

COMSTOCK RESOURCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

before the closing on July 30, 2012. The Company received \$8.7 million and \$51.5 million for acreage and facility costs for new wells drilled subsequent to the closing in 2012 and 2013, respectively. Formation costs of \$1.7 million incurred in connection with this joint venture are reflected as a reduction to the gains on sales of oil and gas properties in the consolidated financial statements.

On December 30, 2011, the Company acquired oil and gas properties in North Louisiana from a third party for \$27.1 million. This acquisition included proved oil and gas reserves of 13 billion cubic feet of natural gas equivalent and leases covering 3,500 net acres.

In connection with acquisitions of producing oil and gas properties, the Company estimates the value of proved properties based on estimated future net cash flows and discounts them using a market-based rate that the Company determined appropriate at the acquisition date for the various proved reserve categories. Due to the unobservable nature of the inputs, the fair values of the proved oil and gas properties are considered Level 3 fair value measurements.

(3) Oil and Gas Producing Activities

Set forth below is certain information regarding the aggregate capitalized costs of oil and gas properties and costs incurred by the Company for its oil and gas property acquisition, development and exploration activities:

Capitalized Costs

	As of December 31,	
	2012	2013
	(In thousands)	
Unproved properties	\$ 112,851	\$ 134,350
Proved properties:		
Leasehold costs	899,914	971,239
Wells and related equipment and facilities	2,473,781	2,810,074
Accumulated depreciation depletion and amortization	(1,541,969)	(1,861,894)
	<u>\$ 1,944,577</u>	<u>\$ 2,053,769</u>

Costs Incurred

	For the Years Ended December 31,		
	2011	2012	2013
	(In thousands)		
Property Acquisitions:			
Unproved property acquisitions	\$ 103,946	\$ 13,742	\$ 130,113
Proved property acquisitions	16,879	—	6,471
Development costs	496,506	331,254	341,970
Exploration costs	83,182	5,522	439
	<u>\$ 700,513</u>	<u>\$ 350,518</u>	<u>\$ 478,993</u>