchange under the symbol CRK.

[CRK 4Q 2015 Financials](#)

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