



NYSE:CRK

# 1<sup>st</sup> Quarter 2021 Results

MAY 4, 2021



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*This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements give our current expectations or forecasts of future events. These statements include estimates of future natural gas and oil reserves, expected natural gas and oil production and future expenses, assumptions regarding future natural gas and oil prices, budgeted capital expenditures and other anticipated cash outflows, as well as statements concerning anticipated cash flow and liquidity, business strategy and other plans and objectives for future operations.*

*Our production forecasts are dependent upon many assumptions, including estimates of production decline rates from existing wells and the outcome of future drilling activity.*

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# 1<sup>st</sup> Quarter 2021 Highlights

- Adjusted net income was \$63 million for the quarter or 25¢ per diluted share
- Production averaged 1,281 Mmcfe per day (98% natural gas), a 6% increase over 2020's fourth quarter
- Average realized price, including hedging, was \$2.88 per Mcfe compared to \$2.16 per Mcfe in 2020's first quarter
- Revenues<sup>(1)</sup> were \$332 million, 22% higher than 2020's first quarter
- EBITDAX was \$262 million, 30% higher than 2020's first quarter
- Operating cash flow<sup>(2)</sup> was \$207 million or 75¢ per diluted share
- All-in first quarter capital spending was \$169 million, including \$6 million for leasing activities
- Free cash flow after preferred dividends was \$33 million in the quarter
- In March, we refinanced approximately \$1,152 million of senior notes which saves us \$19.5 million in cash interest payments per year and extends our senior notes weighted average maturity from 4.9 years to 6.7 years
- In April, our \$1.4 billion borrowing base was reaffirmed by our bank group

*(1) including realized hedging gains and losses*

*(2) excluding working capital changes*



# Senior Notes Issuance and Tender Offer

## Sources & uses

### Sources

(\$ in millions)

Senior Notes Issuance	\$1,258
Cash from Balance Sheet	13
<b>Total Sources</b>	<b>\$1,271</b>

### Uses

(\$ in millions)

Repurchase 7.50% Senior Notes due 2025	\$393
Repurchase 9.75% Senior Notes due 2026	857
Offering and Tender Expenses	21
<b>Total Uses</b>	<b>\$1,271</b>

- Weighted average maturity increases from 4.9 years to 6.7 years
- Lowers annual interest expense by \$44.3 million
- Lowers annual cash interest by \$19.5 million

## Capitalization

(\$ in millions)	As of Dec. 31, 2020	As of Mar. 31, 2021
Cash and Cash Equivalents	\$30	\$77
Revolving Credit Facility	\$500	\$550
<b>Secured Debt</b>	<b>\$500</b>	<b>\$550</b>
7.50% Senior Notes due 2025	\$619	\$244
9.75% Senior Notes due 2026	1,650	873
6.75% Senior Notes due 2029	-	1,250
<b>Total Debt</b>	<b>\$2,769</b>	<b>\$2,917</b>
Preferred Equity (at face value)	\$175	\$175
Common Equity	1,267	1,130
<b>Total Capitalization</b>	<b>\$4,211</b>	<b>\$4,222</b>
 Annualized EBITDAX for Quarter <sup>(1)</sup>	 \$843	 \$1,048
 <b>Credit Statistics</b>		
Secured Debt / Annualized EBITDAX <sup>(1)</sup>	0.6x	0.5x
Total Net Debt / Annualized EBITDAX <sup>(1)</sup>	3.2x	2.7x
 <b>Liquidity Analysis</b>		
Cash & Cash Equivalents	\$30	\$77
Revolving Credit Facility Borrowing Base	1,400	1,400
Less Revolving Credit Facility Outstanding	500	550
<b>Liquidity</b>	<b>\$930</b>	<b>\$927</b>

(1) EBITDAX is a non-GAAP financial measure. Please see Appendix for a reconciliation to the most directly comparable GAAP financial measure.



# Q1 2021 Financial Results

*\$ in millions except per share and unit amounts*

	2020 Q1	2021 Q1	
<i>Oil Production (Mbbbls)</i>	454	326	-28%
<i>Gas Production (MMcf)</i>	122,786	113,293	-8%
<i>Production (MMcfe)</i>	125,513	115,246	-8%
<i>Oil Price (Per Barrel)</i>	\$46.31	\$47.87	3%
<i>Gas Price (Per Mcf)</i>	\$2.04	\$2.79	37%
<i>Oil and Gas Sales<sup>(1)</sup></i>	\$271.3	\$332.1	22%
<i>Lifting Costs</i>	62.7	63.7	2%
<i>General and Administrative</i>	8.7	8.0	-8%
<i>Depreciation, Depletion and Amort.</i>	110.5	109.1	-1%
<i>Operating Income before Taxes<sup>(1)</sup></i>	\$ 89.4	\$ 151.3	69%
<i>Reported Net Income (Loss)</i>	\$30.0	(\$138.4)	
<i>Loss on Early Extinguishment of Debt</i>	-	238.5	
<i>Unrealized Losses (Gains) from Hedging</i>	(16.5)	13.1	
<i>Interest Amortization on Senior Notes Valuation</i>	5.3	4.9	
<i>Loss (Gain) on Asset Sales</i>	-	(0.1)	
<i>Non-Cash Preferred Stock Accretion</i>	2.5	-	
<i>Adjustment to Income Taxes</i>	2.4	(54.8)	
<i>Adjusted Net Income</i>	\$ 23.6	\$63.3	
<i>Adjusted Net Income per Diluted Share</i>	\$ 0.12	\$ 0.25	
<i>Adjusted EBITDAX<sup>(2)</sup></i>	\$ 201.6	\$ 262.1	30%
<i>Cash Flow from Operations<sup>(3)</sup></i>	\$ 156.0	\$ 206.6	32%

<sup>(1)</sup> Includes Realized Hedging Gains and Losses

<sup>(2)</sup> Excludes Stock-based Compensation

<sup>(3)</sup> Excludes Working Capital Changes



# Strong Hedging Program

- In the first quarter, Comstock had 70% of its gas production hedged, which decreased the realized gas price to \$2.79 per Mcf versus \$2.86 per Mcf
- In the first quarter, Comstock also had 37% of its oil production hedged, which decreased the realized oil price to \$47.87 per barrel versus \$50.69 per barrel

**Comstock has ~69% of its oil and gas production hedged in 2021**

Period	Natural Gas (Mmbtu/d)						Oil (Bbl/d)	
	Swaps		Collars		Total <sup>1</sup>		Collars	
2021 1Q	607,271	\$2.56	270,000	\$2.45 / \$2.88	877,271	\$2.52	1,328	\$41.23 / \$51.10
2021 2Q	592,184	\$2.54	330,000	\$2.46 / \$2.99	922,184	\$2.51	1,500	\$41.67 / \$51.67
2021 3Q	585,000	\$2.53	400,000	\$2.47 / \$3.03	985,000	\$2.51	1,500	\$41.67 / \$51.67
2021 4Q	560,000	\$2.53	400,000	\$2.47 / \$3.03	960,000	\$2.50	1,500	\$41.67 / \$51.67
2021 FY	585,981	\$2.54	350,493	\$2.46 / \$2.99	936,474	\$2.51	1,458	\$41.57 / \$51.54
2022 1Q	150,000	\$2.59	140,000	\$2.51 / \$3.32	290,000	\$2.55	120,000	\$2.51
2022 2Q	90,000	\$2.64	80,000	\$2.50 / \$3.21	170,000	\$2.58	120,000	\$2.51
2022 3Q	90,000	\$2.64	30,000	\$2.50 / \$3.10	120,000	\$2.61	120,000	\$2.51
2022 4Q	90,000	\$2.64	30,000	\$2.50 / \$3.10	120,000	\$2.61	120,000	\$2.51
2022 FY	104,795	\$2.62	69,589	\$2.51 / \$3.24	174,384	\$2.58	120,000	\$2.51

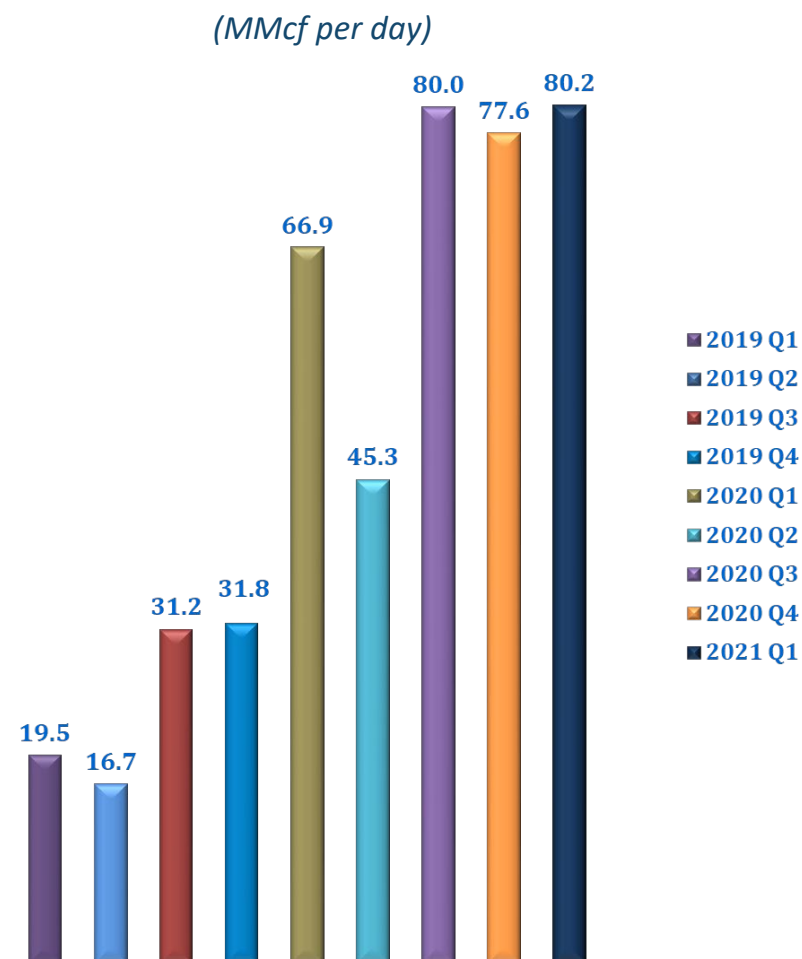
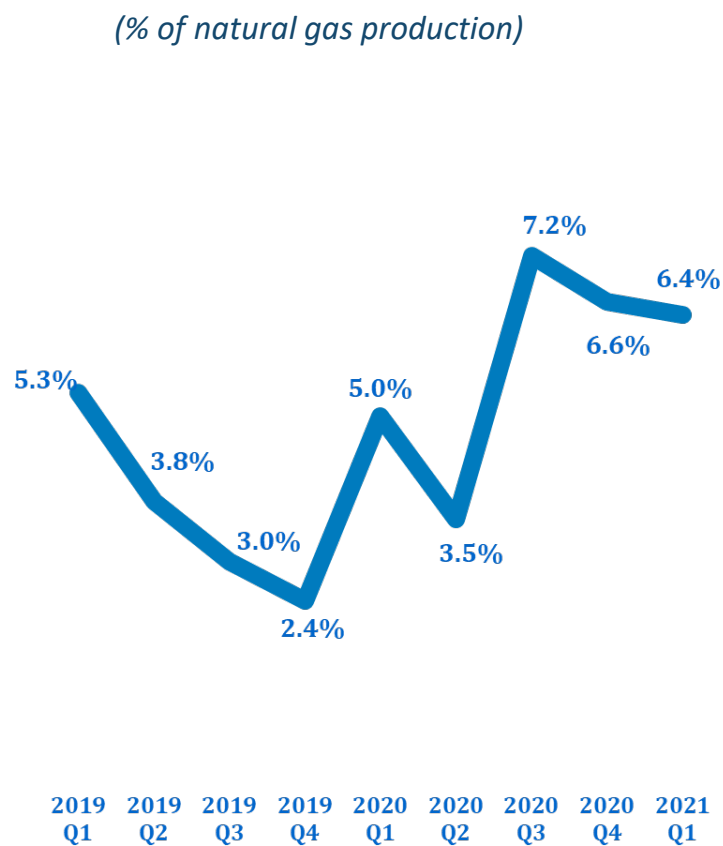
(1) Weighted average price is calculated using the long put price for collars.

(2) The counterparty has the right to exercise a call option to enter into a price swap with the Company on 120,000 MmBtu/d in 2022 at an average price of \$2.51. The call option expires for 100,000 MmBtu/d at an average price of \$2.52 in October 2021 and 20,000 MmBtu/d at an average price of \$2.50 in November 2021.



# Shut-in Production

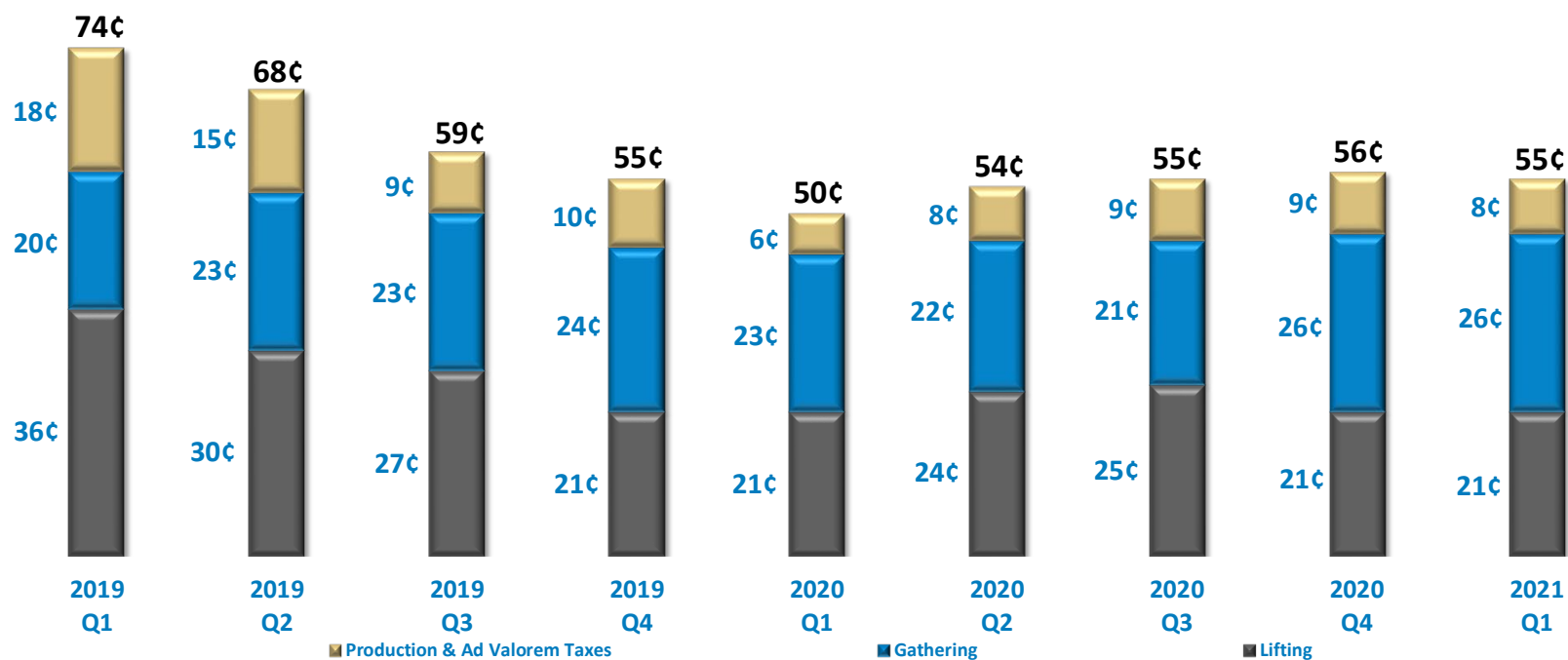
*6.4% of natural gas production was shut-in for offset frac activity and storm activity in 1<sup>st</sup> quarter*





# Low Cost Structure

## Operating Costs Per Mcfe

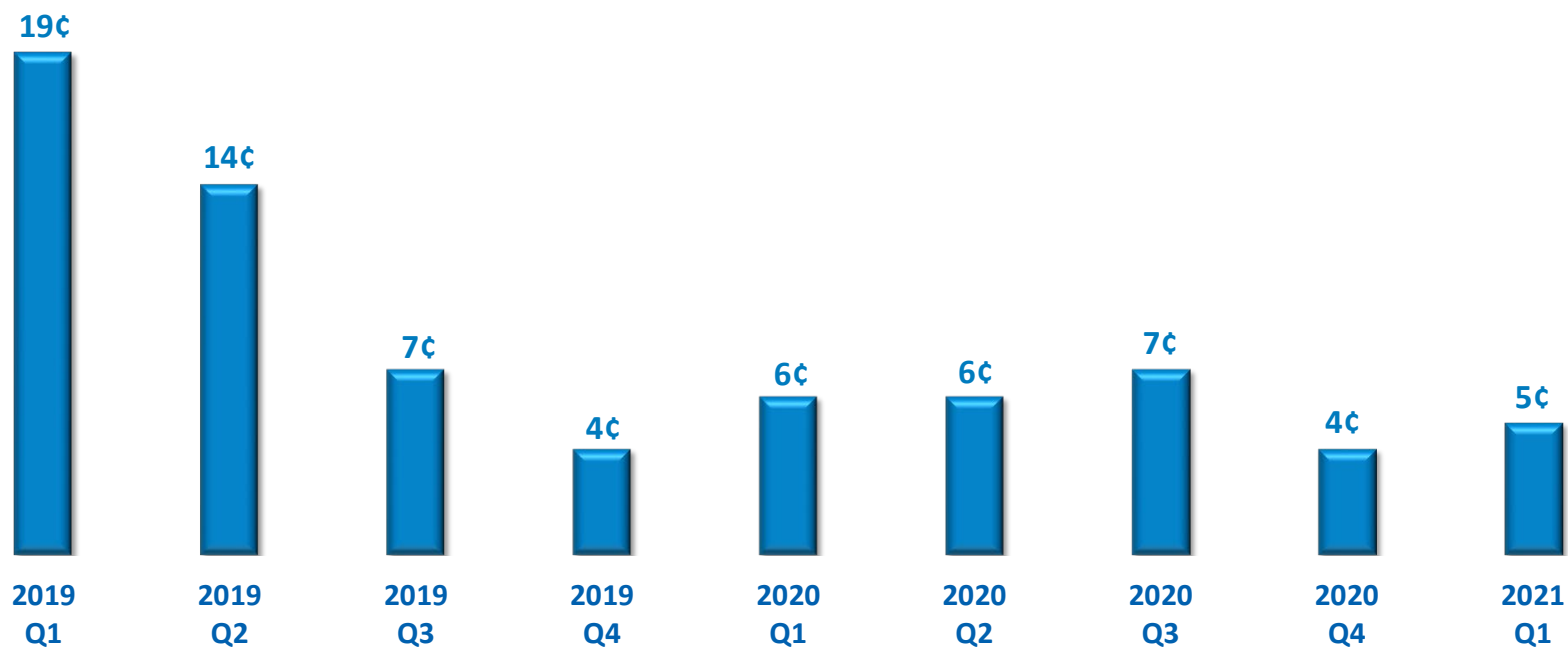






# Low Cost Structure

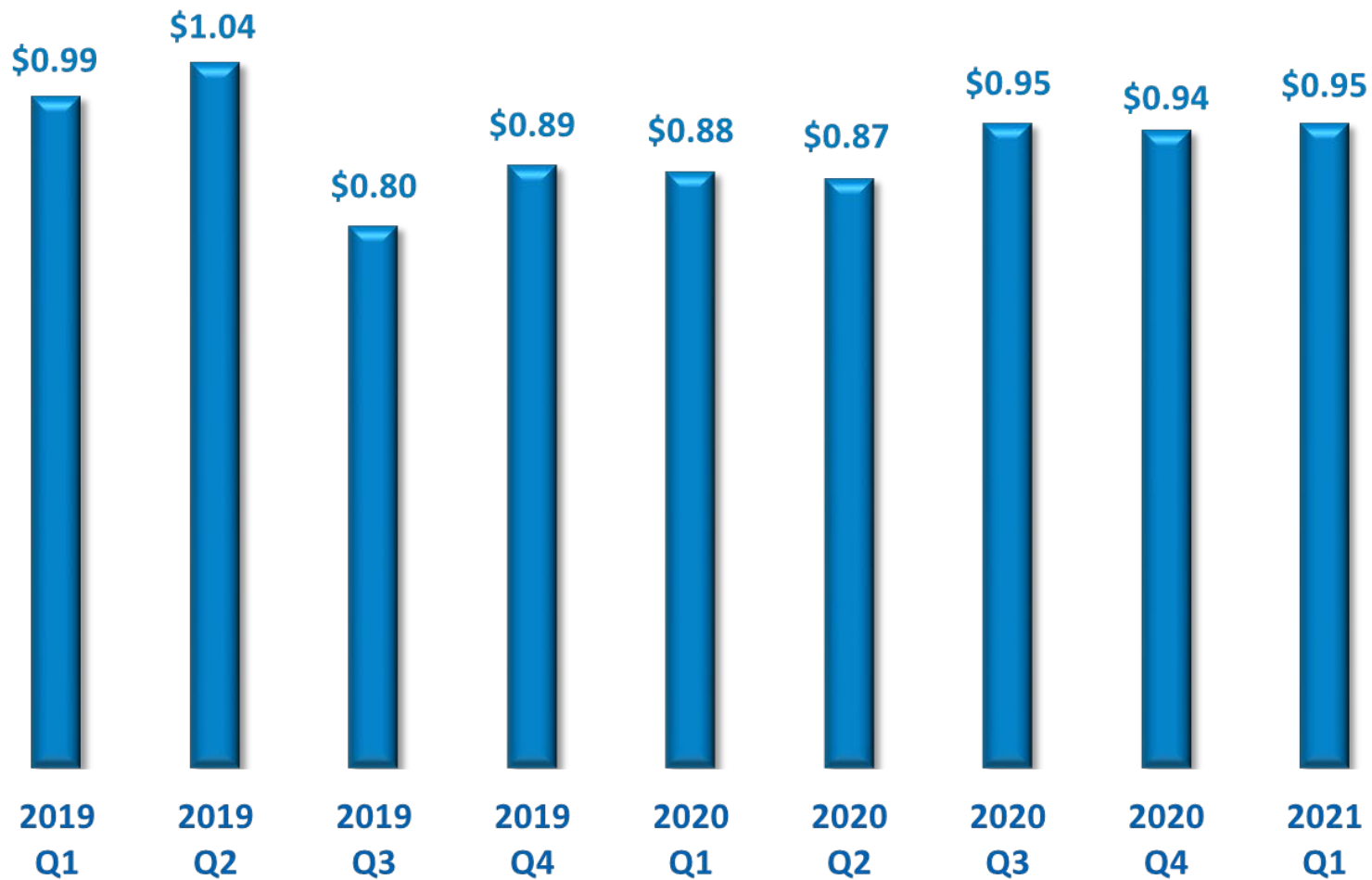
## Cash G&A Per Mcfe





# Low Cost Structure

DD&A Per Mcfe





# Balance Sheet

## Bank Credit Facility

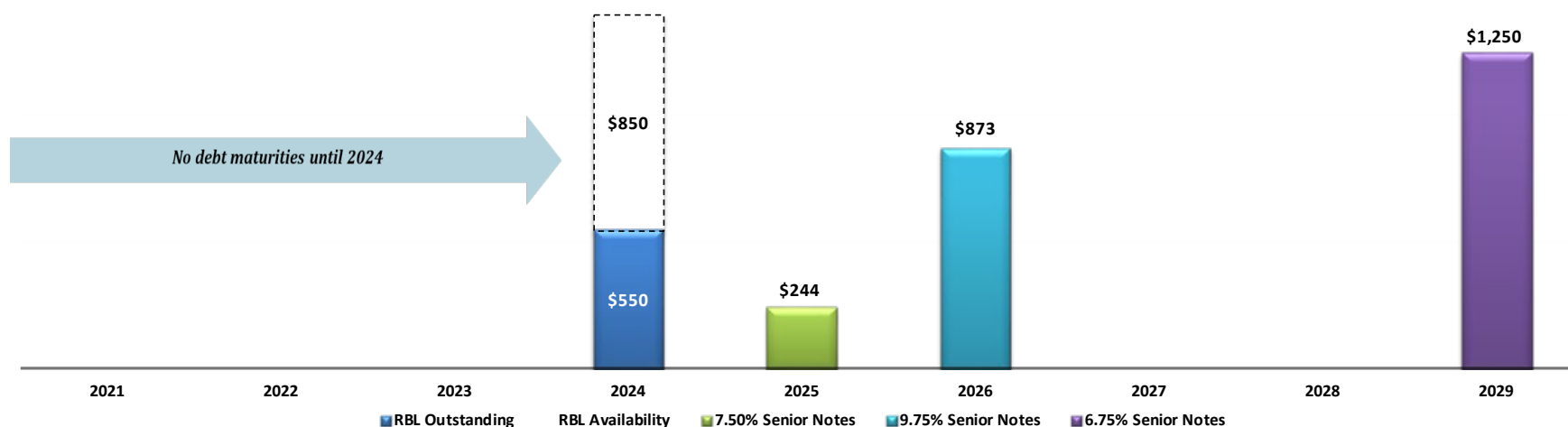
### Senior Secured Revolving Credit Facility:

- \$1.4 billion borrowing base reaffirmed on April 16, 2021
- Maturity date July 16, 2024
- Pricing of L+225 to 325 bpts
- Key financial covenants:
  - Leverage Ratio < 4X, Current Ratio >1.0

## Capitalization

(\$ in millions)	3/31/2021
Cash and Cash Equivalents	\$77
Revolving Credit Facility	\$550
7.50% Senior Notes due 2025	244
9.75% Senior Notes due 2026	873
6.75% Senior Notes due 2029	1,250
<b>Total Debt</b>	<b>\$2,917</b>
Preferred Equity (at face value)	\$175
Common Equity	1,130
<b>Total Capitalization</b>	<b>\$4,222</b>
<b>Liquidity</b>	<b>\$927</b>

## Debt Maturity Profile





# Drilling Program

(\$ in millions)	First Quarter 2021			
	\$	Average Lateral (feet)	Gross Wells	WI Net Wells
2020 wells turned to sales	\$ 49.3	9,356	10	9.0
2020 wells completion in process	\$ 26.5	10,072	9	8.4
2021 wells drilled	\$ 61.1	7,351	21	19.0
2021 wells drilling	\$ 13.4	7,500	7	6.4
2021 non-operated and other	\$ 12.7			
<b>Total Development Costs</b>	<b>\$ 163.1</b>			
 Exploratory Leasing	 \$ 5.8			

## 2021 Drilling Program Overview

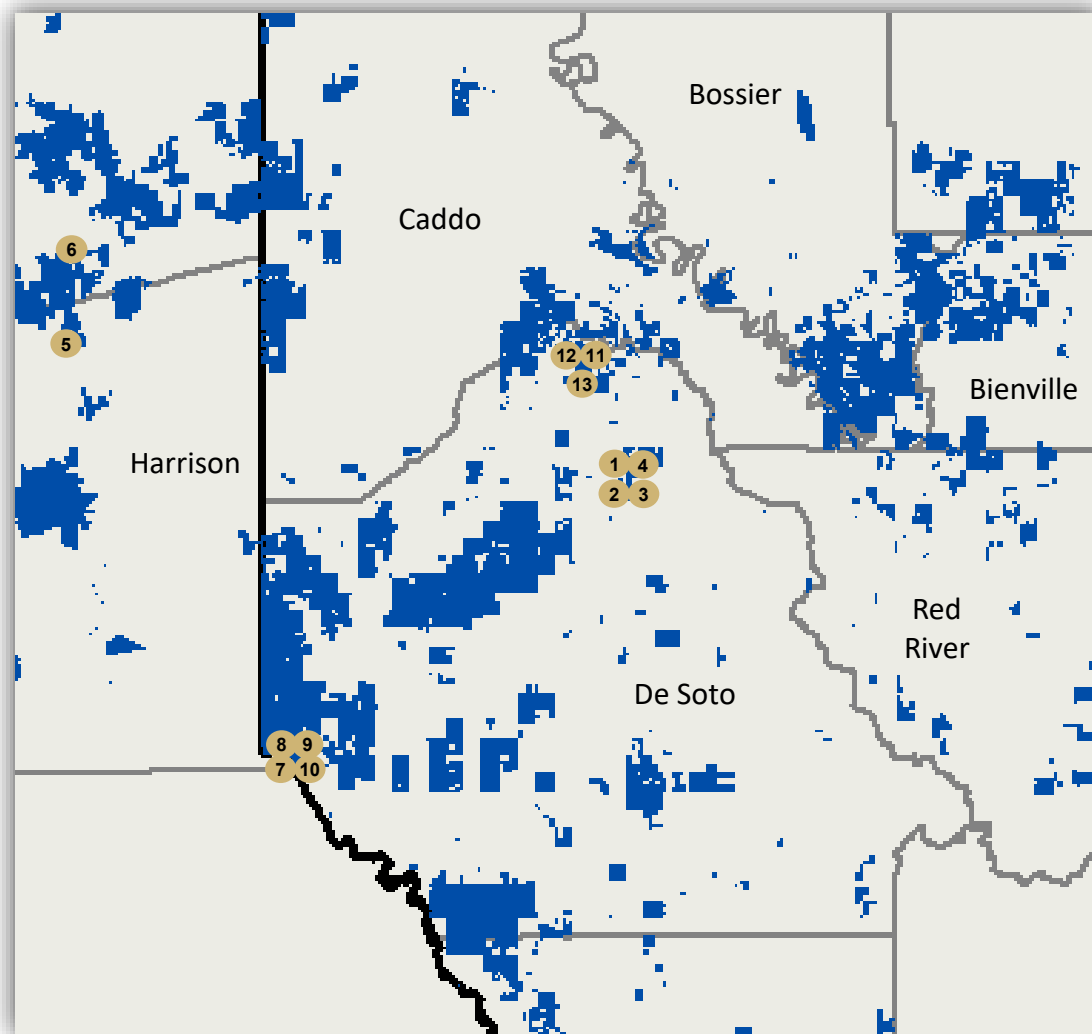
Developmental Capital Expenditures	\$510 million to \$550 million
Leasing Program	\$7 million to \$10 million
Wells Drilled to Total Depth - Operated	67 Gross / 56.0 Net
Wells to Sales - Operated	55 Gross / 49.0 Net
Year-End Drilled Uncompleted Wells	31 Gross / 24.4 Net
Wells Drilling at Year-End	6 Gross / 5.7 Net



# 1<sup>st</sup> Quarter Drilling Results

Completed 13 operated wells  
(average lateral length of 8,132 ft.)  
with average IP rate of 25 Mmcf/d

	Well Name	LL (feet)	Turned To Sales	IP (Mmcf/d)
1	Beaubouef 15-10 #3	7,477	03/07/2021	30
2	Beaubouef 15-10 #4	5,431	03/07/2021	26
3	Beaubouef 15-10 #1	5,310	03/08/2021	25
4	Beaubouef 15-10 #2	7,444	03/08/2021	29
5	Roberts BF #1	11,132	03/10/2021	21
6	Roberts TTB #2	13,043	03/10/2021	32
7	Adams 21-28-33 #1	10,573	04/12/2021	23
8	Adams 21-28-33 #2	10,072	04/12/2021	26
9	Curry 28-33 #1	9,733	04/14/2021	23
10	Curry 28-33 #2	9,544	04/14/2021	23
11	Davis 7-6 #1	5,997	04/14/2021	25
12	Davis 7-6 #2	5,398	04/14/2021	21
13	Davis 7-6 #3	4,568	04/14/2021	19
		8,132		25

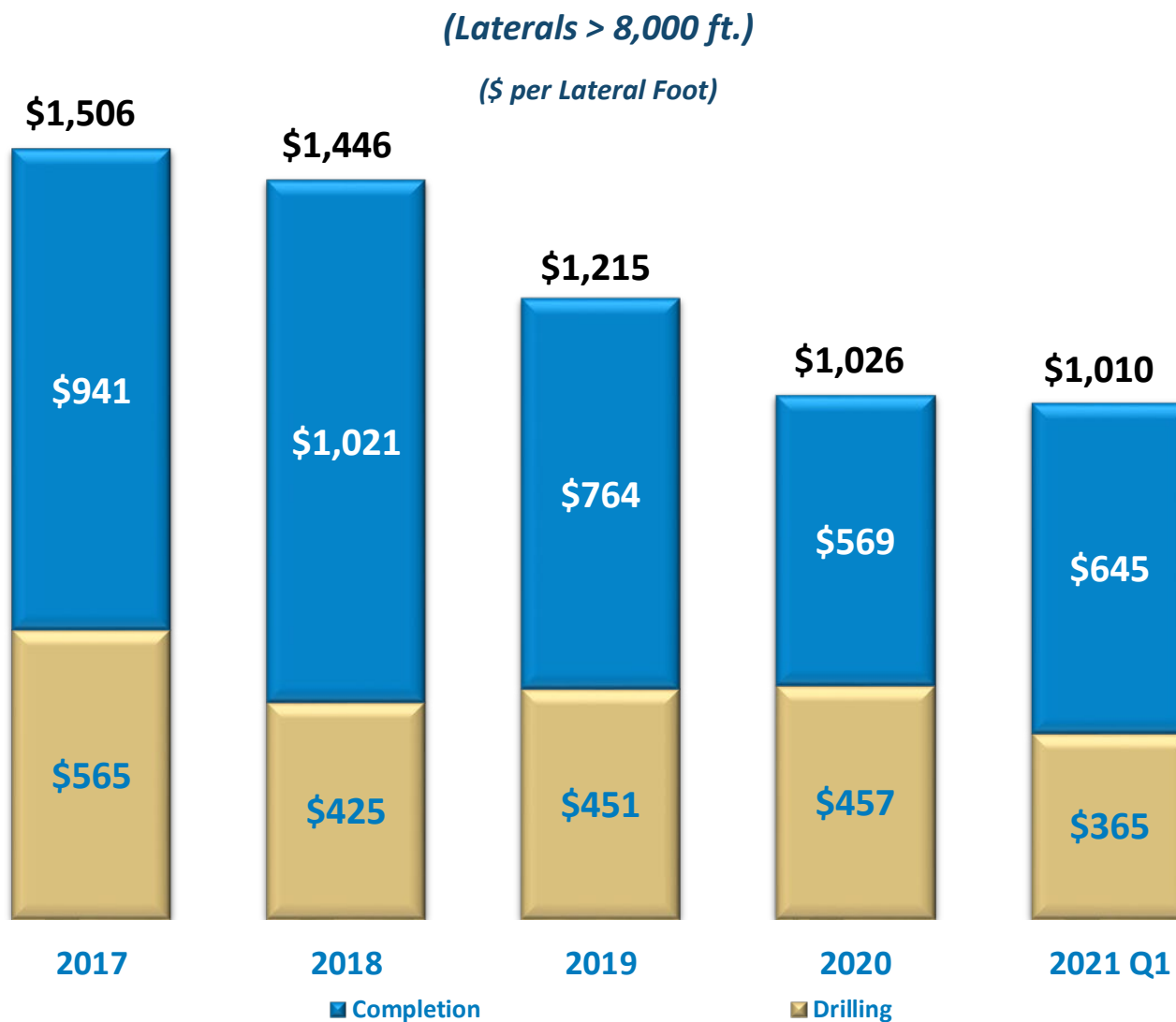






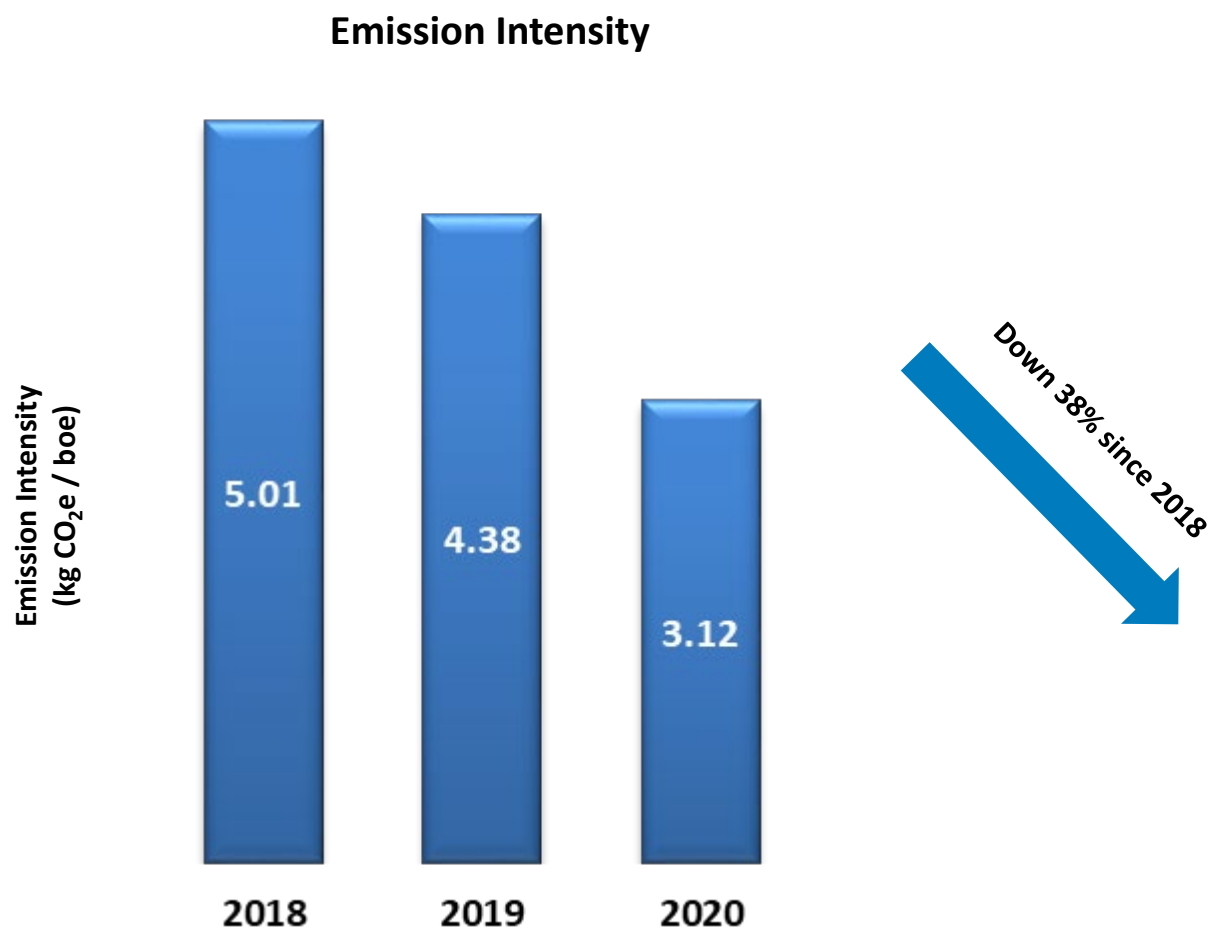
# Improving D&C Costs

2% decrease from 2020 Q4 due to increased drilling efficiency





# Lowering GHG Intensity



*2019 data includes operations of Covey Park Energy for the full year.*



# Natural Gas Powered Completions

- Comstock has partnered with BJ Energy Solutions to deploy BJ's next generation fracturing fleet which is fueled by 100% natural gas in its Haynesville shale development program in early 2022
- BJ's TITAN solution will make a substantial contribution toward Comstock's CO<sub>2</sub>e and Methane reduction goals while also improving well economics
- BJ's TITAN Fleet supports the reduction of greenhouse gas emissions while also creating efficiencies including reduced operating costs, improved mobility, smaller well pad sites, and improved operational reliability
  - Carbon emissions (CO<sub>2</sub>e) are reduced by 25% compared to conventional diesel-powered fracturing equipment
  - This technology allows Comstock to reduce Methane emissions by ~60% compared to diesel only powered equipment, and by greater than 95% compared to dual fuel options
  - The TITAN Fleet is comprised of only 8 pumps versus the 18 conventional pumps required for a typical Comstock completion today, representing a +30% reduction of pad space required
  - The TITAN Fleet meets the most stringent noise requirements across North America
- The three year contract with BJ locks in current completion cost while providing additional cost saving efficiencies, all while reducing the environmental impact of Comstock's future well completions



5,000 HHP direct drive natural gas fired turbine pumping units – 8 units delivering 40,000 HHP





# 2021 Outlook

- 2021 drilling program expected to provide production growth and generate in excess of \$200 million in free cash flow
- 2021 operating plan is focused on improving balance sheet, reducing leverage and improving our cost of capital
  - Expect leverage ratio to significantly improve in 2021 (2.5x versus 3.8x in 2020)
- Maintaining industry leading low cost structure and best in class well drilling returns
  - Substantial inventory of highly economic drilling locations (1,930 net Hayneville/Bossier locations on acreage)
- Hedged 69% of 2021 production to protect drilling returns
- Demonstrating our commitment to environmental stewardship and a responsible energy future by focusing on reducing our GHG emissions
- Strong financial liquidity of \$927 million



Guidance	2021
Production (Mmcfe/d)	1,330 - 1,425
% Natural Gas	97% - 99%
Development Capital Expenditures (\$MM)	\$510 - \$550
Leasing Program (\$MM)	\$7 - \$10
Expenses (\$/Mcf) -	
Lease Operating	\$0.21 - \$0.25
Gathering & Transportation	\$0.23 - \$0.27
Production & Other Taxes	\$0.08- \$0.10
DD&A	\$0.90 - \$1.00
Cash G&A	\$0.05 - \$0.07





# Non-GAAP Financial Measure

## Reconciliation of Adjusted EBITDAX

<i>In thousands</i>	1Q 2021	1Q 2020	2020	2019
<b>EBITDAX:</b>				
Net Income (Loss)	\$ (134,125)	\$ 42,028	\$ (52,417)	\$ 96,889
Interest Expense	63,811	52,810	234,829	161,541
Income Taxes	(29,967)	11,391	(9,210)	27,803
Depreciation, Depletion and Amortization	109,128	110,425	417,112	276,526
Unrealized Loss (Gain) from Hedges	13,072	(16,483)	124,545	949
Exploration	-	27	27	241
Stock-based Compensation	1,690	1,430	6,464	4,020
Loss on Early Extinguishment of Debt	238,539	-	861	-
Covey Park July 2019 Hedging Settlements	-	-	-	4,574
Transaction Costs	-	-	-	41,010
Loss (Gain) on Sale of Properties	(70)	-	(17)	25
<b>Total EBITDAX</b>	<b>\$ 262,078</b>	<b>\$ 201,628</b>	<b>\$ 722,194</b>	<b>\$ 613,578</b>