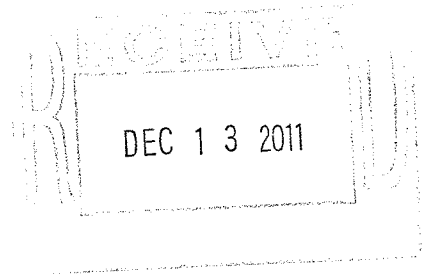




December 9, 2011

Public Company Accounting Oversight Board
Attention: Office of the Secretary
1666 K Street, N.W.
Washington, D.C. 20006-2803



Subject: PCAOB Rulemaking Docket Matter No. 37

Dear Chairman Doty:

I am the Chairman of the Audit Committee and Lead Director of Comstock Resources, Inc., an independent oil and natural gas exploration and development company. Our common stock has traded on the New York Stock Exchange for over 15 years. This letter is written on behalf of our Audit Committee and all of the members of the Board of Directors of Comstock Resources, Inc.

We are responding to the request for comment on the proposal by the PCAOB to consider a rule requiring mandatory auditor rotation every 5 years. As observed in PCAOB Release No. 2011-006, the concept of auditor rotation has been addressed several times in the past, generally in conjunction with or following a significant event of fraudulent business activities (the Equity Funding scandal in 1977, the collapse of ENRON in 2001, and other similar events where auditors were found to lack independence or where their work failed to identify fraudulent activities). We observe that over time, the responses to address these failures have been the adoption of new laws, and the associated regulations, related to administering and managing the work of independent public accountants by publicly traded companies, and more generally over the governance and financial reporting activities of publicly traded companies and the work performed by independent public accounting firms. We further observe that much of the recent rulemaking appears to be focused on ensuring that those who are discovered to be in violation of the rules are punished, as opposed to recognizing that the vast majority of companies have continuously performed to high professional standards of financial reporting, and their auditors have performed their audits to similarly high standards.

In preparing our response, we have reviewed the PCAOB Release No. 2011-006, as well as numerous comments from other Audit Committee Chairmen, financial executives of various publicly traded companies, independent public accountants, trade associations and members of academia. In light of our comments above, we share the following thoughts with respect to your proposal regarding auditor rotation:

- **Audit Quality.** In our experience, and based upon the studies performed to date, we do not see empirical support which demonstrates that the quality of audits performed by independent public accountants would improve as the result of mandatory, routine auditor rotation. We recognize that, in the course of performing its annual reviews of audits, the PCAOB routinely documents events it defines as "audit failures." Based upon the PCAOB comments, and those of others, we observe that often these "failures" indicate a difference of

opinion between the PCAOB and the auditors regarding accounting positions, or how audit procedures are evidenced. In fact, recently published literature indicates that the frequency of accounting restatements has been declining over the past several years. In light of this information, we are convinced that, for the vast majority of publicly traded firms, the quality of their financial reporting is high, and the quality of the work performed by their auditors is high. The factual data does not support a position that changing to mandatory auditor rotation will result in improvements in either financial reporting or auditing.

- **Auditor independence and "auditor skepticism".** The changes to audit practices that have occurred since the implementation of the Sarbanes-Oxley Act of 2002, including 1) the independence of the audit committee members, 2) the identification of an audit committee financial expert, 3) the requirement that the Audit Committee engage and set the compensation for auditors, 4) the limitations on non-audit services, 5) the audit partner rotation requirements, and 6) the formation of the PCAOB in lieu of the previous peer company review process, all appear to have improved auditor independence and to have motivated the auditors to reassess their business practices so as to ensure an appropriate level of professional skepticism. We see no facts that demonstrate that implementing mandatory auditor rotation alone will improve either auditor independence and/or skepticism.
- **Auditor expertise and competence.** Comstock operates in a highly specialized business, crude oil and natural gas extraction. The accounting literature applicable to our core business, and to the capital formation transactions common in our industry (including partnerships, joint ventures, etc.) require that our auditors be knowledgeable both of our business operations and the accounting for those operations. Our discussions with various independent public accounting firms indicate that expertise in our business varies substantially between the audit firms in our region. We are concerned that, over time we will be unable to engage auditors with the requisite knowledge and experience needed to perform high quality work under a system of mandatory rotation, as they will have no mandate to maintain sufficient expertise in our industry under the proposed rules.
- **Audit efficiency and cost.** We have observed first hand that auditor rotation leads to increased costs in the early years following a change in independent public accountants. We accordingly would expect that adoption of mandatory audit rotation will result in similar cost increases, recurring every five years, which will yield no known quantitative or qualitative benefits.
- **Engagement of Multiple Audit Firms.** For purposes of audit and operational efficiency, Comstock currently outsources its internal audit function to one of the Big 4 audit firms, while our audit is performed by another. Over time, mandatory audit rotation will require that we engage the firm currently providing internal audit services to provide external audit services, and vice versa. Accordingly, mandatory audit rotation will have the unintended effect of causing us to rotate both our internal and our external audit services, and the costs of auditor rotation will double-up when we must rotate both internal and external auditors. We believe these excessive costs will be a common issue for publicly traded companies with smaller market capitalizations, who typically do not maintain in-house internal audit functions.

The members of the Audit Committee and the Board of Directors of Comstock Resources, Inc. believe that the best approach to corporate governance is a system that relies on the informed business judgment of experienced and knowledgeable independent directors acting in good faith. We further believe that the current system for evaluating the engagement of independent public accountants, including their potential replacement, which places the responsibility for that decision with an independent and knowledgeable audit committee, is appropriate. Rules such as those proposed for mandatory auditor rotation, which are not supported by fact, are no substitute for a system based on sound business judgment. We respectfully recommend that adoption of the proposed rules regarding mandatory auditor rotation not be adopted until such time as more empirical information becomes available, from both practical experience and from continued research, which demonstrates that the costs of mandatory auditor rotation are outweighed by their benefits.

Thank-you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Cecil E. Martin, Jr.".

Cecil E. Martin, Jr.
Lead Director and
Chairman of the Audit Committee
Comstock Resources, Inc.