



NYSE:CRK

3rd Quarter 2022 Results

NOVEMBER 1, 2022



Disclaimer

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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 and known trends and uncertainties as described in our Annual Report on Form 10-K for fiscal year 2021 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.

Reserve engineering is a process of estimating underground accumulations of hydrocarbons that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions could impact Comstock’s strategy and change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil and natural gas that are ultimately recovered. These quantities do not necessarily constitute or represent reserves as defined by the Securities and Exchange Commission and are not intended to be representative of all anticipated future well results.

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3rd Quarter 2022 Highlights

- Generated highest quarterly operating cash flow in the Company's history of \$533 million or \$1.92 per diluted share
- Free cash flow from operations was \$286 million in the quarter
- Retired \$250 million debt and reduced leverage to under 1x
- Adjusted net income to common stockholders for the quarter was \$326 million or \$1.18 per diluted share
- Adjusted EBITDAX increased in the quarter 93% to a record high \$598 million
- Oil and gas sales, including realized hedging losses, were \$692 million, 76% higher than 2021's third quarter
- Strong results from Haynesville shale drilling program with 17 (15.2 net) operated wells turned to sales with an average initial production of 29 MMcf per day
- Announced reinstatement of quarterly common stock dividend to commence in the fourth quarter

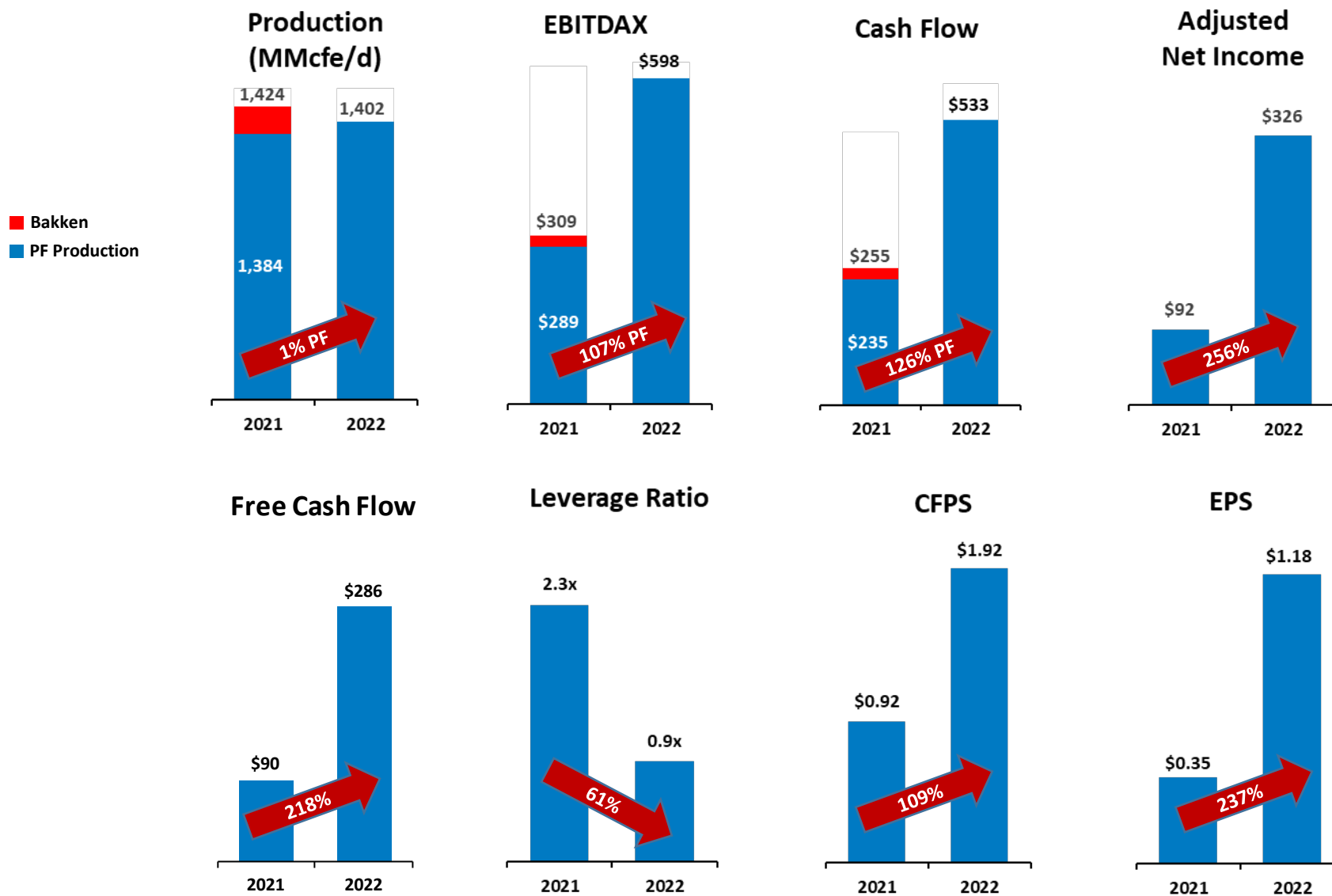
(1) including realized hedging gains and losses

(2) excluding working capital changes



Q3 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 15% of production directly to LNG shippers
- 70% of natural gas is sold in high value Gulf Coast markets
- Regional basis fixed under long-term sales contracts leaving only 15%-20% subject to Perryville or Carthage basis differentials

Per Mcf

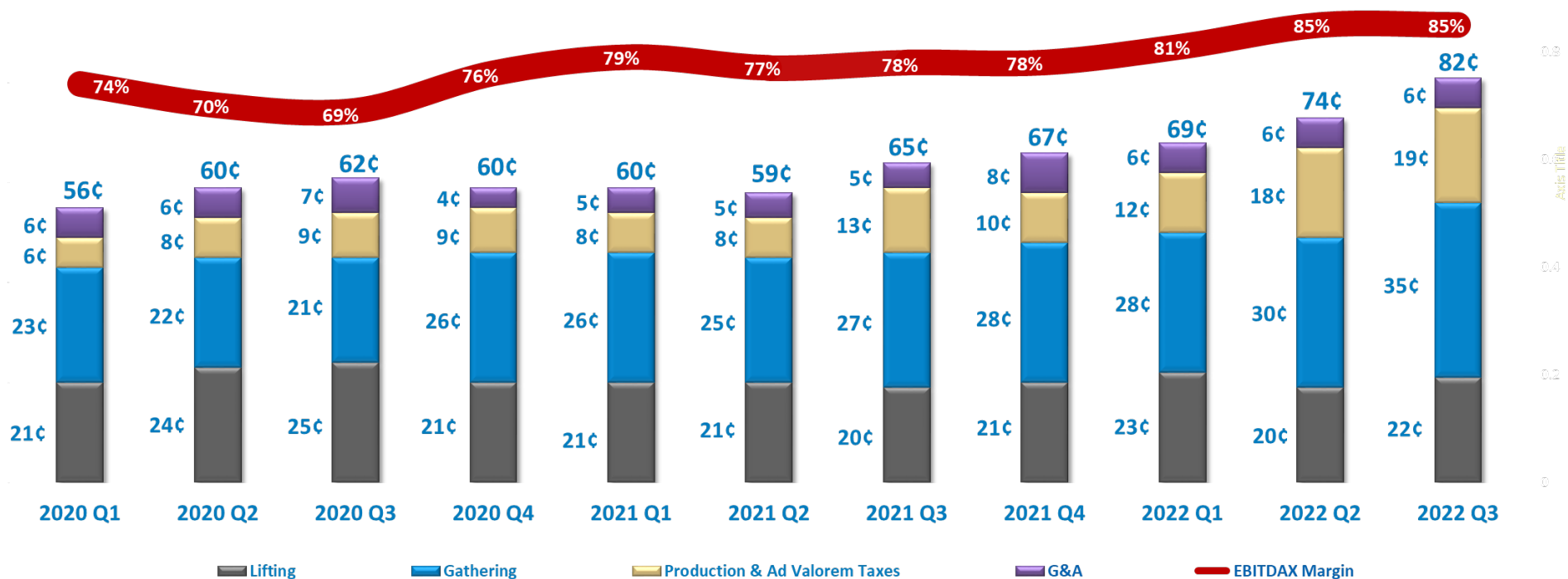
	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022
NYMEX Settlement Month Average	\$ 4.01	\$ 5.83	\$ 4.95	\$ 7.17	\$ 8.20
NYMEX Differential	(0.22)	(0.61)	(0.40)	(0.24)	(0.48)
Realized Prices	\$ 3.79	\$ 5.22	\$ 4.55	\$ 6.93	\$ 7.72

NYMEX Contract Settlement Price	\$ 4.01	\$ 5.83	\$ 4.95	\$ 7.17	\$ 8.20
NYMEX Average Spot Price	\$ 4.28	\$ 4.74	\$ 4.60	\$ 7.39	\$ 7.96
% of Gas Sold at Index (Nominated)	75%	67%	69%	83%	77%
% of Gas Sold at Spot (Daily)	25%	33%	31%	17%	23%
NYMEX Reference Price	\$ 4.08	\$ 5.47	\$ 4.84	\$ 7.21	\$ 8.14
NYMEX Differential	(0.29)	(0.25)	(0.29)	(0.28)	(0.42)
Realized Price	\$ 3.79	\$ 5.22	\$ 4.55	\$ 6.93	\$ 7.72
% Hedged	70%	72%	60%	54%	49%
Realized Price, after Hedging	\$ 2.90	\$ 3.00	\$ 3.53	\$ 4.85	\$ 5.36
Realized Price, with Marketing income	\$ 2.90	\$ 3.00	\$ 3.56	\$ 4.87	\$ 5.45



Low Operating Costs / High Margins

Operating Costs Per Mcfe / EBITDAX Margin





2022 Drilling Program

				Nine Months 2022 Haynesville Drilling Program					
				Haynesville		Bossier		Total	
				Gross	Net	Gross	Net	Gross	Net



Balance Sheet

Capitalization

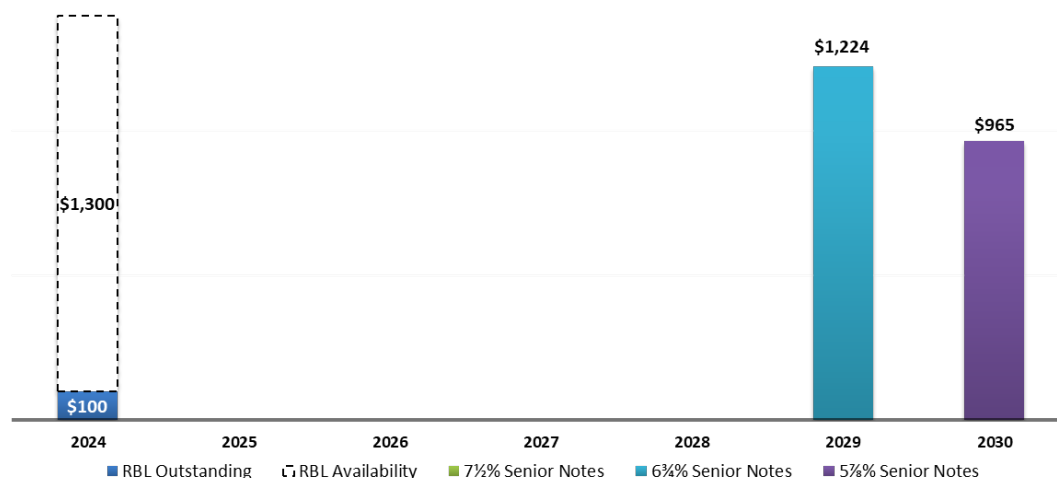
(\$ in millions)	9/30/2022
Cash and Cash Equivalents	\$39
Revolving Credit Facility	\$100
Secured Debt	\$100
6¾% Senior Notes due 2029	1,224
5⅞% Senior Notes due 2030	965
Total Debt	\$2,289
Preferred Equity (at face value)	\$175
Common Equity	1,619
Total Capitalization	\$4,083
 Annualized EBITDAX for Quarter ⁽¹⁾	 \$2,390
 Credit Statistics	
Secured Debt / Annualized EBITDAX ⁽¹⁾	0.0x
Total Net Debt / Annualized EBITDAX ⁽¹⁾	0.9x
 Liquidity Analysis	
Cash & Cash Equivalents	\$39
Revolving Credit Facility Borrowing Base	1,400
Less Revolving Credit Facility Outstanding	100
Liquidity	\$1,339

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

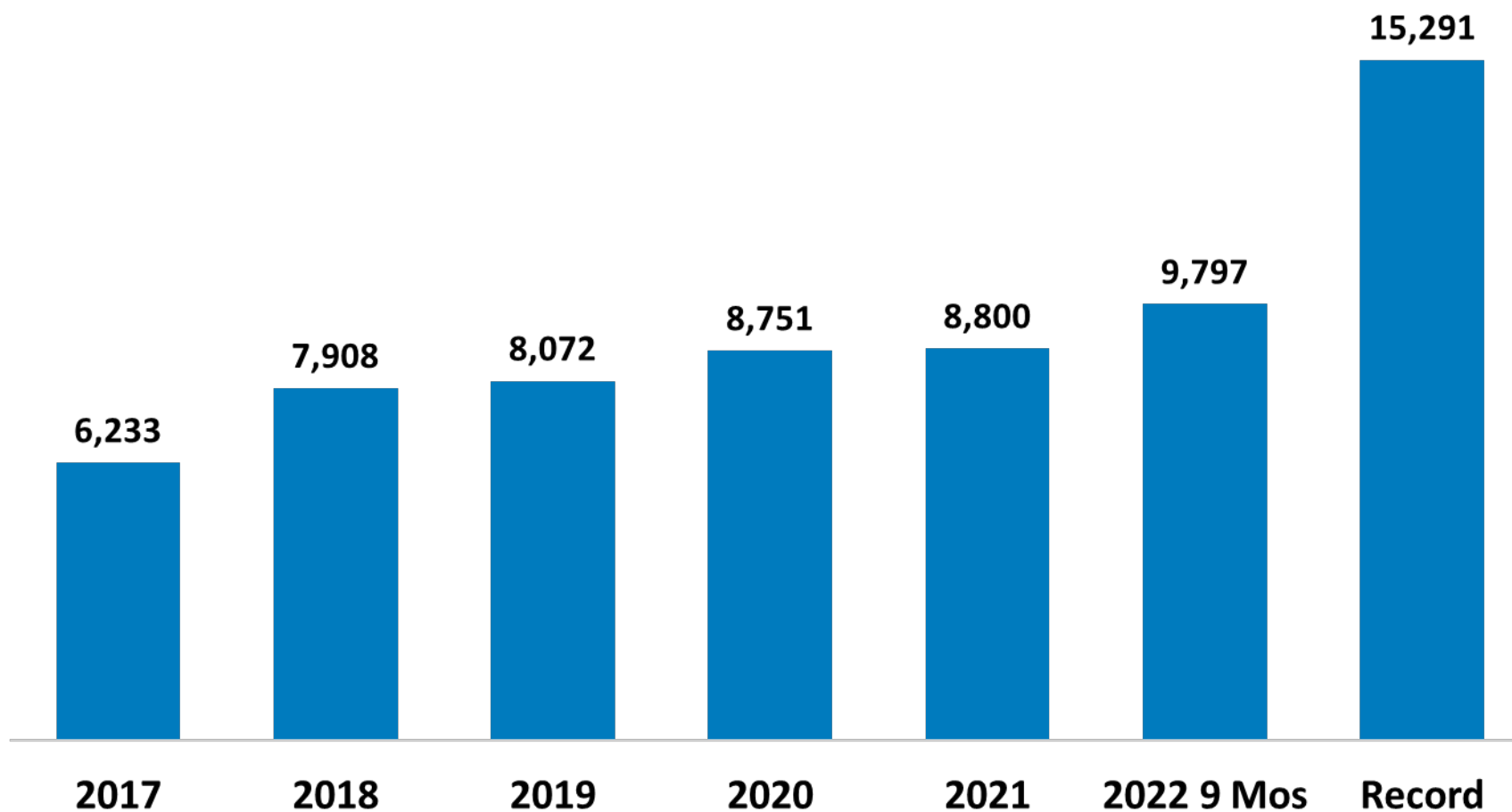
Debt Maturity



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

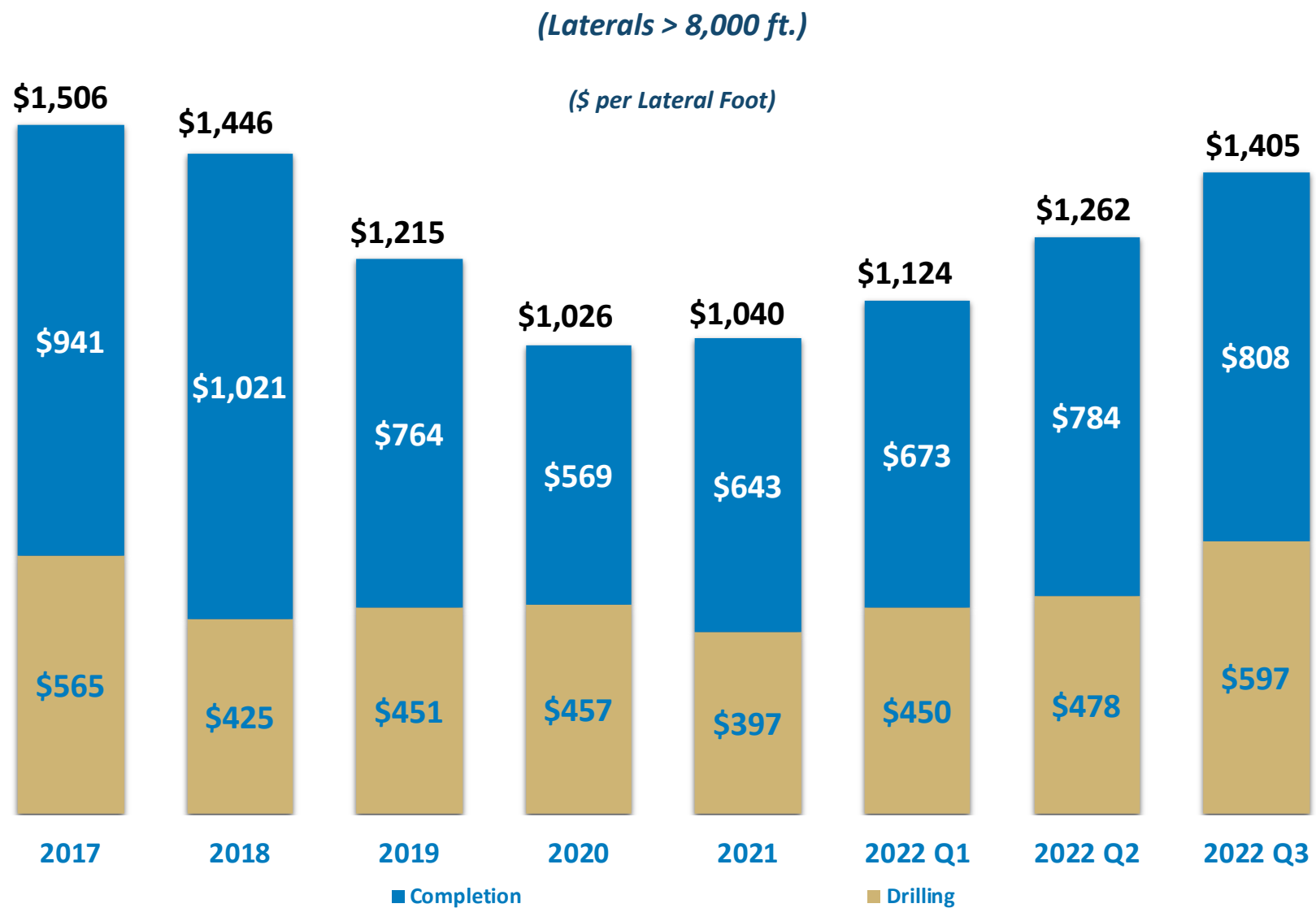


Average Lateral Length (feet)





D&C Costs

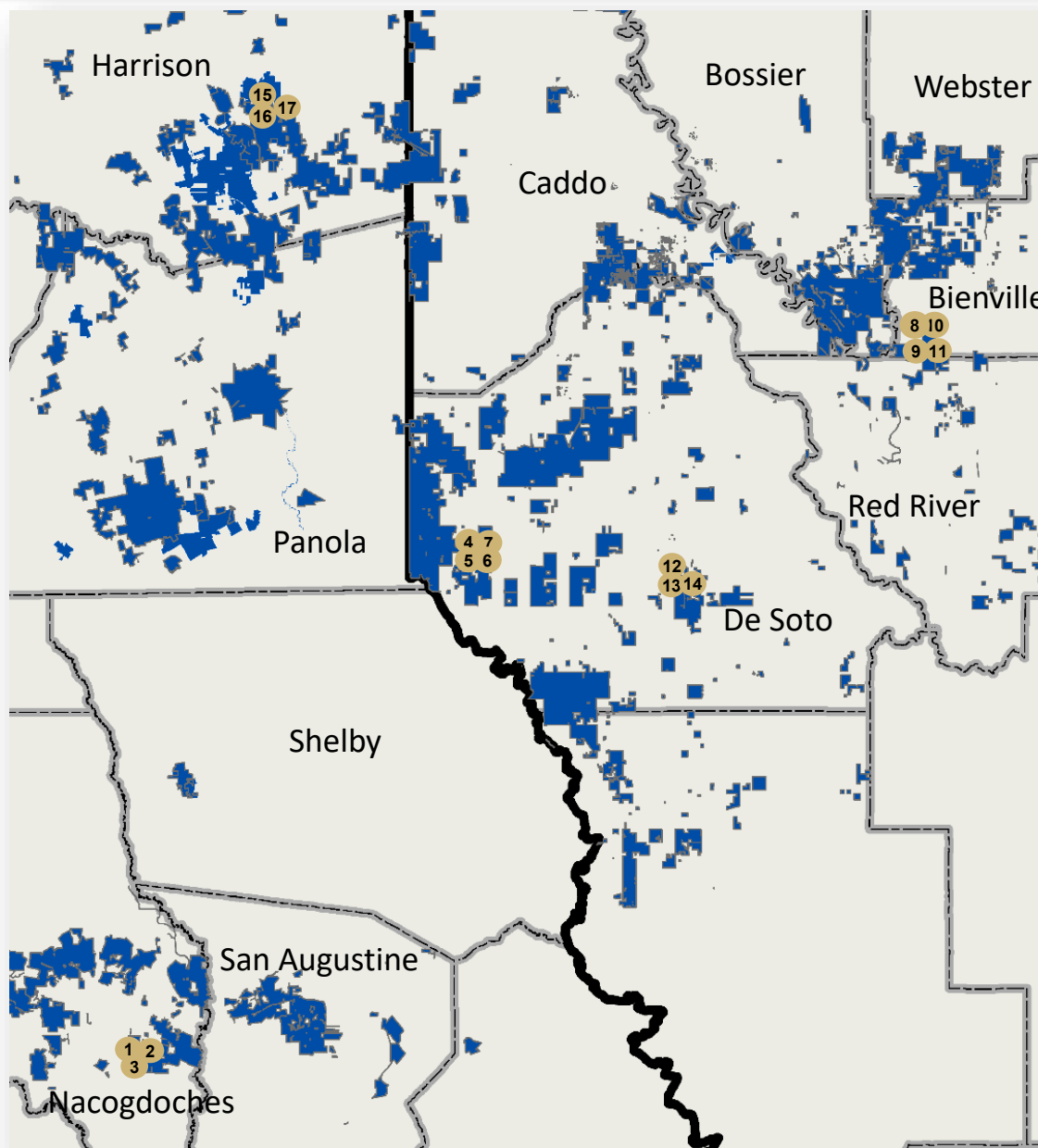




3rd Quarter Drilling Results

Completed 17 operated wells
(average lateral length of 9,899 ft.)
with average IP rate of 29 Mmcf/d

	Well Name	LL (feet)	Turned To Sales	IP (Mmcf/d)
1	Crane 3H	7,434	07/28/2022	33
2	Crane 4H	7,472	07/28/2022	40
3	Crane 5H	7,524	07/28/2022	36
4	JM Pace 13-24 #1	5,328	08/12/2022	20
5	JM Pace 13-24-25 #1	15,200	08/12/2022	32
6	Fields 13-24-25 #1	15,210	08/15/2022	31
7	Fields 13-24-25 #2	14,814	08/15/2022	30
8	Conly 2-35 #1	10,125	09/04/2022	35
9	Conly 2-35 #2	7,801	09/04/2022	27
10	Sustainable Forests 2-35 #1	7,808	09/04/2022	33
11	Sustainable Forests 2-35 #2	7,818	09/04/2022	27
12	Bedsole 34-27 #1	9,840	09/25/2022	33
13	Bedsole 34-27 #2	9,837	09/25/2022	24
14	Bedsole 34-27 #3	9,718	09/25/2022	30
15	Herrin Gulley #1	12,804	09/26/2022	23
16	Herrin GA #1	9,820	09/26/2022	17
17	Herrin Abney #1	9,730	09/26/2022	21
		9,899		29





2022 Outlook

- On track to generate substantial free cash flow in 2022
- First priority of free cash flow is to retire debt
 - Retired \$250 million of our revolver debt in the third quarter
 - Expected to repay the remaining \$100 million of borrowings under bank credit facility by end of year
 - Reduced leverage to 0.9x in third quarter
- Added two additional operated rigs to support 2023 drilling plans, both of which will drill on our Western Haynesville acreage
- Expect to spend \$65 to \$75 million on acquisitions and leasing activity in 2022
- Improved leverage profile and free cash flow generation support reinstating a shareholder dividend in the fourth quarter of this year
- Strong financial liquidity of \$1.3 billion



Guidance	4Q 2022	2022
Production (Mmcfe/d)	1,420 - 1,520	1,390 - 1,450
D&C Costs (\$ in Millions)	\$225 - \$275	\$925 - \$975
Expenses (\$/Mcf) -		
Lease Operating (\$/Mcf)	\$0.18 - \$0.23	\$0.19 - \$0.24
Gathering & Transportation (\$/Mcf)	\$0.28 - \$0.32	\$0.28 - \$0.32
Production & Other Taxes (\$/Mcf)	\$0.20 - \$0.24	\$0.16 - \$0.20
DD&A (\$/Mcf)	\$0.95 - \$1.05	\$0.90 - \$0.96
Cash G&A (\$MM)	\$7 - \$9	\$29 - \$32
Non-Cash G&A (\$MM)	\$1.8 - \$2.2	\$6.5 - \$7.5
Cash Interest (\$MM)	\$38 - \$40	\$158 - \$162
Non-Cash Interest (\$MM)	\$1 - \$2	\$8 - \$12
Effective Tax Rate (%)	22% - 25%	22% - 25%
Deferred Tax (%)	75% - 80%	75% - 80%







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Hedging Program

Comstock has <50% of its oil and gas production hedged for last half of 2022

(Mmcf/d)			\$/Mmbtu	
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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 351,185	\$ (292,717)	\$ 607,974	\$ (615,215)
Unrealized (gain) loss on hedging contracts	(33,154)	392,870	102,616	610,764
Gain on sale of assets	-	(14)	(21)	(93)
Non-cash interest amortization from adjusting debt assumed in acquisition to fair value	-	2,565	4,174	9,962
Loss on early retirement of debt	-	-	46,840	352,599
Exploration	-	-	3,363	-
Adjustment to income taxes	7,580	(11,169)	(29,959)	(153,777)
Adjusted net income	\$ 325,611	\$ 91,535	\$ 734,987	\$ 204,240
Adjusted net income per share	\$ 1.18	\$ 0.35	\$ 2.68	\$ 0.79
Diluted shares outstanding	277,715	276,886	277,605	276,368

Adjusted EBITDAX				
<i>\$ in thousands</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 355,596	\$ (288,306)	\$ 621,063	\$ (602,126)
Interest expense	41,393	50,259	132,204	171,511
Income taxes	102,810	23,976	179,610	(74,168)
Depreciation, depletion, and amortization	129,065	128,739	354,994	359,313
Exploration	-	-	3,363	-
Unrealized (gain) loss on hedging contracts	(33,154)	392,870	102,616	610,764
Stock-based compensation	1,842	1,802	4,918	5,291
Loss on early retirement of debt	-	-	46,840	352,599
Gain on sale of assets	-	(14)	(21)	(93)
Total Adjusted EBITDAX	\$ 597,552	\$ 309,326	\$ 1,445,587	\$ 823,091



Non-GAAP Financial Measures

Operating Cash Flow				
\$ in thousands	Quarter Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 355,596	\$ (288,306)	\$ 621,063	\$ (602,126)
Reconciling items:				
Loss on early retirement of debt	-	-	46,840	352,599
Deferred income taxes (benefit)	78,060	16,339	148,389	(84,942)
Depreciation, depletion and amortization	129,065	128,739	354,994	359,313
Unrealized (gain) loss on hedging contracts	(33,154)	392,870	102,616	610,764
Amortization of debt discount and issuance costs	1,444	4,012	8,542	17,587
Stock-based compensation	1,842	1,802	4,918	5,291
Gain on sale of assets	-	(14)	(21)	(93)
Operating cash flow	\$ 532,853	\$ 255,442	\$ 1,287,341	\$ 658,393
Decrease (increase) in accounts receivable	(155,682)	(57,189)	(359,600)	(97,379)
Decrease (increase) in other current assets	(15,494)	(4,678)	(25,214)	850
Increase in accounts payable and accrued expenses	156,873	39,395	301,956	56,689
Net cash provided by operating activities	\$ 518,550	\$ 232,970	\$ 1,204,483	\$ 618,553

Free Cash Flow				
\$ in thousands	Quarter Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating cash flow	\$ 532,853	\$ 255,442	\$ 1,287,341	\$ 658,393
Less:				
Drilling and completions expenditures	(242,134)	(161,089)	(729,174)	(488,113)
Preferred dividends	(4,411)	(4,411)	(13,089)	(13,089)
Other capital expenditures	(603)	(23)	(713)	(69)
Free cash flow from operations	285,705	89,919	544,365	157,122
Acquisitions of oil and gas properties (net)	(12,347)	(5,198)	(54,399)	(18,388)
Free cash flow	\$ 273,358	\$ 84,721	\$ 489,966	\$ 138,734