



NYSE:CRK

# 2<sup>nd</sup> Quarter 2020 Results

August 5, 2020

# 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 Report 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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## 2<sup>nd</sup> Quarter Highlights

- Completed a successful equity offering in quarter and redeemed \$210 million of our Series A Convertible Preferred Stock
- Completed a successful senior notes offering to pay down bank credit facility
  - *Reduced bank credit facility borrowings from 89% of availability to 57%*
  - *Increased financial liquidity from \$166 million to \$612 million*
- Increased 2021 hedge position by 182% during the second quarter with improvement to 2021 natural gas futures
- Reduced current well costs (per lateral ft) 26% from second quarter 2019 costs and expect well costs to decline further in second half of the year
- Deferred completion activity in quarter to better align new production with anticipated stronger natural gas prices in late 2020 and 2021
- Generated \$36 million in free cash flow in second quarter (\$51 million YTD) despite very low oil and natural gas prices
- Low oil and gas prices limited profits in quarter
  - **Second Quarter Financial Results –**
    - Oil and Gas Sales - \$233 million , 79% higher than 2Q19*
    - Adjusted EBITDAX - \$162 million, 74% higher than 2Q19*
    - Operating Cash Flow - \$117 million (53¢ per share)\* , 77% higher than 2Q19*
    - Adjusted Net Income - \$ 1.7 million (1¢ per share)\*\**

\* Fully diluted assuming conversion of Convertible Preferred Stock.

\*\* Adjusted to exclude unrealized losses on hedges, interest and dividend accretion due to valuation adjustment to carrying value of Covey Park debt and the Series A Preferred Stock and loss from early retirement of debt.

## 2<sup>nd</sup> Quarter Equity and Notes Offerings

- In May, Comstock issued 41,325,000 shares in an underwritten equity offering and used the proceeds with cash on hand to redeem the \$210 million Series A convertible preferred stock. The Series A convertible preferred stock was convertible into 52,500,000 shares beginning in July 2020. The redemption saves the Company \$21 million annually*
- In April and May, Comstock exchanged \$5.6 million of 7.5% Senior Notes due 2025 for 767,096 shares of common stock*
- In June, Comstock used proceeds from a \$500 million senior notes offering to repay borrowings under the revolving credit facility which substantially enhanced financial liquidity to over \$600 million*

### Sources & Uses

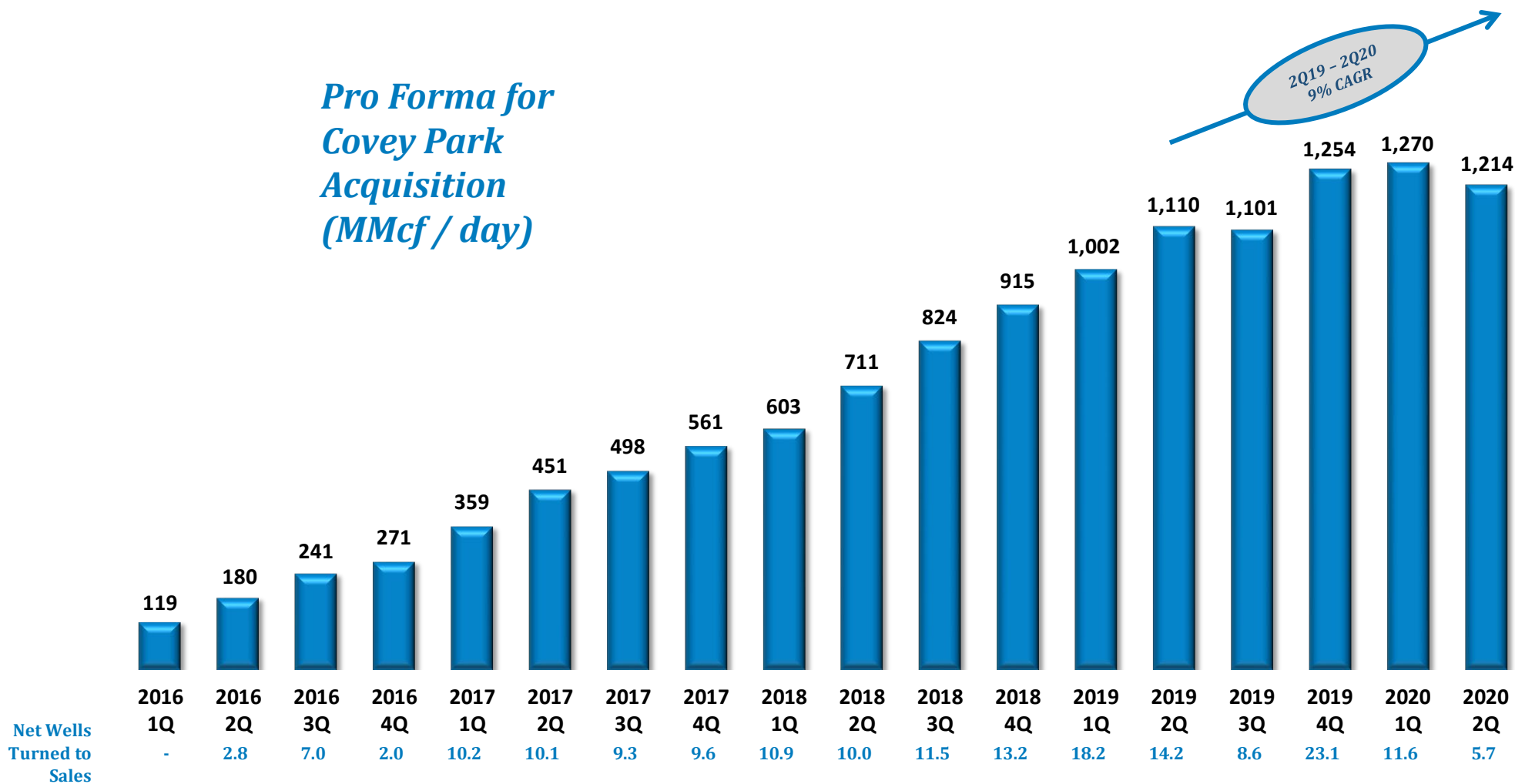
<i>(\$ in millions)</i>	Equity Offering Completed May 18, 2020	Notes Offering Completed June 23, 2020
<b>Sources</b>		
Common Equity Issuance	\$213	\$--
Add-on to Existing Senior Notes due 2026	--	500
Cash from Balance Sheet	13	--
<b>Total Sources</b>	<b>\$226</b>	<b>\$500</b>

<b>Uses</b>	<b>Equity</b>	<b>Notes</b>
Redeem Outstanding Preferred Stock	\$210	\$--
Exchange of Existing Senior Notes due 2025	6	--
Paydown Existing Revolver Borrowings	--	441
Estimated Offering Expenses (incl. OID)	10	59
<b>Total Uses</b>	<b>\$226</b>	<b>\$500</b>



# Haynesville/Bossier Production

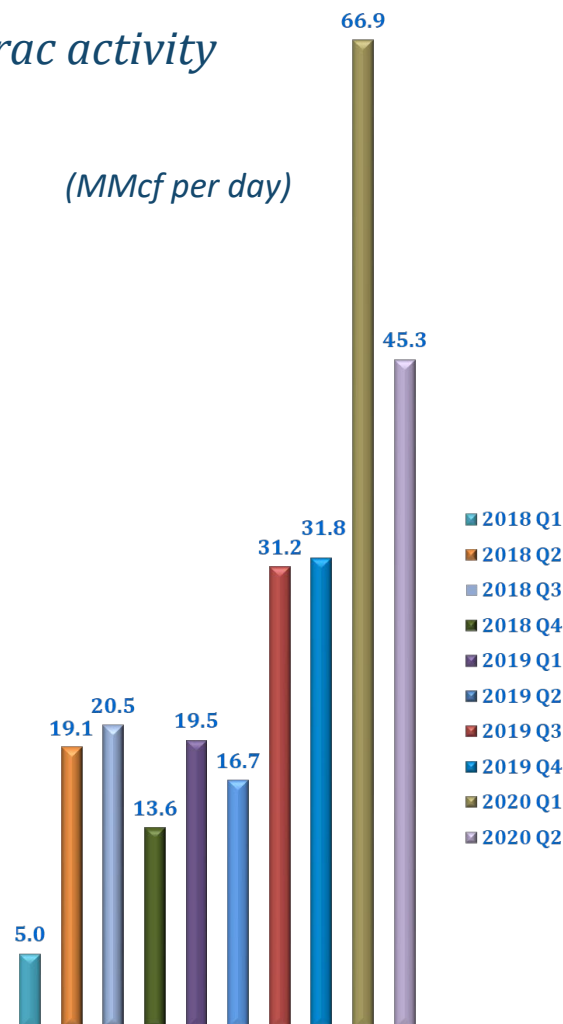
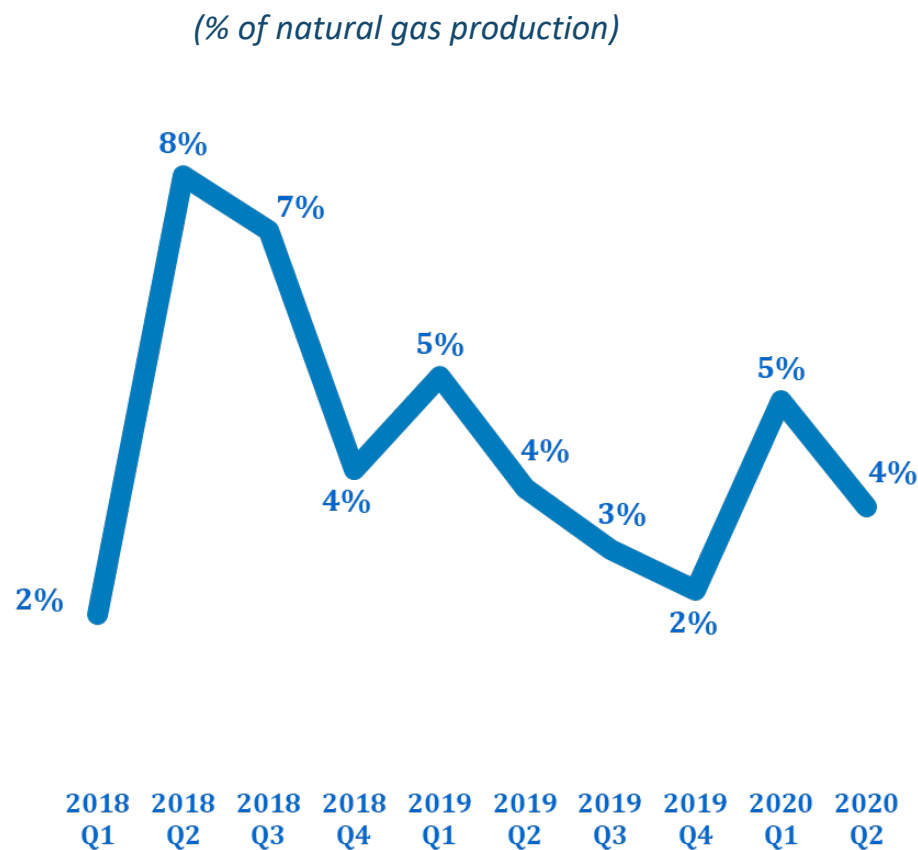
*Pro Forma for  
Covey Park  
Acquisition  
(MMcf / day)*



*Expect to turn 25 net wells to sales in the last six months of 2020*

# Shut-in Production

*Natural Gas Wells shut-in for pipeline curtailment or offset frac activity*



*23% of oil production curtailed in 2<sup>nd</sup> quarter due to low oil prices*

# Hedging Program

- In the first six months of 2020 Comstock had 49% of its gas production hedged, which increased the realized gas price to \$1.96 per Mcf versus \$1.59 per Mcf excluding hedges
- In the first six months of 2020 Comstock also had 90% of its oil production hedged, which increased the realized oil price to \$42.59 per barrel versus \$31.72 per barrel excluding hedges
- Comstock is targeting to have 55% to 70% of its oil and gas production hedged in 2021

Period	Natural Gas (Mmbtu/d)					Crude Oil (Bbl/d)
	Swaps	Collars	3-Way Collars	Total	Swaptions	Collars
2020 3Q	503,839	9,783	50,000	563,621	-	2,963
2020 4Q	518,027	84,783	50,000	652,809	-	2,821
<b>2020 FY</b>	<b>510,933</b>	<b>47,283</b>	<b>50,000</b>	<b>608,215</b>	<b>-</b>	<b>2,892</b>
2021 1Q	457,271	270,000	-	727,271	150,000	500
2021 2Q	382,184	280,000	-	662,184	210,000	500
2021 3Q	375,000	280,000	-	655,000	210,000	500
2021 4Q	350,000	280,000	-	630,000	210,000	500
<b>2021 FY</b>	<b>390,776</b>	<b>277,534</b>	<b>-</b>	<b>668,310</b>	<b>195,205<sup>1</sup></b>	<b>500</b>
<b>2022 FY</b>	<b>30,000</b>	<b>2,466</b>	<b>-</b>	<b>32,466</b>	<b>134,795<sup>2</sup></b>	<b>-</b>

Period	Natural Gas (\$ MMBtu)					Crude Oil (\$ Bbl)
	Swaps	Collars	3-Way Collars	Total WAVG <sup>3</sup>	Swaptions	Collars
2020 3Q	\$2.62	\$2.50 / \$3.05	\$2.32 / \$2.63 / \$2.99	\$2.62	-	\$49.15 / \$63.96
2020 4Q	\$2.63	\$2.43 / \$2.91	\$2.32 / \$2.63 / \$2.99	\$2.61	-	\$49.35 / \$63.83
<b>2020 FY</b>	<b>\$2.63</b>	<b>\$2.43 / \$2.92</b>	<b>\$2.32 / \$2.63 / \$2.99</b>	<b>\$2.61</b>	<b>-</b>	<b>\$49.25 / \$63.89</b>
2021 1Q	\$2.57	\$2.45 / \$2.88	-	\$2.52	\$2.52	\$40.00 / \$45.00
2021 2Q	\$2.55	\$2.45 / \$2.89	-	\$2.51	\$2.52	\$40.00 / \$45.00
2021 3Q	\$2.54	\$2.45 / \$2.89	-	\$2.50	\$2.52	\$40.00 / \$45.00
2021 4Q	\$2.53	\$2.45 / \$2.89	-	\$2.50	\$2.52	\$40.00 / \$45.00
<b>2021 FY</b>	<b>\$2.55</b>	<b>\$2.45 / \$2.89</b>	<b>-</b>	<b>\$2.51</b>	<b>\$2.52</b>	<b>\$40.00 / \$45.00</b>
<b>2022 FY</b>	<b>\$2.53</b>	<b>\$2.50 / \$3.00</b>	<b>-</b>	<b>\$2.53</b>	<b>\$2.51</b>	<b>-</b>

(1) The counterparty has the right to exercise a call option to enter into a price swap with the Company on 195,205 MMBtu/d in 2021 at an average price of \$2.52. The call option expires for 130,000 MMBtu/d at an average price of \$2.53 in October 2020; for 20,000 MMBtu/d at an average price of \$2.50 in November 2020 and for 45,205 MMBtu/d at an average price of \$2.50 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 and three-way collars.

# Q2 2020 Financial Results

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

	2019 Q2	2020 Q2	
<i>Oil Production (Mbbls)</i>	695	360	-48%
<i>Gas Production (MMcf)</i>	40,928	116,477	185%
<i>Production (MMcfe)</i>	45,093	118,631	163%
<i>Oil Price (Per Barrel)</i>	\$52.12	\$37.89	-27%
<i>Gas Price (Per Mcf)</i>	\$2.29	\$1.88	-18%
<i>Oil and Gas Sales <sup>(1)</sup></i>	\$130.1	\$232.8	79%
<i>Lifting Costs</i>	30.9	64.0	107%
<i>General and Administrative</i>	6.8	8.3	22%
<i>Depreciation, Depletion and Amort.</i>	46.8	103.3	121%
<i>Operating Income before Taxes <sup>(1)</sup></i>	\$45.6	\$57.2	25%
<i>Reported Net Income (Loss)</i>	\$21.4	(\$60.0)	-380%
<i>Interest Amortization on Senior Notes Valuation*</i>	-	4.4	
<i>Non-Cash Preferred Stock Accretion*</i>	-	2.9	
<i>Unrealized (Gains) Losses from Hedging*</i>	(9.8)	53.7	
<i>Transaction Costs*</i>	1.1	-	
<i>Early Debt Extinguishment*</i>	-	0.7	
<i>Adjusted Net Income</i>	\$12.7	\$1.7	
<i>Adjusted Net Income per Diluted Share</i>	\$0.12	\$0.01	
<i>Adjusted EBITDAX <sup>(2)</sup></i>	\$93.2	\$162.1	74%
<i>Cash Flow from Operations <sup>(3)</sup></i>	\$66.3	\$117.5	77%

\* Net of Income Taxes

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

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

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



# 6 Months 2020 Financial Results

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

	2019 6M	2020 6M	
<i>Oil Production (Mbbbls)</i>	1,505	814	-46%
<i>Gas Production (MMcf)</i>	74,077	239,263	223%
<i>Production (MMcfe)</i>	83,105	244,144	194%
<i>Oil Price (Per Barrel)</i>	\$48.71	\$42.59	-13%
<i>Gas Price (Per Mcf)</i>	\$2.55	\$1.96	-23%
<i>Oil and Gas Sales <sup>(1)</sup></i>	\$262.3	\$504.1	92%
<i>Lifting Costs</i>	59.1	126.7	115%
<i>General and Administrative</i>	14.7	17.0	16%
<i>Depreciation, Depletion and Amort.</i>	84.4	213.8	153%
<i>Operating Income before Taxes <sup>(1)</sup></i>	\$104.1	\$146.6	
<i>Reported Net Income (Loss)</i>	\$35.0	(\$30.0)	
<i>Interest Amortization on Senior Notes Valuation*</i>	-	9.3	
<i>Non-Cash Preferred Stock Accretion*</i>	-	5.4	
<i>Unrealized Losses from Hedging*</i>	\$0.1	42.5	
<i>Transaction Costs*</i>	\$1.1	-	
<i>Early Debt Extinguishment*</i>	-	0.8	
<i>Adjusted Net Income</i>	\$36.2	\$28.0	
<i>Adjusted Net Income per Diluted Share</i>	\$0.34	\$0.14	
<i>Adjusted EBITDAX <sup>(2)</sup></i>	\$190.2	\$363.7	91%
<i>Cash Flow from Operations <sup>(3)</sup></i>	\$137.0	\$273.4	100%

\* Net of Income Taxes

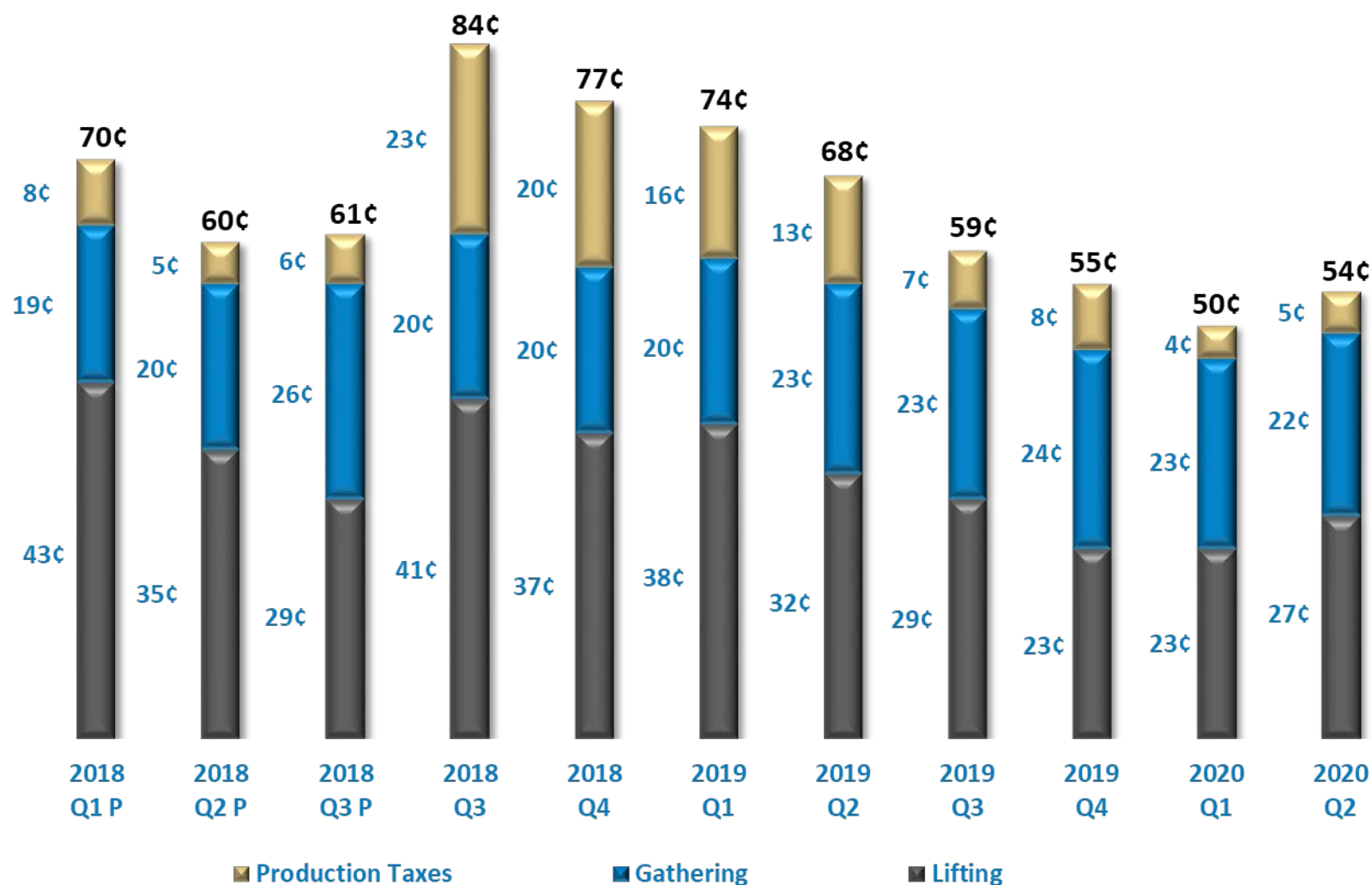
<sup>(1)</sup> Includes Realized Hedging Gains and Losses

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

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

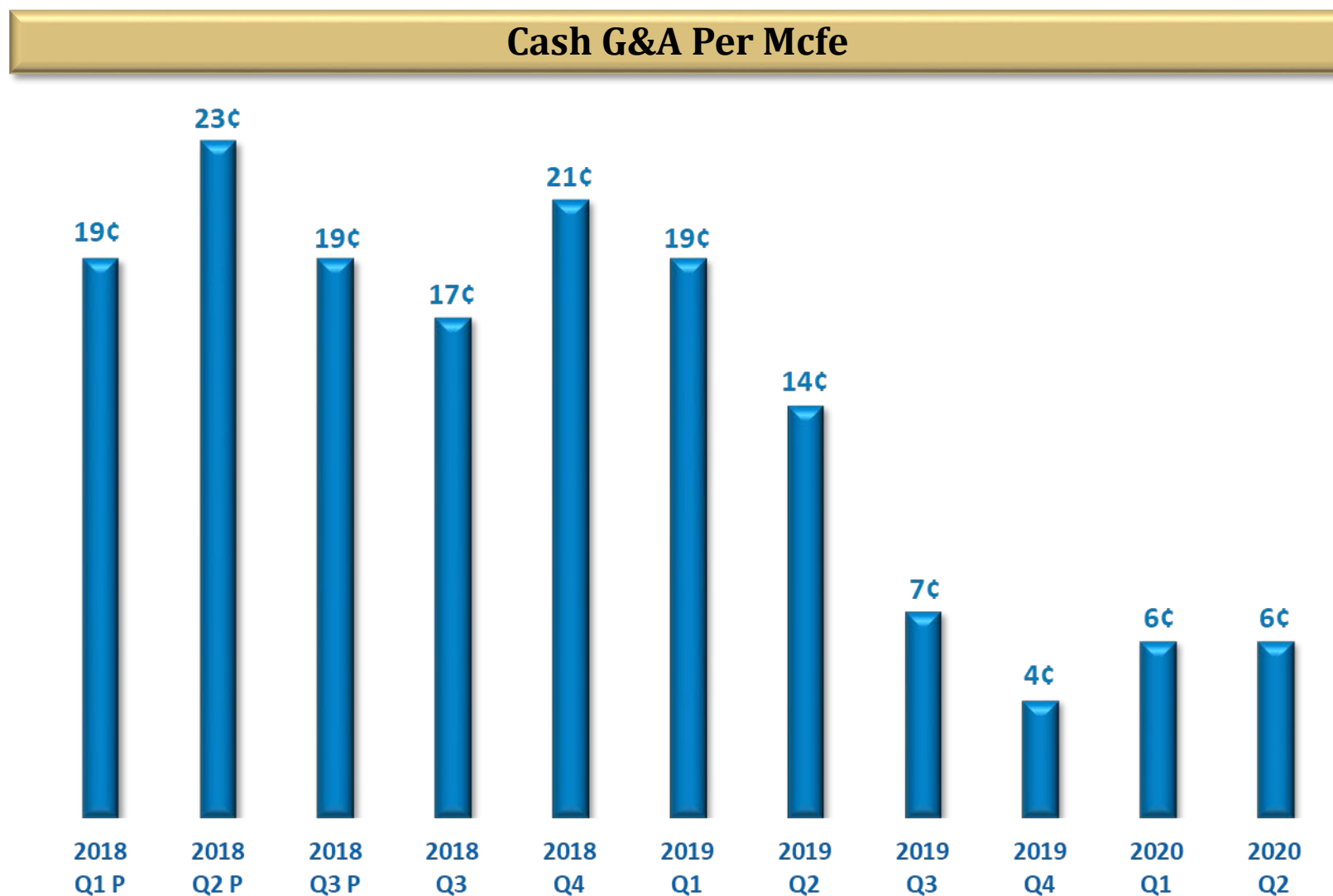
# Low Cost Structure

## Operating Costs Per Mcfe



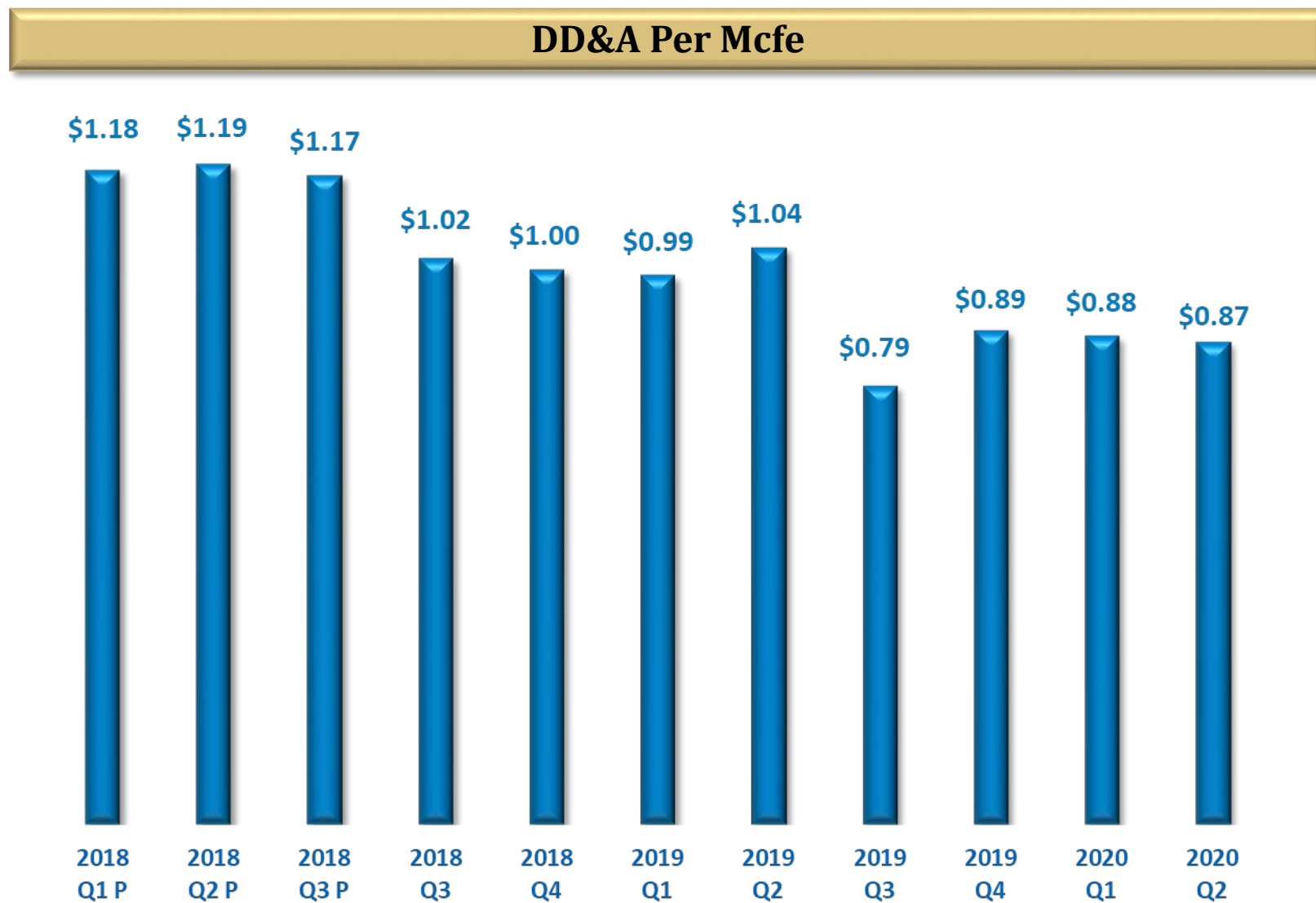
P – Predecessor (Before 8/14/18)

# Low Cost Structure



P – Predecessor (Before 8/14/18)

# Low Cost Structure



*P – Predecessor (Before 8/14/18)*

# 2020 Drilling Program

(\$ in millions)

	Second Quarter 2020				Six Months 2020			
	\$	Average Lateral (feet)	Gross Wells	WI Net Wells	\$	Average Lateral (feet)	Gross Wells	WI Net Wells
Completion of Wells Drilled in 2019	\$ 1.5	7,637	2	0.2	\$ 49.6	8,423	15	9.6
Wells Drilled and TTS in Current Period	11.1	8,919	6	4.3	38.9	8,482	8	5.5
Wells Drilled in Current Period (not yet completed)	36.4	8,781	13	10.5	64.8	9,225	18	14.6
Wells Drilling	11.8				11.8			
Non-operated and other	13.9				40.1			
	<b>\$ 74.7</b>				<b>\$ 205.2</b>			

## 2020 Drilling Program Overview

Total Capital Expenditures	\$400 - \$440 million
Wells Drilled to Total Depth	67 Gross / 42.8 Net
Wells to Sales	79 Gross / 42.3 Net
Year-End Drilled Uncompleted Wells	17 Gross / 15.3 Net
Wells Drilling at Year-End	6 Gross / 5.2 Net



# Balance Sheet

## Bank Credit Facility

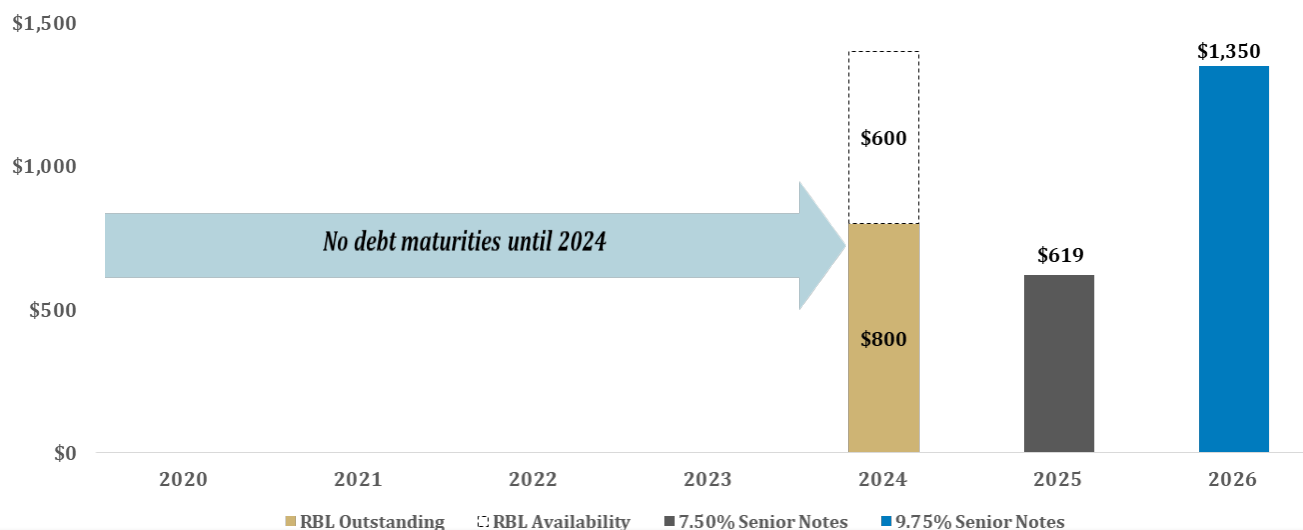
### Senior Secured Revolving Credit Facility:

- **\$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)	6/30/2020
Cash and Cash Equivalents	\$12
Revolving Credit Facility	\$800
7.50% Senior Notes due 2025	619
9.75% Senior Notes due 2026	1,350
<b>Total Debt</b>	<b>\$2,769</b>
Preferred Equity (at face value)	\$175
Common Equity	1,318
<b>Total Capitalization</b>	<b>\$4,262</b>
<b>Liquidity</b>	<b>\$612</b>

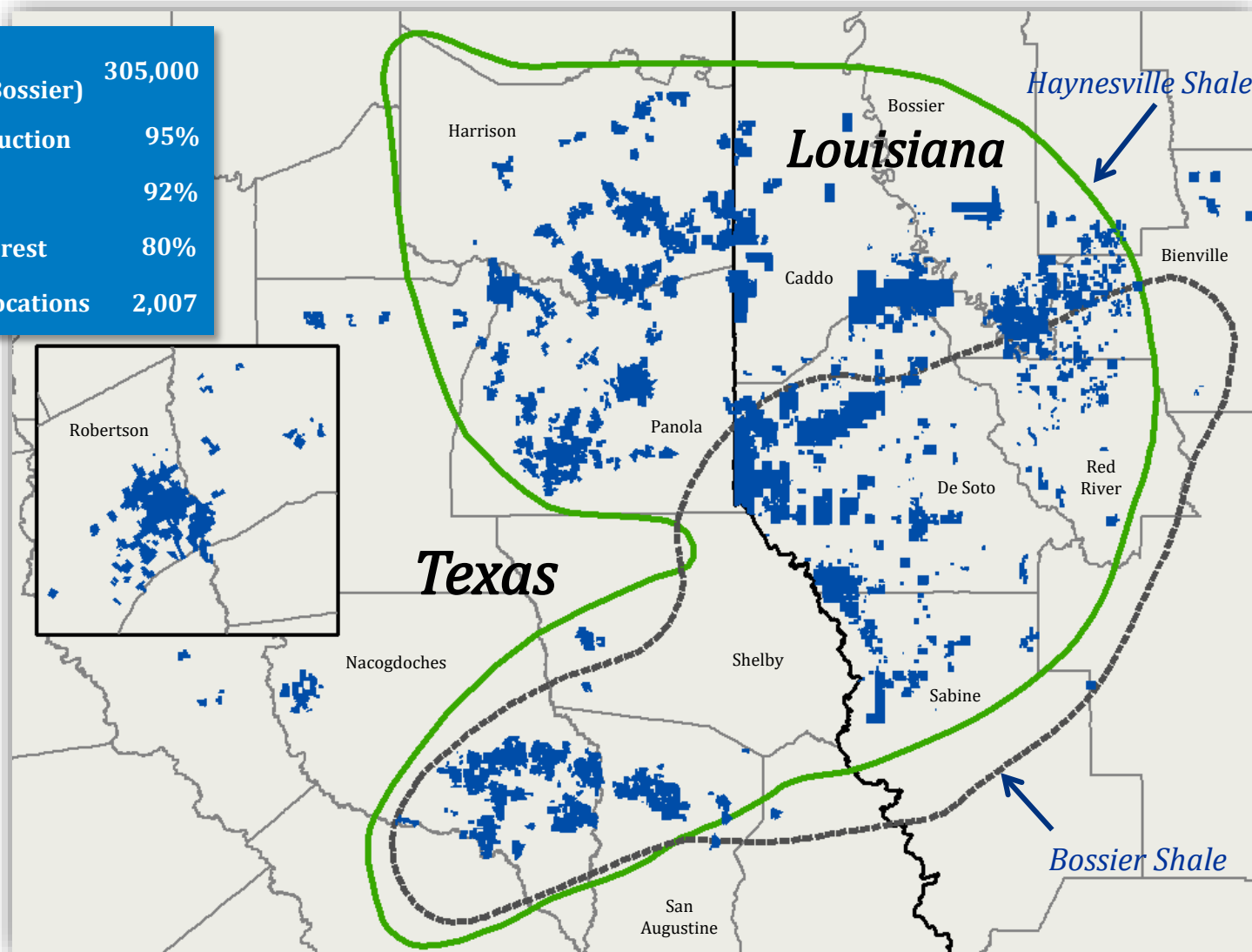
## Debt Maturity Profile



# Haynesville Shale

Drilled and completed 237 operated wells with average IP rate of 23 MMcf/d

Net Acres (Haynesville / Bossier)	305,000
% Held by Production	95%
% Operated	92%
% Working Interest	80%
Net Undrilled Locations	2,007



# Drilling Location Inventory

## Extensive inventory of high return drilling locations

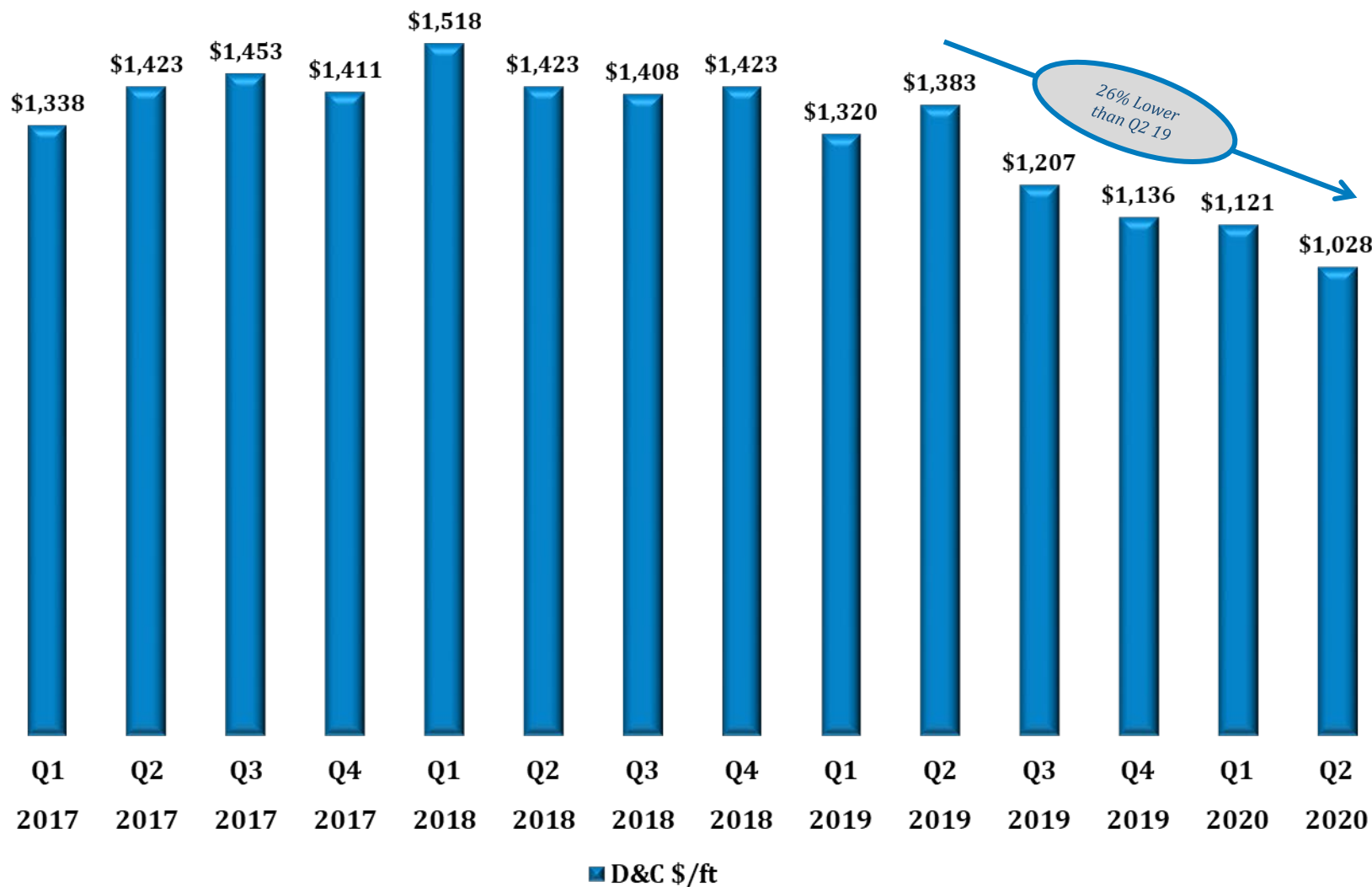
*As of June 30, 2020*

	Operated		Haynesville Non-Operated		Total	
	(Gross)	(Net)	(Gross)	(Net)	(Gross)	(Net)
up to 5,000 ft.	347	263.1	585	79.2	932	342.3
5,000 ft. to 8,000 ft.	539	395.2	124	17.5	663	412.7
> 8,000 ft.	530	365.4	194	23.7	724	389.1
	1,416	1,023.8	903	120.4	2,319	1,144.1

	Operated		Upper Bossier - Mid Bossier Non-Operated		Total	
	(Gross)	(Net)	(Gross)	(Net)	(Gross)	(Net)
up to 5,000 ft.	191	147.1	256	25.8	447	172.9
5,000 ft. to 8,000 ft.	466	350.9	75	6.2	541	357.1
> 8,000 ft.	447	327.1	76	5.5	523	332.6
	1,104	825.1	407	37.5	1,511	862.6
	2,520	1,848.9	1,310	157.9	3,830	2,006.7

# Improving D&C Costs

*(Laterals > 6,000 ft.)  
(\$ per Lateral Foot)*



# 2020 Outlook

- Focused on free cash flow generation and managing through low oil and natural gas price environment
- Comstock has industry leading low cost structure and well economics
- Haynesville drilling program generates economic returns even with low natural gas prices
- Drilling program providing modest pro-forma production growth in 2020
- Delayed completion activity in 2020 to have new wells turn to sales late in 2020 and early in 2021 when natural gas prices are expected to be stronger
- Conservative 2020 and 2021 operating plan internally funded
  - *Prioritizing free cash flow generation over production growth*
  - *Hedging next 12 months production to protect drilling returns*
  - *Strong financial liquidity of \$612 million*



## 2020 Guidance

Guidance	FY 2020
Production (Mmcfe/d)	1,250 - 1,300
% Natural Gas	97% - 99%
Capital Expenditures (\$MM)	\$400 - \$440
Expenses (\$/Mcf)	
Lease Operating	\$0.23 - \$0.27
Gathering & Transportation	\$0.23 - \$0.27
Production Taxes	\$0.06 - \$0.08
DD&A	\$0.85 - \$0.95
Cash G&A	\$0.05 - \$0.07