



NYSE:CRK

# 1<sup>st</sup> Quarter 2022 Results

MAY 3, 2022



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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.*

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# 1<sup>st</sup> Quarter 2022 Highlights

- Generated free cash flow from operations of \$68 million in the quarter
- Paid down \$85 million of debt in the quarter
- Adjusted EBITDAX increased 27% to \$333 million
- Operating cash flow<sup>(1)</sup> increased 44% to \$297 million or \$1.07 per diluted share
- Revenues<sup>(2)</sup> were \$408 million, 23% higher than 2021's first quarter
- Adjusted net income was \$136 million for the quarter or \$0.51 per diluted share
- Strong results from Haynesville drilling program with 15 operated wells turned to sales with average initial production of 29 MMcf per day

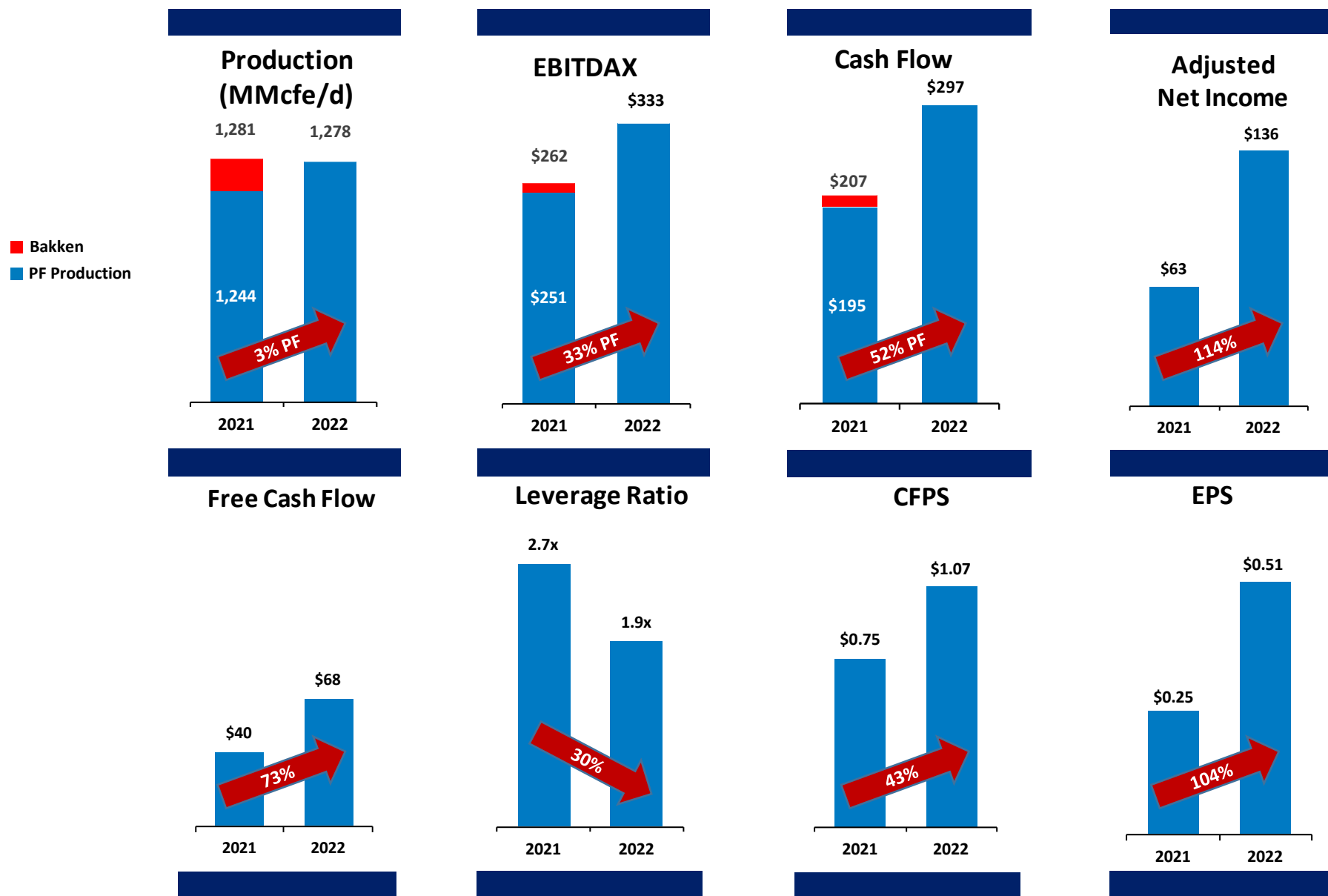
*(1) including realized hedging gains and losses*

*(2) excluding working capital changes*



# Q1 2022 Financial Results

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





# Natural Gas Price Realizations

*High margins supported by gas marketing arrangements...*

- Direct access to LNG corridor
- Currently selling ~14% of production directly to LNG shippers
- 66% of natural gas is sold in high value Gulf Coast markets
- Regional basis for 24% of natural gas fixed under long-term sales contracts leaving only 10% subject to Perryville or Carthage basis differentials

	Per Mcf				
	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022
NYMEX Settlement Month Average	\$2.69	\$2.83	\$4.01	\$5.83	\$4.95
NYMEX Differential	\$0.17	(\$0.24)	(\$0.22)	(\$0.61)	(\$0.40)
Realized Prices	\$2.86	\$2.59	\$3.79	\$5.22	\$4.55

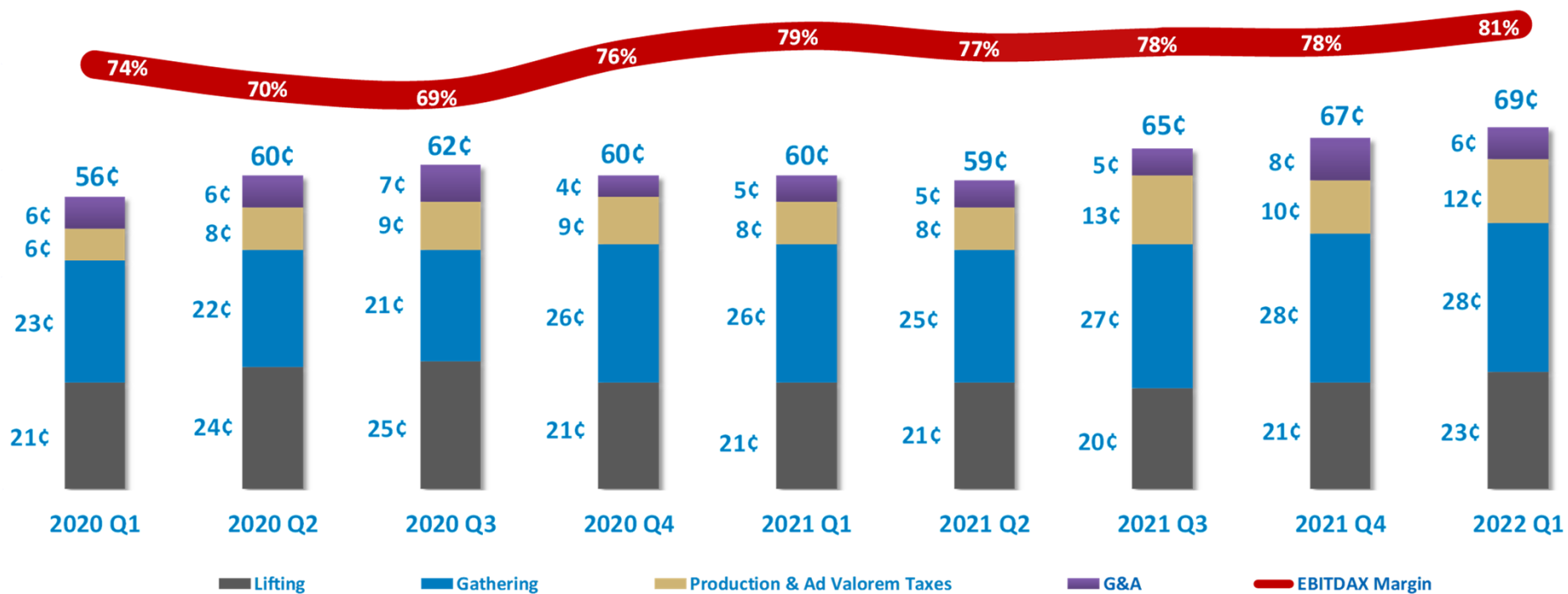
  

NYMEX Contract Settlement Price	\$2.69	\$2.83	\$4.01	\$5.83	\$4.95
NYMEX Average Spot Price	\$3.44	\$2.88	\$4.28	\$4.74	\$4.60
% of Gas Sold at Index (Nominated)	73%	73%	75%	67%	69%
% of Gas Sold at Spot (Daily)	27%	27%	25%	33%	31%
NYMEX Reference Price	\$2.89	\$2.84	\$4.08	\$5.47	\$4.84
NYMEX Differential	(\$0.03)	(\$0.25)	(\$0.29)	(\$0.25)	(\$0.29)
Realized Price	\$2.86	\$2.59	\$3.79	\$5.22	\$4.55
% Hedged	70%	68%	70%	72%	61%
Realized Price, after Hedging	\$2.79	\$2.46	\$2.90	\$3.00	\$3.53
Realized Price, with Marketing income	\$2.79	\$2.46	\$2.90	\$3.00	\$3.56



# Low Operating Costs / High Margins

## Operating Costs Per Mcfe / EBITDAX Margin





# 2022 Drilling Program

		1Q 2022 Haynesville Drilling Program					
		Haynesville		Bossier		Total	
		Gross	Net	Gross	Net	Gross	Net
(\$ in millions)	First Quarter 2022	Operated -					
		14	12.1	1	1.0	15	13.1
		18	12.8	2	1.8	20	14.6
		Non Operated -					
Haynesville Drilling Program -		12	0.6	2	0.0	14	0.6
Operated D&C \$ 187.1		11	0.6	2	0.0	13	0.6
Non Operated D&C 13.5		Average Lateral Length <sup>(1)</sup> -					
Other 22.4				(feet)			
Other Properties 0.8		9,255		15,282		9,858	
Total D&C \$ 223.8		9,137		7,600		8,900	
		Average Initial Rates <sup>(1)</sup> -		(Mmcft per day)			
		26		25		26	

(1) Turned to Sales Wells



# Balance Sheet

## Capitalization

(\$ in millions)	3/31/2022
Cash and Cash Equivalents	\$12
Revolving Credit Facility	\$150
<b>Secured Debt</b>	<b>\$150</b>
7½% Senior Notes due 2025	\$244
6¾% Senior Notes due 2029	1,250
5%% Senior Notes due 2030	965
<b>Total Debt</b>	<b>\$2,609</b>
Preferred Equity (at face value)	\$175
Common Equity	899
<b>Total Capitalization</b>	<b>\$3,683</b>

Annualized EBITDAX for Quarter <sup>(1)</sup> **\$1,332**

### Credit Statistics

Secured Debt / Annualized EBITDAX <sup>(1)</sup> **0.1x**

Total Net Debt / Annualized EBITDAX <sup>(1)</sup> **1.9x**

### Liquidity Analysis

Cash & Cash Equivalents **\$12**

Revolving Credit Facility Borrowing Base **1,400**

Less Revolving Credit Facility Outstanding **150**

**Liquidity** **\$1,262**

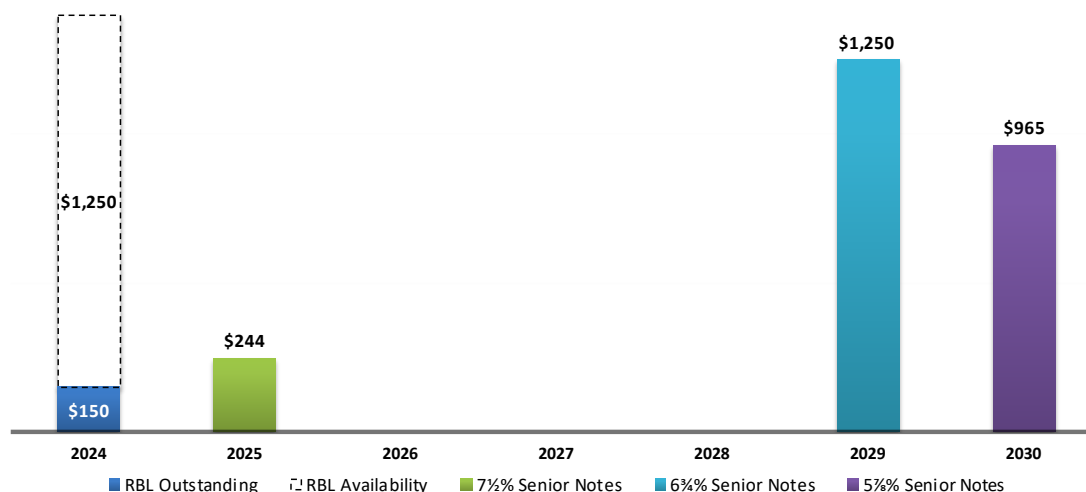
(1) EBITDAX is a non-GAAP financial measure. Please see slide 15 for a reconciliation to the most directly comparable GAAP financial measure.

## Bank Credit Facility

### Senior Secured Revolving Credit Facility:

- \$1.4 billion borrowing base reaffirmed on April 15, 2022
- Maturity date July 16, 2024
- Pricing of L+225 to 325 bpts
- Key financial covenants:
  - Leverage Ratio < 4X, Current Ratio >1.0

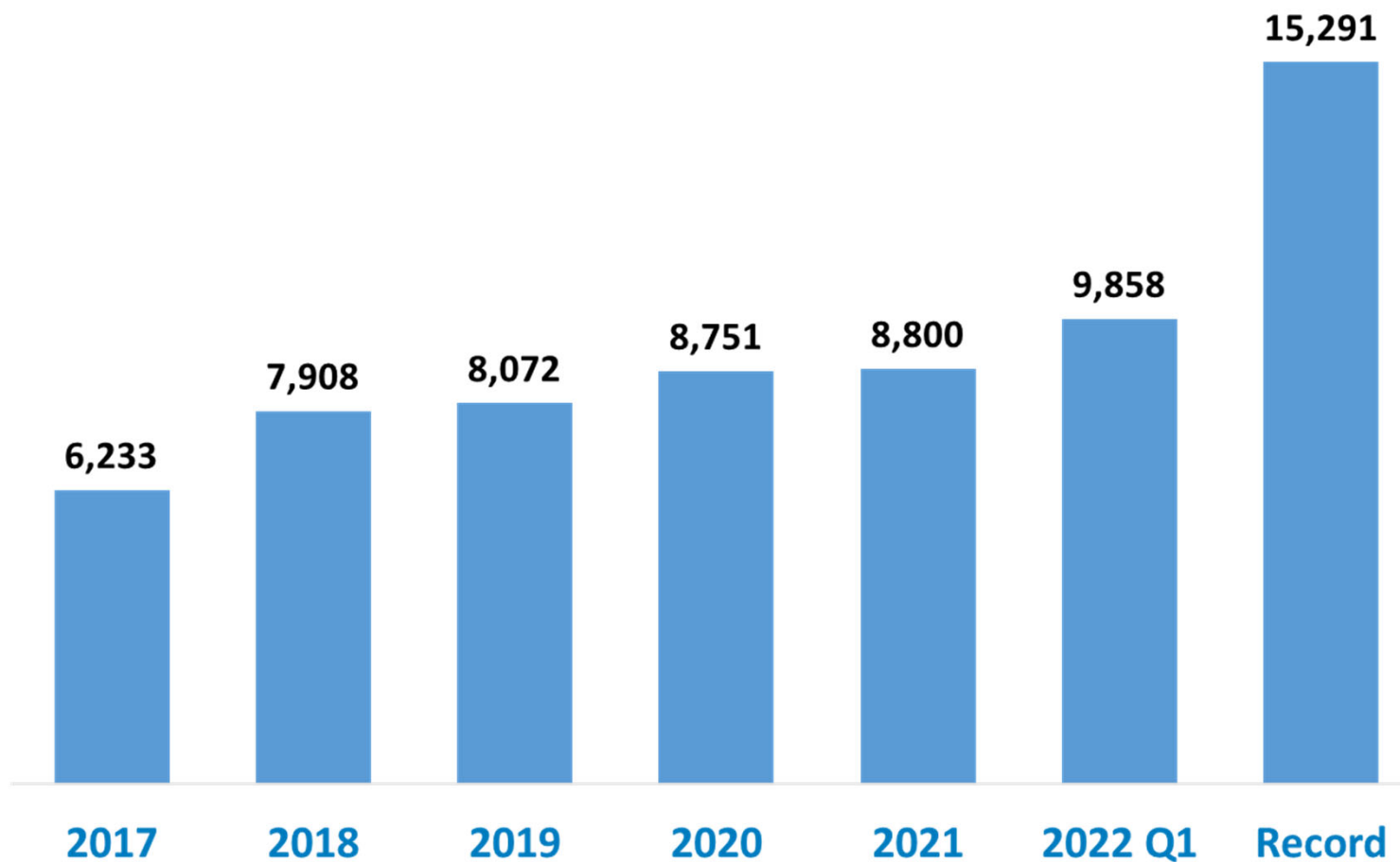
## Debt Maturity





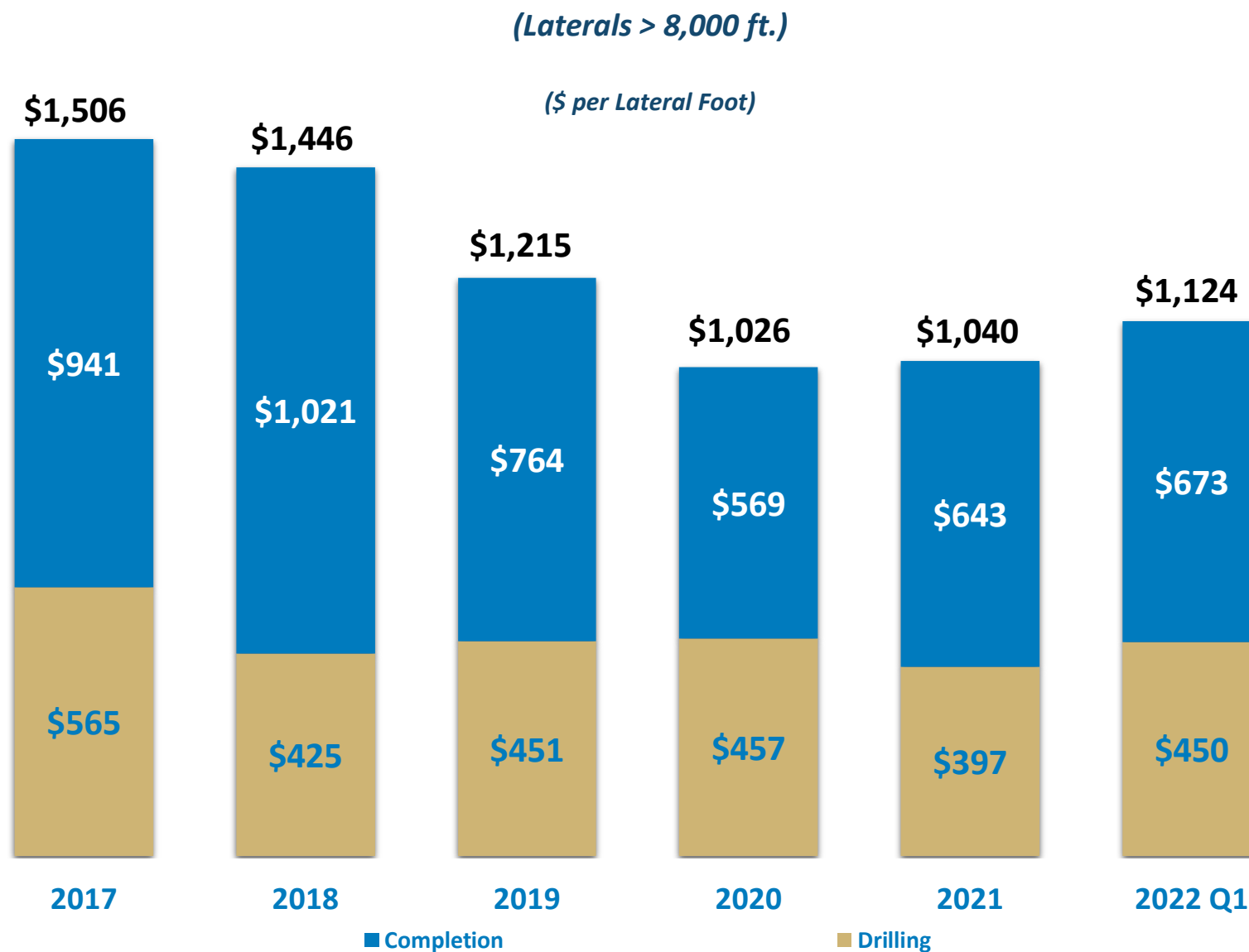


*Average Lateral Length (feet)*



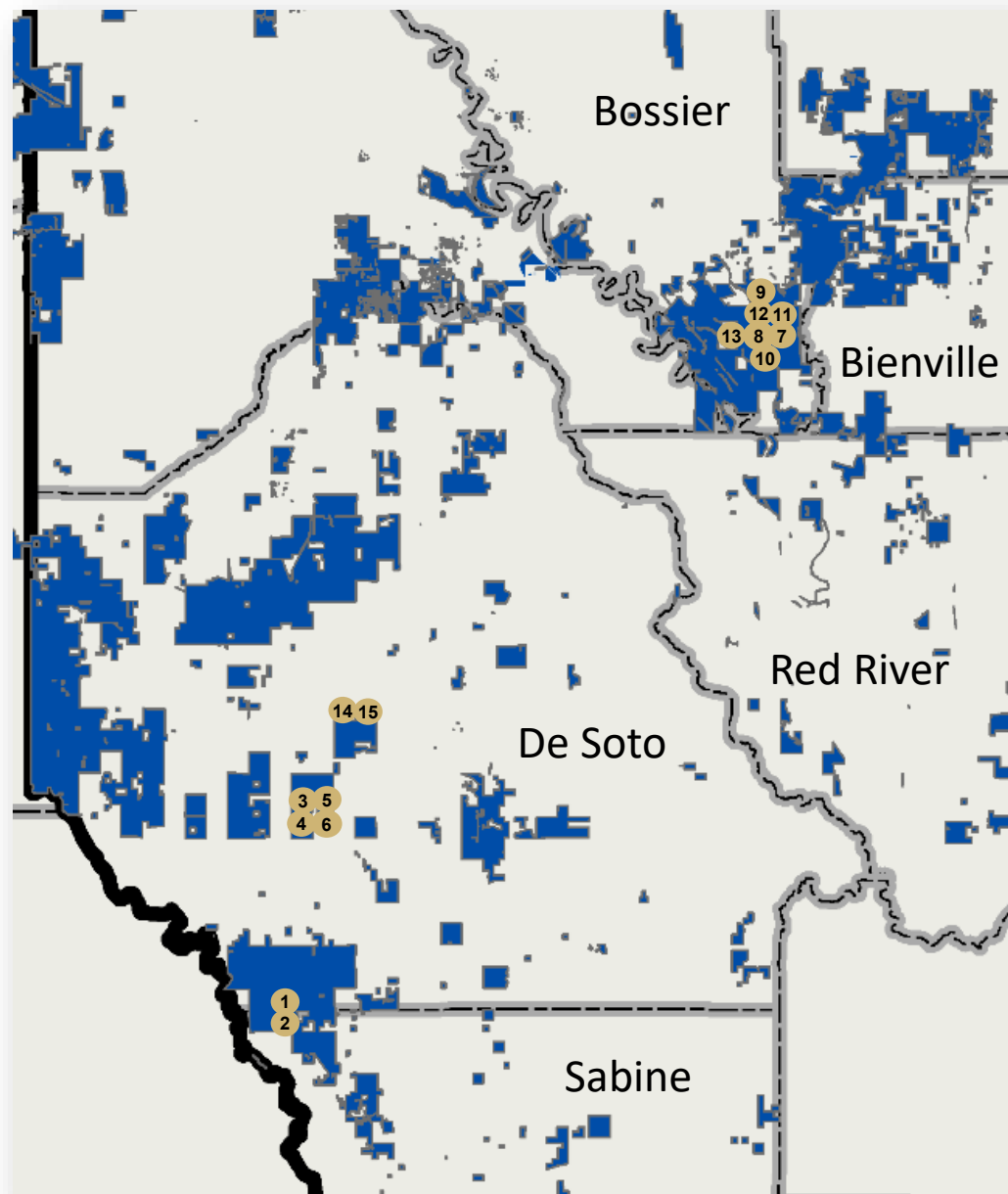


# D&C Costs



Completed 15 operated wells  
(average lateral length of 10,115 ft.) with  
average IP rate of 29 Mmcf/d

	Well Name	LL (feet)	Turned To Sales	IP (Mmcf/d)
1	BSMC LA 5-8-17 #1H	15,291	02/15/2022	24
2	BSMC LA 5-8-17 #2H	15,273	02/15/2022	27
3	McCoy 28-33 #1H	9,818	03/05/2022	31
4	McCoy 28-33 #2H	9,867	03/05/2022	31
5	Olympia Minerals 28-33 #1H	9,895	03/07/2022	30
6	Olympia Minerals 28-33 #2H	9,939	03/07/2022	27
7	Rose Roberts 36-1 #1H	7,667	03/26/2022	25
8	Rose Roberts 36-1 #2H	8,620	03/26/2022	28
9	Johnson 1-36 #1H	9,756	03/26/2022	32
10	Johnson 12-15-11 #2	4,428	03/26/2022	24
11	Johnson 13-12-1 #1H	9,945	03/29/2022	35
12	Johnson 13-12-1 #2H	12,763	03/29/2022	37
13	Johnson 13-12-1 #3H	8,749	03/29/2022	30
14	Sustainable Forests 14-11 #1H	9,877	04/14/2022	24
15	Sustainable Forests 14-11 #2H	9,834	04/14/2022	25
		10,115		29





- Expect to generate substantial free cash flow in 2022 with 4 to 5% production growth
- First priority of free cash flow is to retire debt
  - Redeeming 2025 senior notes on May 15th
  - Expected to repay all borrowings under bank credit facility
  - Targeting leverage < 1.5x before initiating a return of capital program
- Expect to spend up to \$100 million on bolt-on acquisitions and additional leasing
- Improving leverage profile and free cash flow generation support reinstating a shareholder dividend by the fourth quarter of this year
- Longer laterals targeted in 2022 drilling program will partially offset rising costs for drilling and completion activity
- Strong financial liquidity of ~\$1.3 billion











Guidance	2Q 2022	2022
Production (Mmcfe/d)	1,310 - 1,375	1,390 - 1,450
D&C Costs	\$225 - \$275	\$875 - \$925
Expenses (\$/Mcf) -		
Lease Operating (\$/Mcf)	\$0.20 - \$0.25	\$0.20 - \$0.25
Gathering & Transportation (\$/Mcf)	\$0.26 - \$0.30	\$0.26 - \$0.30
Production & Other Taxes (\$/Mcf)	\$0.14 - \$0.16	\$0.14 - \$0.16
DD&A (\$/Mcf)	\$0.90 - \$0.96	\$0.90 - \$0.96
Cash G&A (\$MM)	\$7 - \$8	\$29 - \$32
Non-Cash G&A (\$MM)	\$1.8 - \$2.2	\$7 - \$8
Cash Interest (\$MM)	\$38 - \$45	\$152 - \$160
Non-Cash Interest (\$MM)	\$2 - \$3	\$8 - \$12
Effective Tax Rate (%)	22% - 25%	22% - 25%
Deferred Tax (%)	75% - 80%	75% - 80%





# Hedging Program

Comstock has ~50% of its oil and gas production hedged in 2022

		(Mmcf/d)			\$/Mmbtu
2022	Total	Swaps	 320		\$2.68
Q2	735	Collars	 415		\$2.61 x \$3.83
2022	Total	Swaps	 320		\$2.68
Q3	685	Collars	 365		\$2.62 x \$3.90
2022	Total	Swaps	 320		\$2.68
Q4	685	Collars	 365		\$2.62 x \$3.91
2023	Total	Swaps			
Q1	750	Collars	 750		\$2.97 x \$9.56
2023	Total	Swaps			
Q2	675	Collars	 675		\$3.00 x \$10.17



# Non-GAAP Financial Measures

## Adjusted Net Income

<i>\$ in thousands except per share amounts</i>	Quarter Ended March 31,	
	2022	2021
Net loss	\$ (115,739)	\$ (138,440)
Unrealized loss on hedging contracts	320,307	13,072
Gain on sale of oil and gas properties	(2)	(70)
Non-cash interest amortization from adjusting debt assumed in acquisition to fair value	2,760	4,927
Loss on early retirement of debt	-	238,539
Exploration	1,021	-
Adjustment to income taxes	(72,589)	(54,733)
Adjusted net income	\$ 135,758	\$ 63,295
Adjusted net income per share	\$ 0.51	\$ 0.25
Diluted shares outstanding	277,058	275,127

## Adjusted EBITDAX

<i>\$ in thousands</i>	Quarter Ended March 31,	
	2022	2021
Net income (loss)	\$ (111,424)	\$ (134,125)
Interest expense	46,491	64,080
Income taxes	(31,622)	(29,967)
Depreciation, depletion, and amortization	106,728	109,128
Exploration	1,021	-
Unrealized loss on hedging contracts	320,307	13,072
Stock-based compensation	1,495	1,690
Loss on early retirement of debt	-	238,539
Gain on sale of oil and gas properties	(2)	(70)
Total Adjusted EBITDAX	\$ 332,994	\$ 262,347

## Operating Cash Flow

<i>\$ in thousands</i>	Quarter Ended March 31,	
	2022	2021
Net income (loss)	\$ (111,424)	\$ (134,125)
Reconciling items:		
Loss on early retirement of debt	-	238,539
Deferred income taxes (benefit)	(24,788)	(30,150)
Depreciation, depletion and amortization	106,728	109,128
Unrealized (gain) loss on hedging contracts	320,307	13,072
Amortization of debt discount and issuance costs	4,225	8,489
Stock-based compensation	1,495	1,690
Gain (loss) on sale of oil and gas properties	(2)	(70)
Operating cash flow	\$ 296,541	\$ 206,573
Decrease (increase) in accounts receivable	28,125	(7,032)
Decrease (increase) in other current assets	1,406	4,778
Increase in accounts payable and accrued expenses	(42,033)	(11,047)
Net cash provided by operating activities	\$ 284,039	\$ 193,272

## Free Cash Flow

<i>\$ in thousands</i>	Quarter Ended March 31,	
	2022	2021
Operating cash flow	\$ 296,541	\$ 206,573
Less:		
Drilling and completions expenditures	(223,849)	(162,747)
Preferred dividends	(4,315)	(4,315)
Free cash flow from operations	68,377	39,511
Acquisitions of oil and gas properties	(3,905)	(5,776)
Free cash flow	\$ 64,472	\$ 33,735