



NYSE:CRK

# 4<sup>th</sup> Quarter 2020 Results

FEBRUARY 16, 2021



# Disclaimer

*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.*

*Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include the timing and extent of changes in market prices for oil and gas, operating risks, liquidity risks, including risks relating to our debt, political and regulatory developments and legislation, and other risk factors, including the impact of the current COVID-19 pandemic, and known trends and uncertainties as described in our Annual Report on Form 10-K for fiscal year 2019 and as updated and supplemented in our Quarterly Reports on Form 10-Q, in each case as filed with the Securities and Exchange Commission. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in the forward-looking statements.*

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# 2020 Accomplishments

- Successfully managed the Company through a difficult year for the oil and gas industry.
- Completed accretive \$207 million equity offering in May
  - First natural gas common equity offering since 2016
  - Enabled redemption of Series A preferred stock
- Redeemed Series A preferred stock
  - \$21 million in annual net savings from elimination of coupon payments
  - 41.3 million shares issued eliminated the need to deliver 52.5 million shares for preferred conversion
- Completed two successful senior notes offerings
  - \$800 million of 2026 senior notes issued to refinance bank debt
  - Increased financial liquidity from \$166 million to \$930 million
  - Reduced usage of the bank credit facility from 89% to 36%
- Strong drilling results from 2020 Haynesville/Bossier shale drilling program
  - *Drilled 55 (46.1 net) successful operated wells*
  - *54 (40.9 net) operated wells completed with an average IP Rate of 25 MMcf per day*
- Lower well costs in 2020 by 16%
  - *2 mile lateral wells averaged \$1,026 per lateral foot in 2020 versus \$1,215 in 2019*
- Grew proved reserve base 3% at a low all-in finding costs of 66¢ per Mcfe<sup>\*</sup>
  - *SEC Proved reserves grew 3% to 5.6 Tcfe*
  - *Replaced 159% of production*

<sup>\*</sup>Excluding price-related revisions



## 4<sup>th</sup> Quarter Highlights

- Our drilling program drove the 6% growth in our gas production from 3<sup>rd</sup> quarter
  - Turned 22 (16.4 net) Haynesville wells to sales with an average lateral length of 8,899 feet
  - Comstock is well positioned for strong production growth in 2021
- Returned to profitability in fourth quarter
  - Oil and Gas Sales - \$277 million*
  - Adjusted EBITDAX - \$211 million*
  - Operating Cash Flow - \$155 million (56¢ per share)\**
  - Adjusted Net Profit - \$35 million (14¢ per share)\*\**
- Ended the year with strong financial liquidity of \$930 million

\* Fully diluted assuming conversion of convertible preferred stock.

\*\* Adjusted to exclude unrealized losses on hedges, interest accretion due to valuation adjustment to carrying value of Covey Park debt.



# Q4 2020 Financial Results

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

	2019 Q4	2020 Q4	
<b>Oil Production (Mbbbls)</b>	577	340	-41%
<b>Gas Production (MMcf)</b>	121,521	109,013	-10%
<b>Production (MMcfe)</b>	124,980	111,052	-11%
<b>Oil Price (Per Barrel)</b>	\$50.36	\$44.47	-12%
<b>Gas Price (Per Mcf)</b>	\$2.30	\$2.40	4%
<b>Oil and Gas Sales <sup>(1)</sup></b>	\$308.6	\$276.8	-10%
<b>Lifting Costs</b>	69.2	61.7	-11%
<b>General and Administrative</b>	6.5	6.0	-7%
<b>Depreciation, Depletion and Amort.</b>	111.8	104.3	-7%
<b>Operating Income before Taxes <sup>(1)</sup></b>	\$ 121.0	\$ 104.7	-13%
<b>Reported Net Income</b>	\$40.8	\$77.5	
<b>Interest Amortization on Senior Notes Valuation</b>	5.1	5.8	
<b>Non-Cash Preferred Stock Accretion</b>	4.6	-	
<b>Unrealized Gains from Hedging</b>	(0.5)	(80.2)	
<b>Transaction Costs</b>	(0.1)	-	
<b>Adjusted Provision for Income Taxes</b>	(0.8)	31.4	
<b>Adjusted Net Income</b>	\$ 49.1	\$34.6	
<b>Adjusted Net Income per Diluted Share</b>	\$ 0.22	\$ 0.14	
<b>Adjusted EBITDAX <sup>(2)</sup></b>	\$ 234.8	\$ 210.8	-10%
<b>Cash Flow from Operations <sup>(3)</sup></b>	\$ 187.9	\$ 154.6	-18%

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

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

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



# Annual 2020 Financial Results

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

	2019	2020	
<i>Oil Production (Mbbbls)</i>	2,685	1,508	-44%
<i>Gas Production (MMcf)</i>	292,834	450,836	54%
<i>Production (MMcfe)</i>	308,944	459,883	49%
<i>Oil Price (Per Barrel)</i>	\$49.64	\$40.88	-18%
<i>Gas Price (Per Mcf)</i>	\$2.35	\$2.07	-12%
<i>Oil and Gas Sales <sup>(1)</sup></i>	\$821.4	\$993.1	21%
<i>Lifting Costs</i>	187.8	246.0	31%
<i>General and Administrative</i>	29.2	32.0	10%
<i>Depreciation, Depletion and Amort.</i>	276.5	417.1	51%
<i>Exploration and Other</i>	0.3	-	
<i>Operating Income before Taxes <sup>(1)</sup></i>	\$ 327.6	\$ 297.9	-9%
<i>Reported Net Income (Loss)</i>	\$74.5	(\$83.4)	
<i>Interest Amortization on Senior Notes Valuation</i>	9.1	22.1	
<i>Non-Cash Preferred Stock Accretion</i>	4.6	5.4	
<i>Unrealized Losses from Hedging</i>	0.9	124.5	
<i>Transaction Costs</i>	41.0	-	
<i>Covey Park July 2019 hedging settlements</i>	4.6	-	
<i>Early Debt Extinguishment</i>	-	0.9	
<i>Adjusted Provision for Income Taxes</i>	(12.4)	(19.9)	
<i>Adjusted Net Income</i>	\$ 122.3	\$49.6	
<i>Adjusted Net Income per Diluted Share</i>	\$ 0.77	\$ 0.23	
<i>Adjusted EBITDAX <sup>(2)</sup></i>	\$ 613.6	\$ 722.2	18%
<i>Cash Flow from Operations <sup>(3)</sup></i>	\$ 468.3	\$ 521.2	11%

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

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

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



# Hedging Program

- In 2020 Comstock had 51% of its gas production hedged, which increased the realized gas price to \$2.07 per Mcf versus \$1.80 per Mcf
- In 2020 Comstock also had 84% of its oil production hedged, which increased the realized oil price to \$40.88 per barrel versus \$32.36 per barrel
- Comstock has ~65% of its oil and gas production hedged in 2021

Period	Natural Gas (Mmbtu/d)				Oil (Bbl/d)
	Swaps	Collars	Total	Swaptions	Collars
2021 1Q	607,271	270,000	877,271		1,328
2021 2Q	532,184	330,000	862,184	60,000	1,500
2021 3Q	525,000	400,000	925,000	60,000	1,500
2021 4Q	500,000	400,000	900,000	60,000	1,500
2021 FY	540,776	350,493	891,269	45,205 <sup>1</sup>	1,458
2022 FY	50,000	69,589	119,589	134,795 <sup>2</sup>	

Period	Natural Gas (\$ per Mmbtu)				Oil (\$ per Bbl)
	Swaps	Collars	Total WAVG <sup>3</sup>	Swaptions	Collars
2021 1Q	\$2.56	\$2.45 / \$2.88	\$2.52		\$41.23 / \$51.10
2021 2Q	\$2.54	\$2.46 / \$2.99	\$2.51	\$2.50	\$41.67 / \$51.67
2021 3Q	\$2.53	\$2.47 / \$3.03	\$2.51	\$2.50	\$41.67 / \$51.67
2021 4Q	\$2.53	\$2.47 / \$3.03	\$2.50	\$2.50	\$41.67 / \$51.67
2021 FY	\$2.54	\$2.46 / \$2.99	\$2.51	\$2.50	\$41.57 / \$51.54
2022 FY	\$2.60	\$2.51 / \$3.24	\$2.55	\$2.51	

(1) The counterparty has the right to exercise a call option to enter into a price swap with the Company on 60,000 MMBtu/d starting in April 2021 at an average price of \$2.50. The call option expires in March 2021.

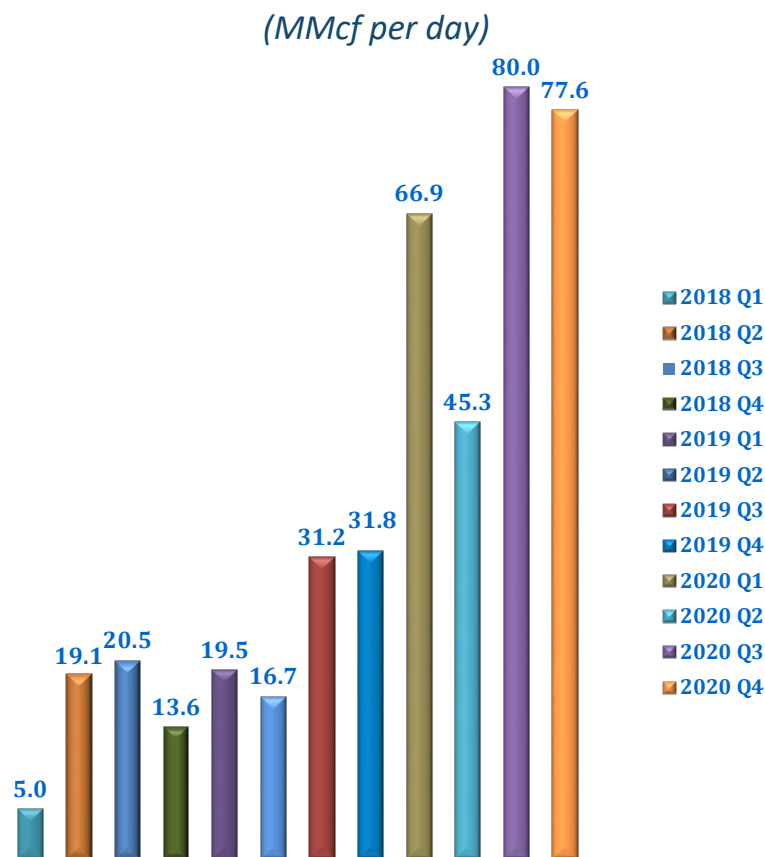
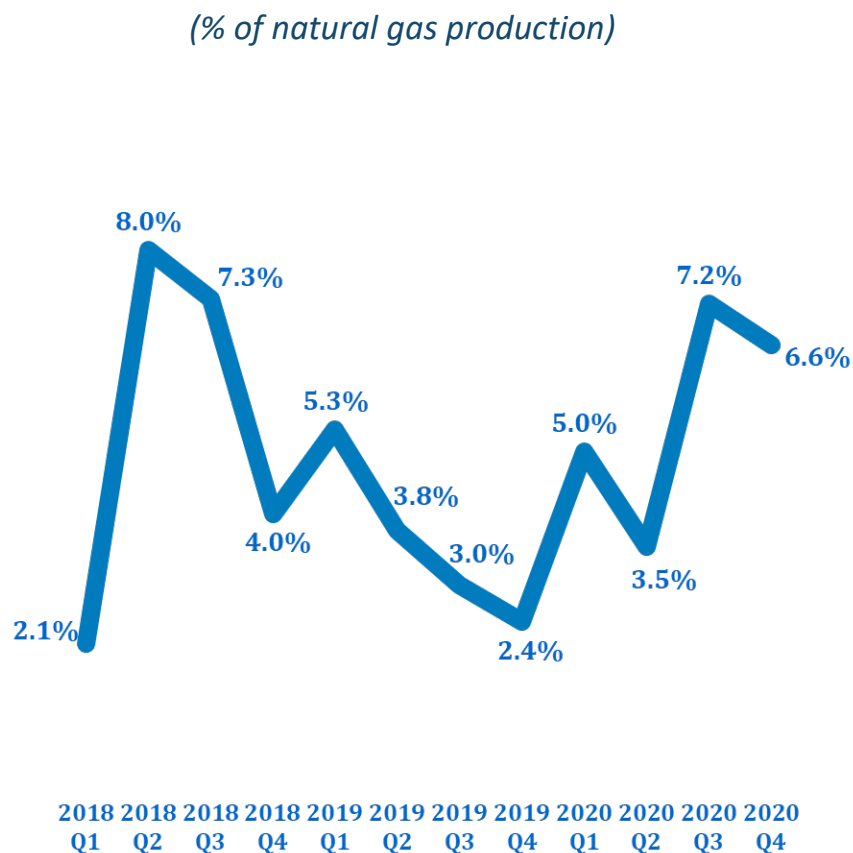
(2) The counterparty has the right to exercise a call option to enter into a price swap with the Company on 134,795 MMBtu/d in 2022 at an average price of \$2.51. The call option expires for 14,795 MMBtu/d at an average price of \$2.50/MMBtu in March 2021; for 100,000 MMBtu/d at an average price of \$2.52 in October 2021 and 20,000 MMBtu/d at an average price of \$2.50 in November 2021.

(3) Calculated using the long put price for all two-way collars.



# Shut-in Production

*6.6% of natural gas production shut-in for offset frac activity and curtailments in 4<sup>th</sup> quarter*

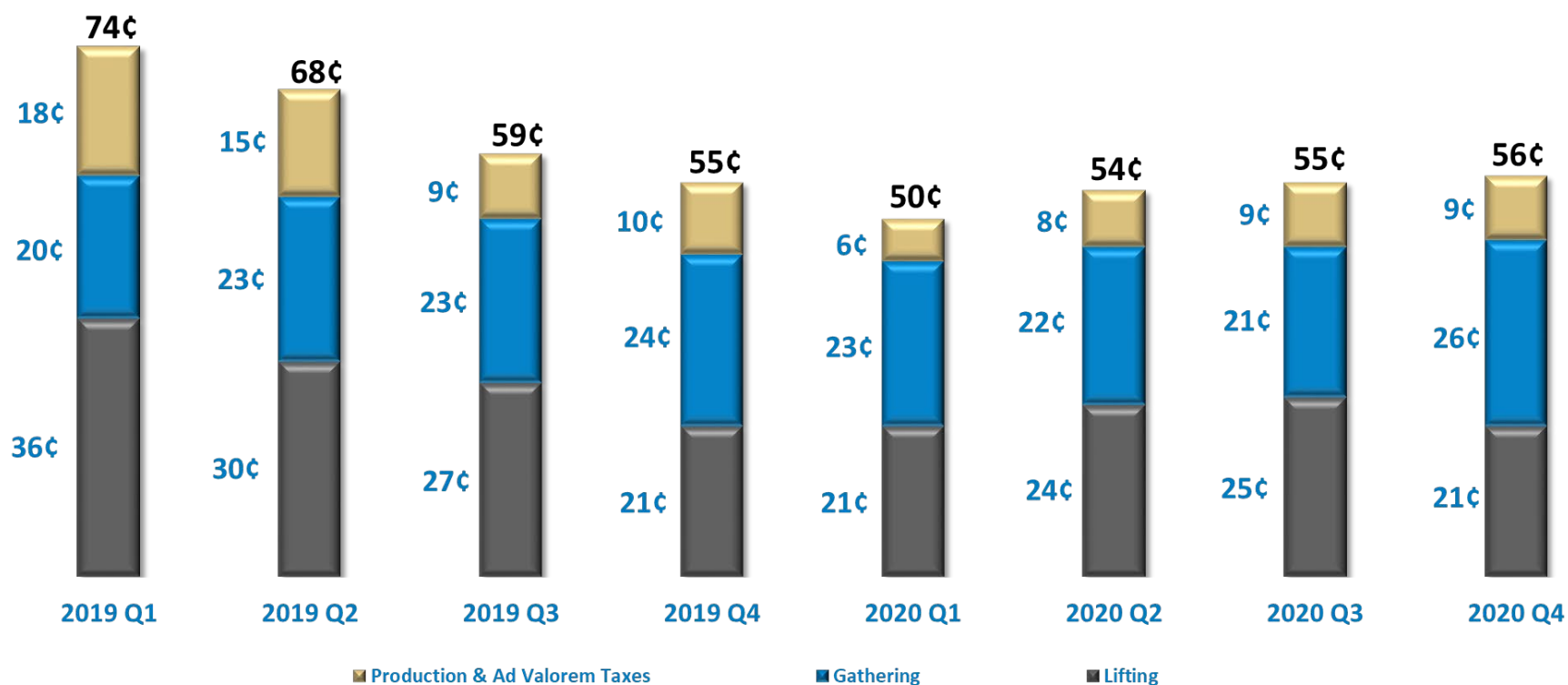


*2% of oil production curtailed in 4<sup>th</sup> quarter due to low oil prices*



# Low Cost Structure

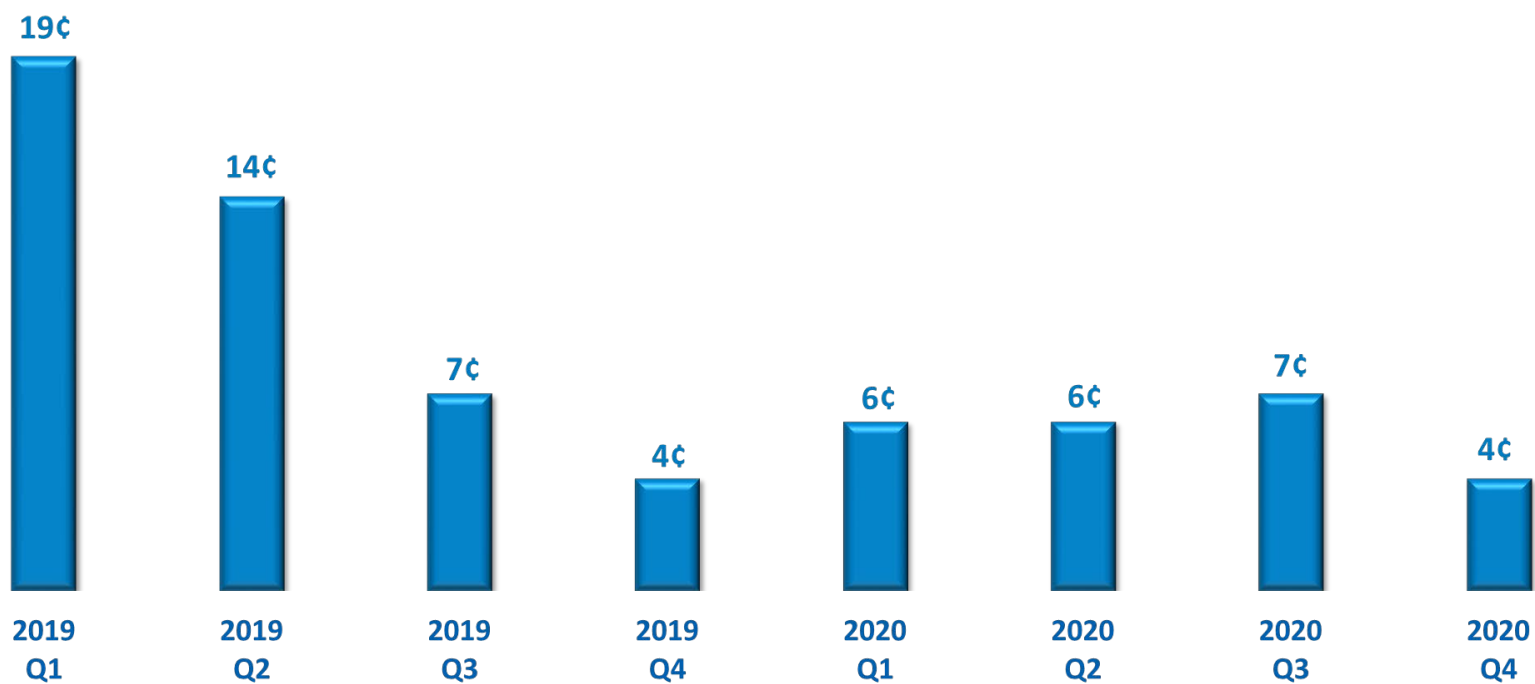
## Operating Costs Per Mcfe





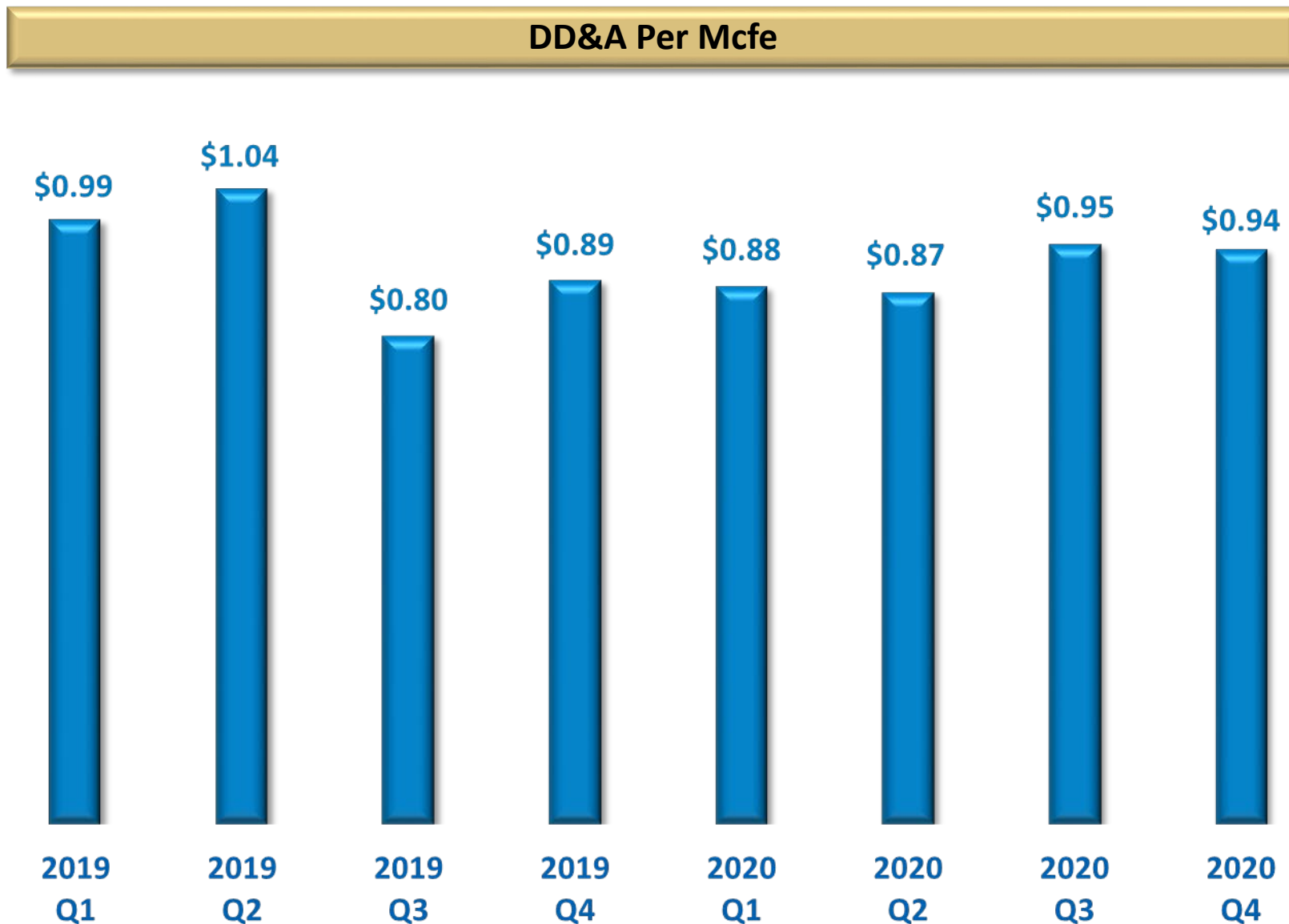
# Low Cost Structure

## Cash G&A Per Mcfe





# Low Cost Structure





# Balance Sheet

## Bank Credit Facility

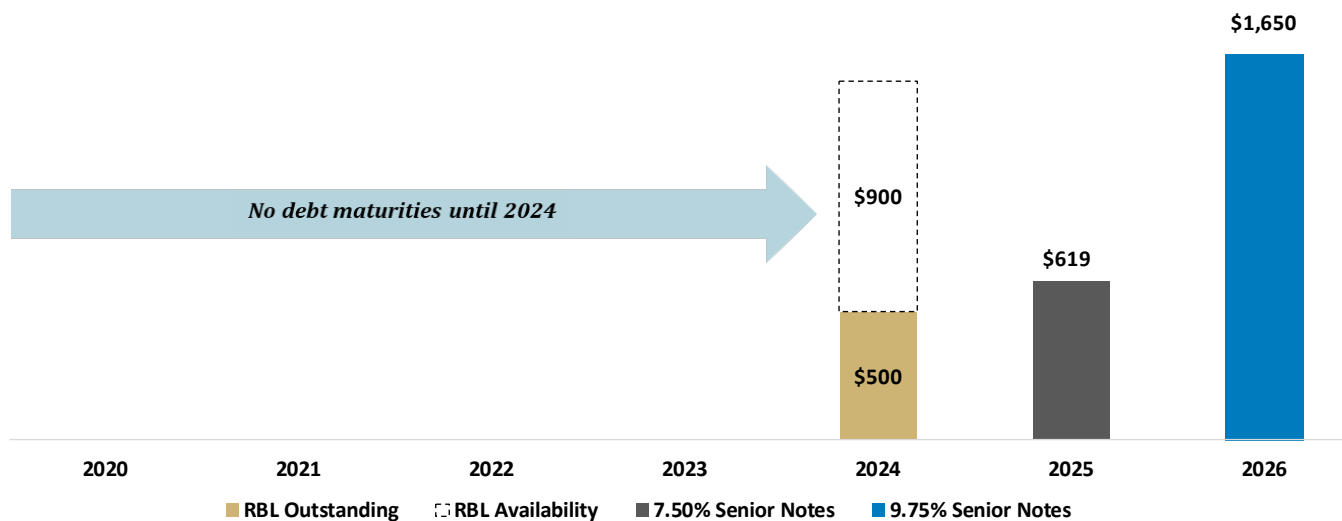
### Senior Secured Revolving Credit Facility:

- \$1.4 billion borrowing base
- 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)	12/31/2020
Cash and Cash Equivalents	\$30
Revolving Credit Facility	\$500
<b>Secured Debt</b>	<b>\$500</b>
7.50% Senior Notes due 2025	619
9.75% Senior Notes due 2026	1,650
<b>Total Debt</b>	<b>\$2,769</b>
Preferred Equity	\$175
Common Equity	1,267
<b>Total Capitalization</b>	<b>\$4,211</b>
<b>Liquidity</b>	<b>\$930</b>

## Debt Maturity Profile





# Drilling Program

(\$ in millions)	Fourth Quarter 2020				2020			
	\$	Average Lateral (feet)	Gross Wells	WI Net Wells	\$	Average Lateral (feet)	Gross Wells	WI Net Wells
Completion of Wells Drilled in 2019	\$ 16.0	7,323	3	2.6	\$ 66.0	8,240	18	12.2
Wells Drilled and Completed in 2020	66.7	9,246	18	13.6	248.4	9,008	36	28.7
Wells Drilled in 2020 (not yet completed)	60.2	9,403	15	13.8	86.9	9,701	19	17.4
Wells Drilling at Year-End	8.2		7	6.1	8.2		7	6.1
Non-operated and other	18.3				74.2			
Total Development Costs	\$ 169.3				\$ 483.6			
Exploratory Leasing	\$ 6.5				\$ 7.9			

## 2021 Drilling Program Overview

Developmental Capital Expenditures  
 Leasing Program  
 Wells Drilled to Total Depth - Operated  
 Wells to Sales - Operated  
 Year-End Drilled Uncompleted Wells  
 Wells Drilling at Year-End

\$510 million to \$550 million  
 \$7 million to \$10 million  
 62 Gross / 51.0 Net  
 58 Gross / 50.5 Net  
 23 Gross / 17.9 Net  
 11 Gross / 9.3 Net



# Oil & Natural Gas Reserves

Proved Reserves as of 12/31/19

Production

2020 Additions

Price Revisions

Performance Revisions

Proved Reserves as of 12/31/20 (SEC)

	Oil MBbls	Gas Bcf	Total Bcfe
Proved Reserves as of 12/31/19	16,747	5,341.5	5,442.0
Production	(1,508)	(450.8)	(459.9)
2020 Additions	2	365.7	365.7
Price Revisions	(2,858)	(68.2)	(86.3)
Performance Revisions	(1,383)	374.7	367.4
Proved Reserves as of 12/31/20 (SEC)	11,000	5,562.9	5,628.9

SEC PV 10 Value (million \$)

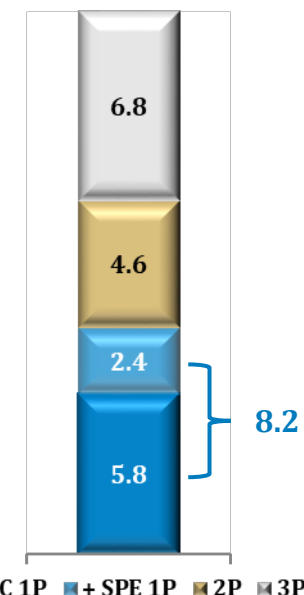
\$ 1,991.2

PV 10 Value (million \$) at \$2.75/\$50

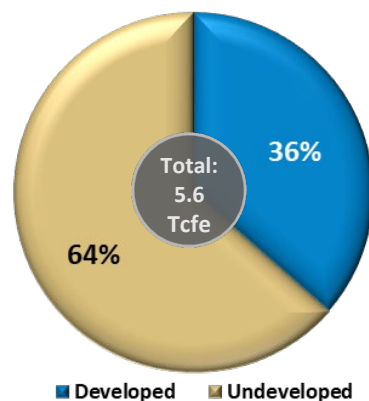
\$ 4,357.0

*\*Based on NYMEX prices of \$2.75 per Mcf for natural gas and \$50 per barrel for oil.*

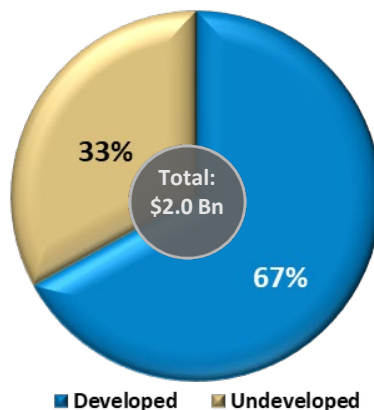
Total  
Reserves  
(19.6 Tcfe\*)



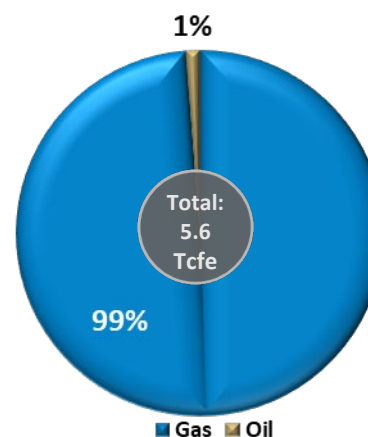
Reserves by Type



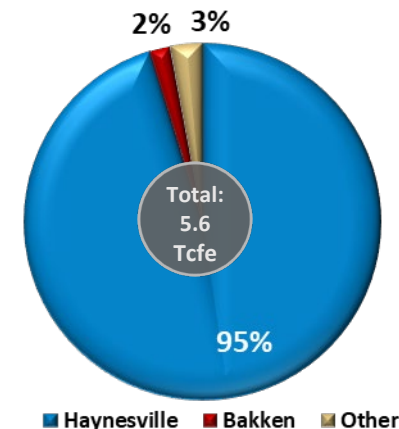
PV-10 by Type



Reserves by Commodity



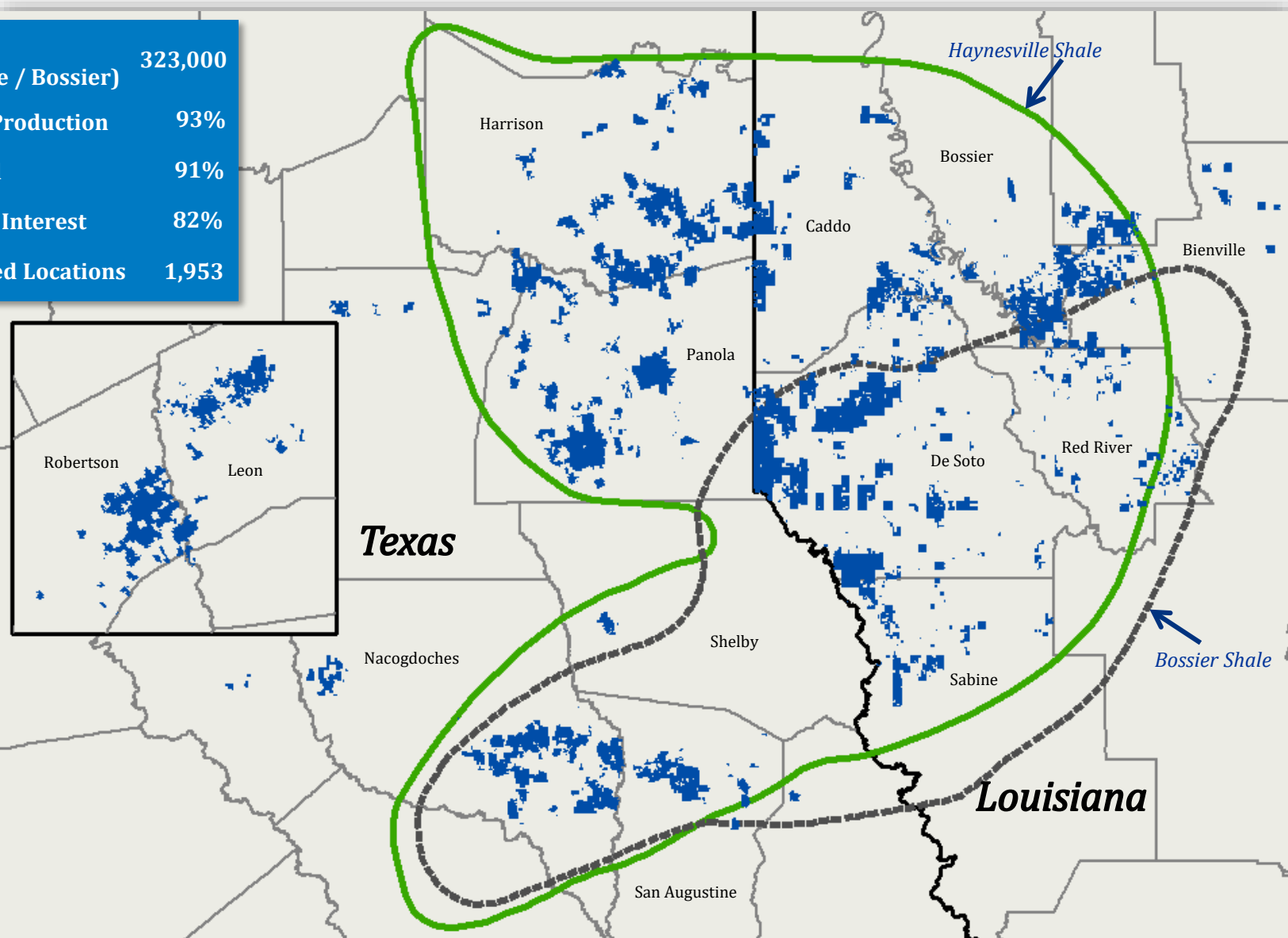
Reserves by Region





# Haynesville Shale

Net Acres (Haynesville / Bossier)	323,000
% Held by Production	93%
% Operated	91%
% Working Interest	82%
Net Undrilled Locations	1,953



Drilled and completed 272 operated wells with average IP rate of 24 MMcf/d



# Drilling Location Inventory

## Extensive Inventory of High Return Drilling Locations

*As of December 31, 2020*

	Operated		Haynesville Non-Operated		Total	
	(Gross)	(Net)	(Gross)	(Net)	(Gross)	(Net)
up to 5,000 ft.	247	203	542	82	789	285
5,000 ft. to 8,000 ft.	389	295	209	39	598	335
> 8,000 ft.	518	370	228	37	746	407
	1,154	868	979	159	2,133	1,027

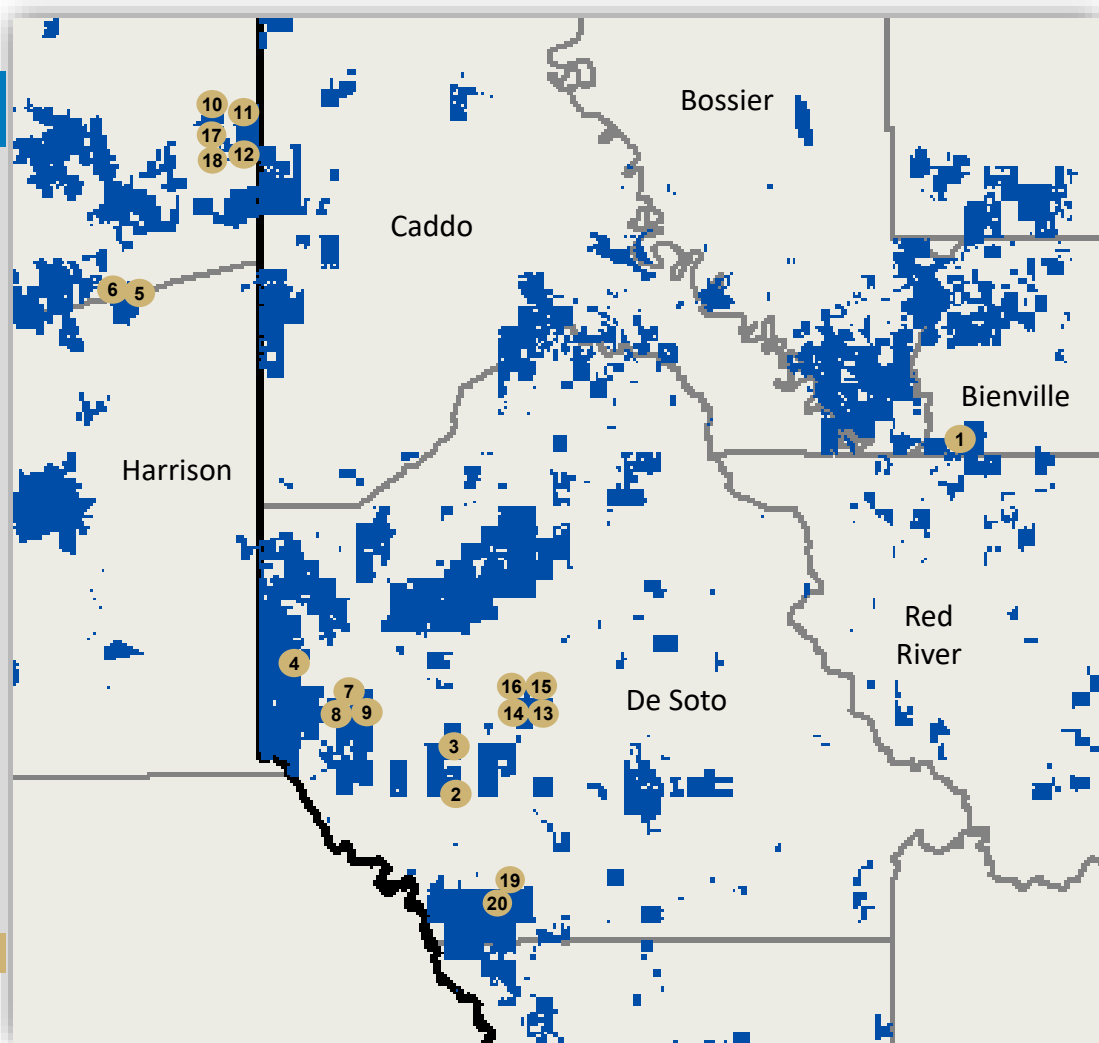
	Operated		Bossier Non-Operated		Total	
	(Gross)	(Net)	(Gross)	(Net)	(Gross)	(Net)
up to 5,000 ft.	238	190	371	53	609	243
5,000 ft. to 8,000 ft.	410	336	103	9	513	346
> 8,000 ft.	412	324	132	13	544	338
	1,060	850	606	75	1,666	926

Total	2,214	1,719	1,585	234	3,799	1,953
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Completed 20 operated wells (average lateral length of 9,288 ft.)  
with average IP rate of 24 Mmcf/d

	Well Name	LL (feet)	Turned To Sales	IP (Mmcf/d)
1	Weyerhaeuser 26-35 #2	7,204	10/23/2020	33
2	Baker 36-1 #1	6,751	10/31/2020	22
3	Baker 36-25 #1	7,833	10/31/2020	27
4	Cox 28-33 #2	9,815	11/13/2020	23
5	Beau Hodges #1	10,785	11/20/2020	29
6	Sarah Hodges #3	10,338	11/20/2020	28
7	Hewitt 30-19 #3	9,274	12/05/2020	18
8	Hewitt 30-19 #1	9,853	12/06/2020	21
9	Hewitt 30-19 #2	9,273	12/06/2020	22
10	Massingale Green #1	6,906	12/21/2020	18
11	Massingale Hinson #1	7,285	12/21/2020	20
12	Massingale Mo #1	7,777	12/21/2020	21
13	Blackstone 15-10 #3	9,819	12/25/2020	24
14	Blackstone 15-10 #4	9,840	12/25/2020	25
15	Boise 15-10 #1	9,635	12/26/2020	25
16	Boise 15-10 #2	9,647	12/26/2020	27
17	George DGH #1	11,545	01/26/2021	27
18	George DGH #2	11,219	01/26/2021	28
19	Jordan 16-9-4 #1	12,716	02/05/2021	22
20	Jordan 16-9-4 #2	8,245	02/05/2021	22
		9,288		24

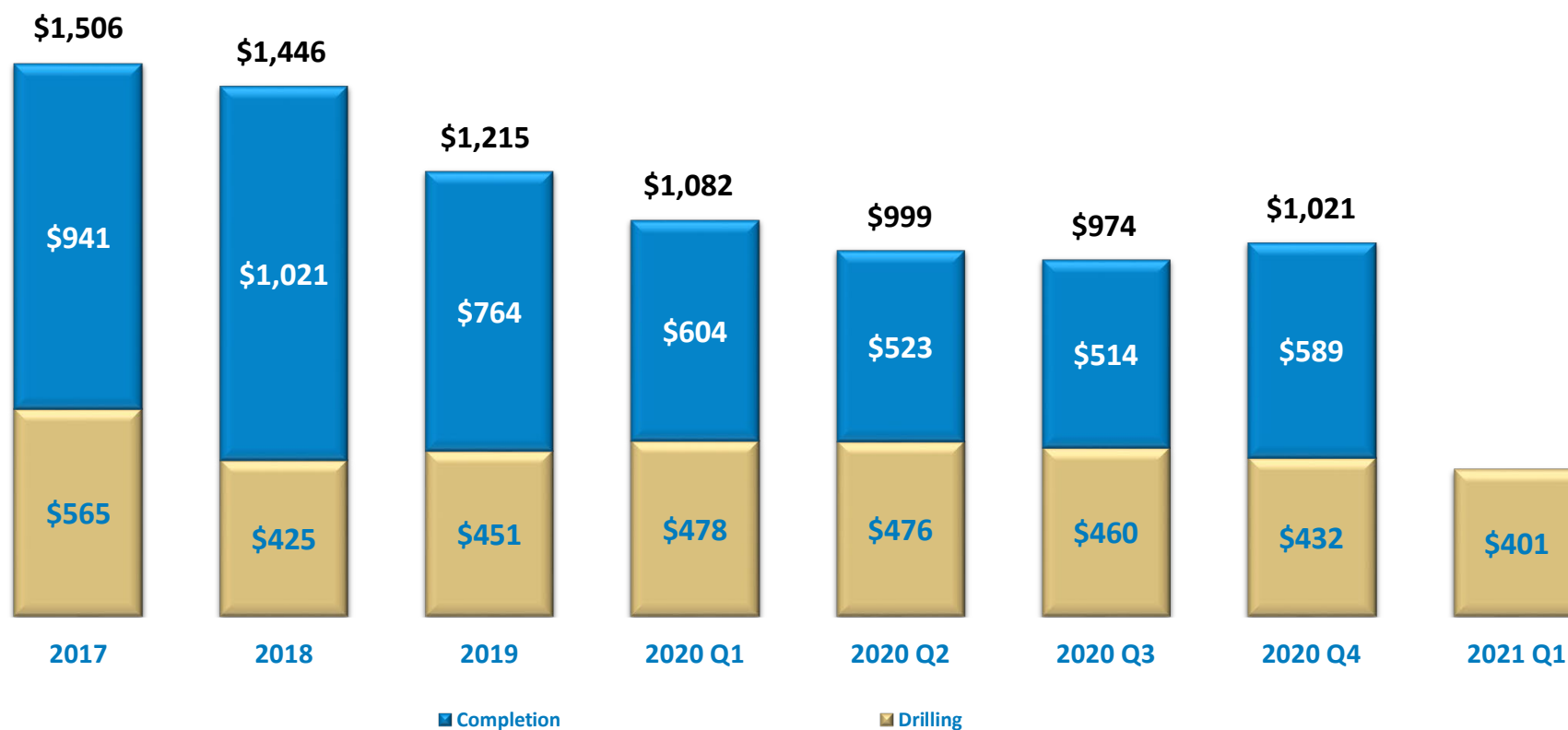




# Improving D&C Costs

*(Laterals > 8,000 ft.)*

*(\$ per Lateral Foot)*

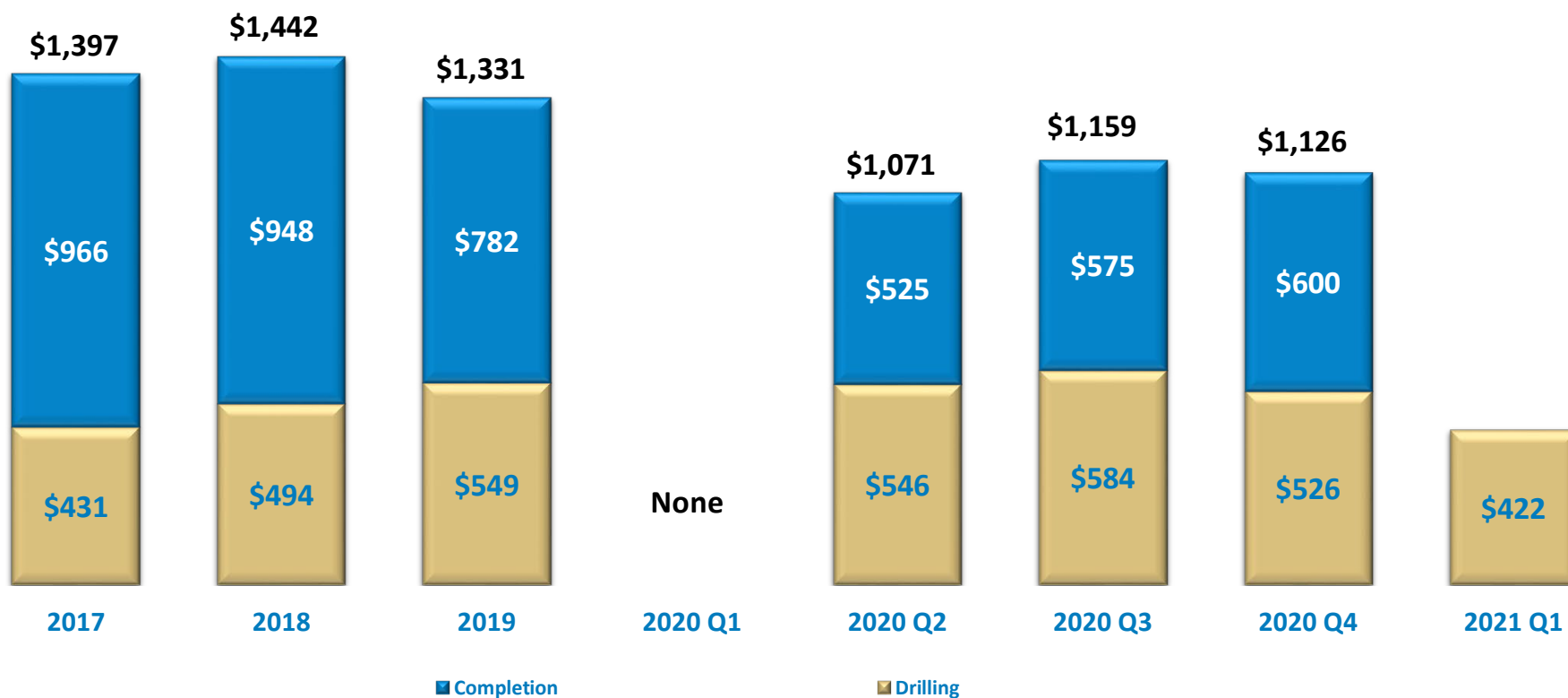




# Improving D&C Costs

*(Laterals 6,000 ft. to < 8,000 ft.)*

*(\$ per Lateral Foot)*

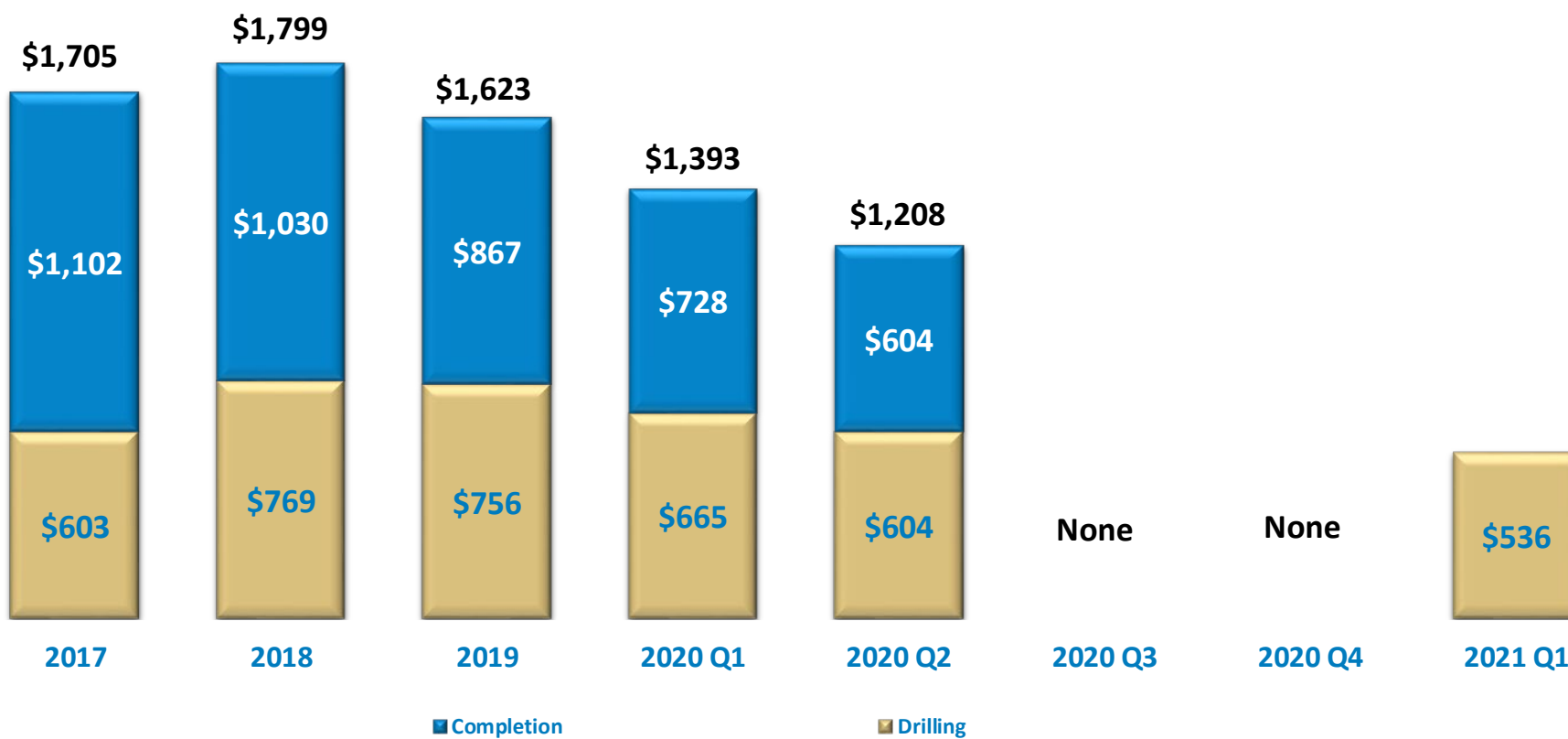




# Improving D&C Costs

*(Laterals < 6,000 ft.)*

*(\$ per Lateral Foot)*





- Maintaining industry leading low cost structure and best in class well drilling returns
  - Substantial inventory of highly economic drilling locations (1,953 net Hayneville/Bossier locations on acreage)
- 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)
- Hedged approximately 65% of 2021 production to protect drilling returns
- Strong financial liquidity of \$930 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>	4Q 2020	4Q 2019	2020	2019
<b>EBITDAX:</b>				
Net Income (Loss)	\$ 81,923	\$ 55,116	\$ (52,417)	\$ 96,889
Interest Expense	66,065	54,107	234,829	161,541
Income Taxes	36,967	12,620	(9,210)	27,803
Depreciation, Depletion and Amortization	104,284	111,842	417,112	276,526
Unrealized Loss (Gain) from Hedges	(80,158)	(488)	124,545	949
Exploration	-	-	27	241
Stock-based Compensation	1,730	1,661	6,464	4,020
Loss on Early Extinguishment of Debt	-	-	861	-
Covey Park July 2019 Hedging Settlements	-	-	-	4,574
Transaction Costs	-	(90)	-	41,010
Loss (Gain) on Sale of Properties	(1)	-	(17)	25
<b>Total EBITDAX</b>	<b>\$ 210,810</b>	<b>\$ 234,768</b>	<b>\$ 722,194</b>	<b>\$ 613,578</b>