

COMSTOCK RESOURCES INC

Form 10-Q

May 03, 2013

[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the Quarter Ended March 31, 2013

OR

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

Commission File No. 001-03262

**COMSTOCK RESOURCES, INC.**

(Exact name of registrant as specified in its charter)

Edgar Filing: COMSTOCK RESOURCES INC - Form 10-Q

**NEVADA**  
(State or other jurisdiction of  
incorporation or organization)

**94-1667468**  
(I.R.S. Employer  
Identification Number)

**5300 Town and Country Blvd., Suite 500, Frisco, Texas 75034**

(Address of principal executive offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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

Yes  No

The number of shares outstanding of the registrant's common stock, par value \$0.50, as of May 3, 2013 was 48,293,067.

**Table of Contents**

**COMSTOCK RESOURCES, INC.**

**QUARTERLY REPORT**

**For the Quarter Ended March 31, 2013**

**INDEX**

	<b>Page</b>
<b>PART I. Financial Information</b>	
Item 1. Financial Statements (Unaudited):	
<u>Consolidated Balance Sheets - March 31, 2013 and December 31, 2012</u>	4
<u>Consolidated Statements of Operations - Three Months ended March 31, 2013 and 2012</u>	5
<u>Consolidated Statements of Comprehensive Loss - Three Months ended March 31, 2013 and 2012</u>	6
<u>Consolidated Statement of Stockholders' Equity Three Months ended March 31, 2013</u>	7
<u>Consolidated Statements of Cash Flows - Three Months ended March 31, 2013 and 2012</u>	8
<u>Notes to Consolidated Financial Statements</u>	9
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
<u>Item 3. Quantitative and Qualitative Disclosure About Market Risk</u>	23
<u>Item 4. Controls and Procedures</u>	24
<b>PART II. Other Information</b>	
<u>Item 6. Exhibits</u>	25
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	
EX-101 INSTANCE DOCUMENT	
EX-101 SCHEMA DOCUMENT	
EX-101 CALCULATION LINKBASE DOCUMENT	
EX-101 LABELS LINKBASE DOCUMENT	
EX-101 PRESENTATION LINKBASE DOCUMENT	
EX-101 DEFINITION LINKBASE DOCUMENT	

**Table of Contents**

**PART I FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

3

**Table of Contents****COMSTOCK RESOURCES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	<b>March 31, 2013</b>	<b>December 31, 2012</b>
	<i>(In thousands)</i>	
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 6,844	\$ 4,471
Restricted Cash	38,400	
Accounts Receivable:		
Oil and gas sales	38,421	32,980
Joint interest operations	19,891	5,608
Marketable Securities		12,312
Assets of Discontinued Operations	562,453	7,568
Derivative Financial Instruments	2,884	11,651
Other Current Assets	4,832	5,310
<b>Total current assets</b>	<b>673,725</b>	<b>79,900</b>
Property and Equipment:		
Unevaluated oil and gas properties	96,527	112,851
Oil and gas properties, successful efforts method	3,445,855	3,373,695
Other	18,406	18,628
Accumulated depreciation, depletion and amortization	(1,630,948)	(1,546,487)
<b>Net property and equipment</b>	<b>1,929,840</b>	<b>1,958,687</b>
Assets of Discontinued Operations		511,366
Other Assets	18,942	19,944
	<b>\$ 2,622,507</b>	<b>\$ 2,569,897</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Accounts Payable	\$ 86,547	\$ 67,798
Deferred Income Taxes	1,009	5,340
Accrued Liabilities	87,779	37,001
Liabilities of Discontinued Operations	50,516	33,280
<b>Total current liabilities</b>	<b>225,851</b>	<b>143,419</b>
Long-term Debt	1,334,957	1,324,383
Deferred Income Taxes	140,798	149,901
Reserve for Future Abandonment Costs	16,759	16,387
Other Non-Current Liabilities	2,260	2,273
<b>Total liabilities</b>	<b>1,720,625</b>	<b>1,636,363</b>
Commitments and Contingencies		
Stockholders' Equity:		
Common stock \$0.50 par, 75,000,000 shares authorized, 48,303,517 and 48,408,734 shares outstanding at March 31, 2013 and December 31, 2012, respectively	24,152	24,204
Additional paid-in capital	480,557	480,595
Retained earnings	397,173	424,317
Accumulated other comprehensive income		4,418

Edgar Filing: COMSTOCK RESOURCES INC - Form 10-Q

Total stockholders' equity	901,882	933,534
	\$ 2,622,507	\$ 2,569,897

The accompanying notes are an integral part of these statements.

**Table of Contents****COMSTOCK RESOURCES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
	<i>(In thousands, except per share amounts)</i>	
<b>Revenues:</b>		
Oil and gas sales	\$ 95,020	\$ 103,772
Gain on sale of oil and gas properties		6,727
<b>Total revenues</b>	<b>95,020</b>	<b>110,499</b>
<b>Operating expenses:</b>		
Production taxes	2,121	3,247
Gathering and transportation	4,202	7,715
Lease operating	13,206	13,458
Exploration	2,593	1,353
Depreciation, depletion and amortization	84,967	77,311
General and administrative, net	8,787	8,798
Impairment of oil and gas properties		49
<b>Total operating expenses</b>	<b>115,876</b>	<b>111,931</b>
Operating loss	(20,856)	(1,432)
<b>Other income (expenses):</b>		
Gain on sale of marketable securities	7,877	26,621
Realized gain (loss) from derivatives	2,320	(1,354)
Unrealized loss from derivatives	(8,767)	(10,187)
Other income	245	239
Interest expense	(17,578)	(12,303)
<b>Total other income (expenses)</b>	<b>(15,903)</b>	<b>3,016</b>
Income (loss) before income taxes	(36,759)	1,584
Benefit from (provision for) income taxes	12,242	(167)
Income (loss) from continuing operations	(24,517)	1,417
Loss from discontinued operations, net of income taxes	(2,627)	(42)
<b>Net income (loss)</b>	<b>\$ (27,144)</b>	<b>\$ 1,375</b>
<b>Net income (loss) per share:</b>		
Basic income (loss) from continuing operations	\$ (0.52)	\$ 0.03
loss from discontinued operations	(0.06)	
<b>net income (loss)</b>	<b>\$ (0.58)</b>	<b>\$ 0.03</b>
Diluted income (loss) from continuing operations	\$ (0.52)	\$ 0.03
loss from discontinued operations	(0.06)	

Edgar Filing: COMSTOCK RESOURCES INC - Form 10-Q

net income (loss)	\$ (0.58)	\$ 0.03
Weighted average shares outstanding:		
Basic	46,730	46,372
Diluted	46,730	46,372

The accompanying notes are an integral part of these statements.



Table of Contents

**COMSTOCK RESOURCES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
	<i>(In thousands)</i>	
Net income (loss)	\$ (27,144)	\$ 1,375
Unrealized gain from derivatives, net of benefit from income taxes of \$161		(298)
Net change in unrealized gains and losses on marketable securities, net of a benefit from income taxes of \$2,380 and \$6,793	(4,418)	(12,612)
Other comprehensive loss	(4,418)	(12,910)
Comprehensive loss	\$ (31,562)	\$ (11,535)

The accompanying notes are an integral part of these statements.

Table of Contents

## COMSTOCK RESOURCES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the Three Months Ended March 31, 2013

(Unaudited)

	Common Stock (Shares)	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	<i>(In thousands)</i>					
Balance at January 1, 2013	48,409	\$ 24,204	\$ 480,595	\$ 424,317	\$ 4,418	\$ 933,534
Stock-based compensation, net of restricted stock used for tax withholdings	(105)	(52)	1,704			1,652
Excess income taxes from stock-based compensation			(1,742)			(1,742)
Net loss				(27,144)		(27,144)
Other comprehensive loss					(4,418)	(4,418)
Balance at March 31, 2013	48,304	\$ 24,152	\$ 480,557	\$ 397,173	\$	\$ 901,882