



CRK

# 3<sup>rd</sup> Quarter 2024 Results



OCTOBER 30, 2024

*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 and known trends and uncertainties as described in our Annual Report on Form 10-K for fiscal year 2023 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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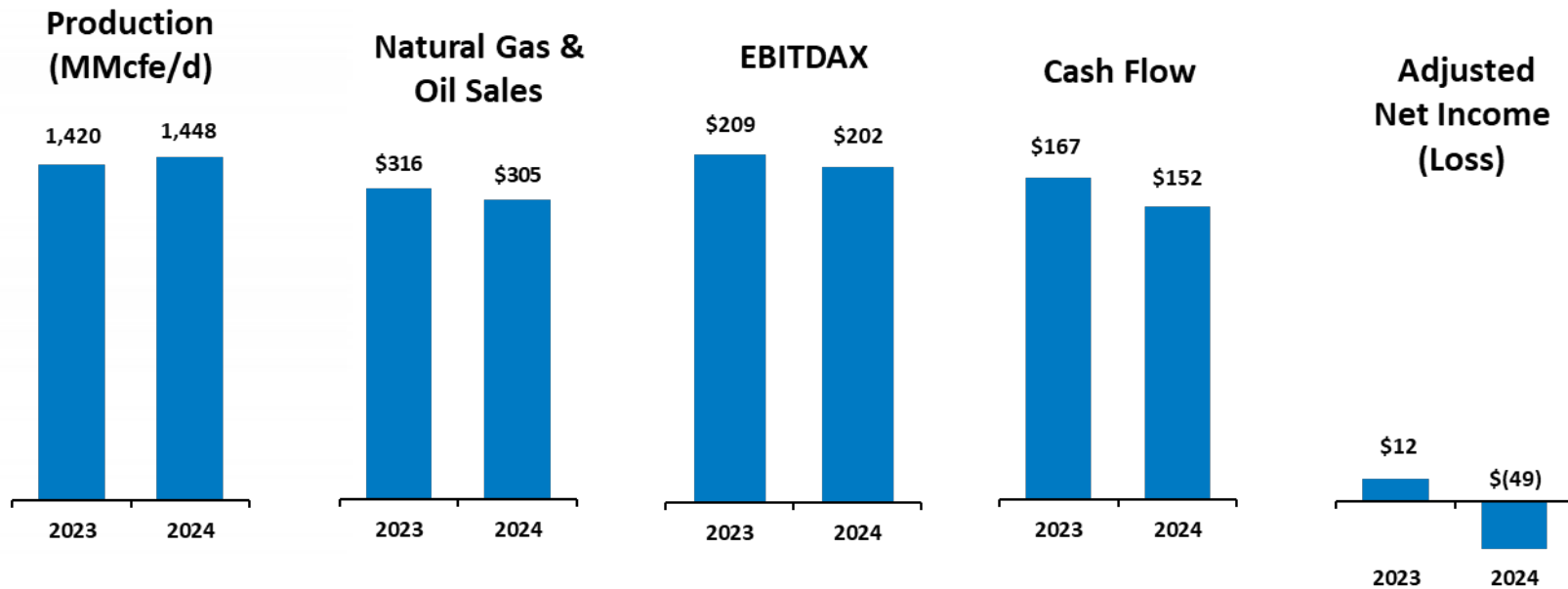


- **Weak natural gas prices continued to weigh heavily on the third quarter financial results:**
  - Natural gas and oil sales<sup>(1)</sup> - \$305 million
  - Operating cash flow<sup>(2)</sup> - \$152 million or \$0.52 per diluted share
  - Adjusted EBITDAX - \$202 million
  - Adjusted net loss - \$48.5 million or \$0.17 per share
- **Lower completion activity was planned for the quarter, resulting in eight (5.4 net) operated wells being turned to sales since the Company's last update with an average initial production of 21 MMcf per day**
- **First horseshoe Haynesville well was successful with a 31 MMcf per day initial production rate**
- **Progressing our Western Haynesville exploratory play**
  - Acreage up to 453,881 net acres
  - Most recent well costs down to ~\$2,814 per completed lateral foot
  - Next five wells to be turned to sales in late 2024 / early 2025

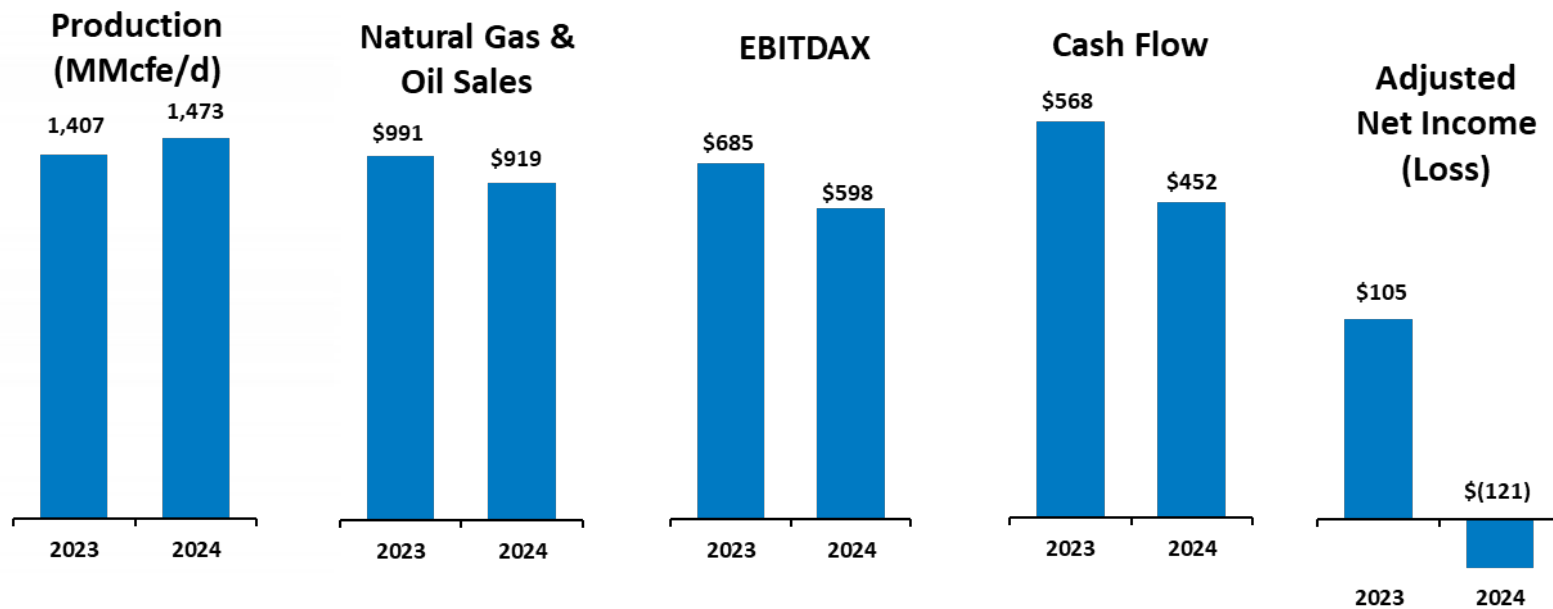
*(1) including realized hedging gains and losses*

*(2) excluding working capital changes*

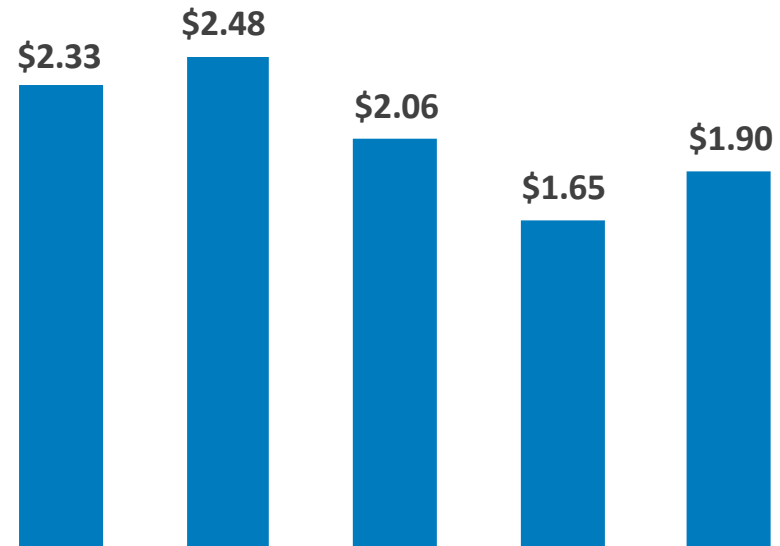
*\$ in millions*



*\$ in millions*

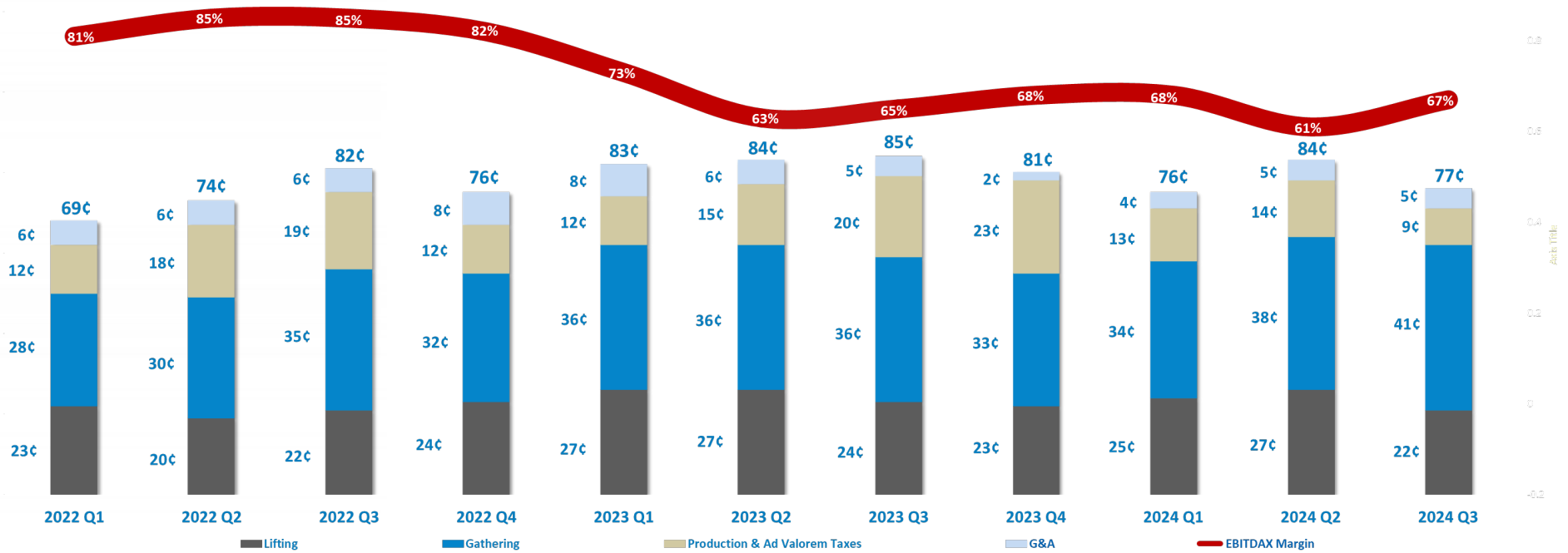


	Per Mcf				
	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024
<b>NYMEX Settlement Month Average</b>	\$ 2.55	\$ 2.88	\$ 2.24	\$ 1.89	\$ 2.16
<b>NYMEX Differential</b>	(0.22)	(0.40)	(0.18)	(0.24)	(0.26)
<b>Realized Prices</b>	\$ 2.33	\$ 2.48	\$ 2.06	\$ 1.65	\$ 1.90



<b>NYMEX Contract Settlement Price</b>	\$ 2.55	\$ 2.88	\$ 2.24	\$ 1.89	\$ 2.16
<b>NYMEX Average Spot Price</b>	\$ 2.58	\$ 2.74	\$ 2.41	\$ 2.04	\$ 2.09
<b>% of Gas Sold at Index (Nominated)</b>	73%	73%	70%	64%	62%
<b>% of Gas Sold at Spot (Daily)</b>	27%	27%	30%	36%	38%
<b>NYMEX Reference Price</b>	\$ 2.56	\$ 2.84	\$ 2.29	\$ 1.95	\$ 2.13
<b>NYMEX Differential</b>	(0.23)	(0.36)	(0.23)	(0.30)	(0.23)
<b>Realized Price</b>	\$ 2.33	\$ 2.48	\$ 2.06	\$ 1.65	\$ 1.90
<b>% Hedged</b>	18%	16%	26%	28%	28%
<b>Realized Price, after Hedging</b>	\$ 2.41	\$ 2.51	\$ 2.40	\$ 2.12	\$ 2.28

## Operating Costs Per Mcfe / EBITDAX Margin





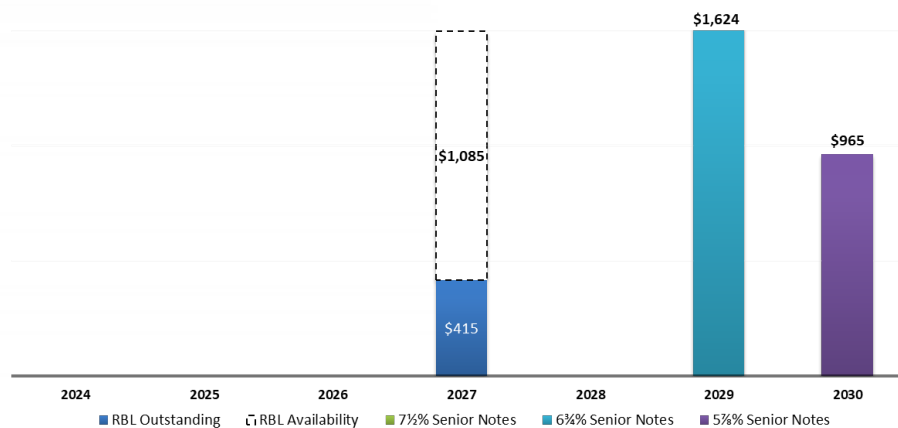


## Bank Credit Facility

**\$1.5 Billion Secured Revolving Credit Facility:**

- \$2 billion borrowing base (reaffirmed in October 2024)
- Maturity date November 15, 2027
- Key financial covenants:
  - Leverage Ratio < 4.0x through 1Q 2025
  - Leverage Ratio < 3.75x in 2Q 2025
  - Leverage Ratio < 3.5x in 3Q 2025
  - Current Ratio > 1.0

## Debt Maturity



(\$ in millions)		9/30/2024
Cash and Cash Equivalents		\$14
Revolving Credit Facility		\$415
<b>Secured Debt</b>		<b>\$415</b>
6¾% Senior Notes due 2029		\$1,624
5⅞% Senior Notes due 2030		965
<b>Total Debt</b>		<b>\$3,004</b>
Common Equity		\$2,295
<b>Total Capitalization</b>		<b>\$5,299</b>

LTM EBITDAX <sup>(1)</sup> \$842

### Credit Statistics

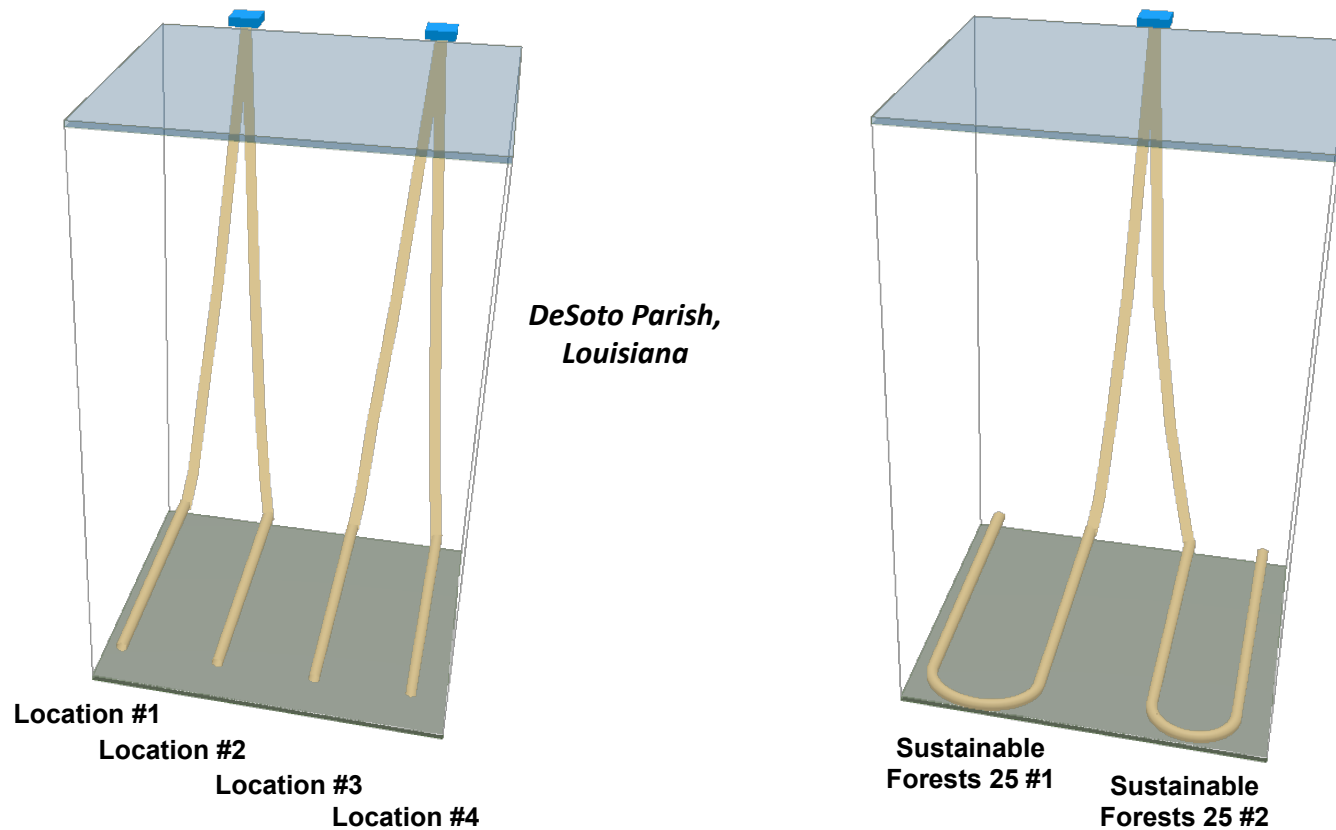
Secured Debt / LTM EBITDAX <sup>(1)</sup>	0.5x
Total Net Debt / LTM EBITDAX <sup>(1)</sup>	3.6x

### Liquidity Analysis

Cash & Cash Equivalents	\$14
Revolving Credit Facility Borrowing Base	1,500
Less Revolving Credit Facility Outstanding	(415)
<b>Liquidity</b>	<b>\$1,099</b>

(1) EBITDAX is a non-GAAP financial measure. Please see page 18 for a reconciliation to the most directly comparable GAAP financial measure.

- Completed our first horseshoe well, the Sebastian 11 #5 with a 9,382 foot lateral and a 31 MMcf per day initial production rate.
- The horseshoe design can convert four sectional laterals into two 2-mile lateral wells
- D&C costs for four 4,450-foot laterals is \$40 million or \$2,270 per lateral foot
- D&C costs for two 9,200-foot horseshoe laterals is \$32 million or \$1,740 per lateral foot
- D&C Savings of \$530 per lateral foot or 23%
- Optimized 57% of short Haynesville locations with 64 future horseshoe locations



*As of September 30, 2024*

Haynesville								
Lateral Length	Operated		Non-Operated		Total			
	Gross	Net	Gross	Net	Gross	Net	WI Net Mft	Avg Net ft
Up to 5,000 ft	45	36	324	46	369	81	375	4,608
5,000 ft to 8,500 ft	182	136	115	25	297	161	1,128	6,996
8,500 ft to 10,000 ft	252	191	122	12	374	203	1,906	9,381
> 10,000 ft	307	226	112	14	419	240	2,896	12,089
	<b>786</b>	<b>588</b>	<b>673</b>	<b>97</b>	<b>1,459</b>	<b>685</b>	<b>6,304</b>	<b>9,201</b>

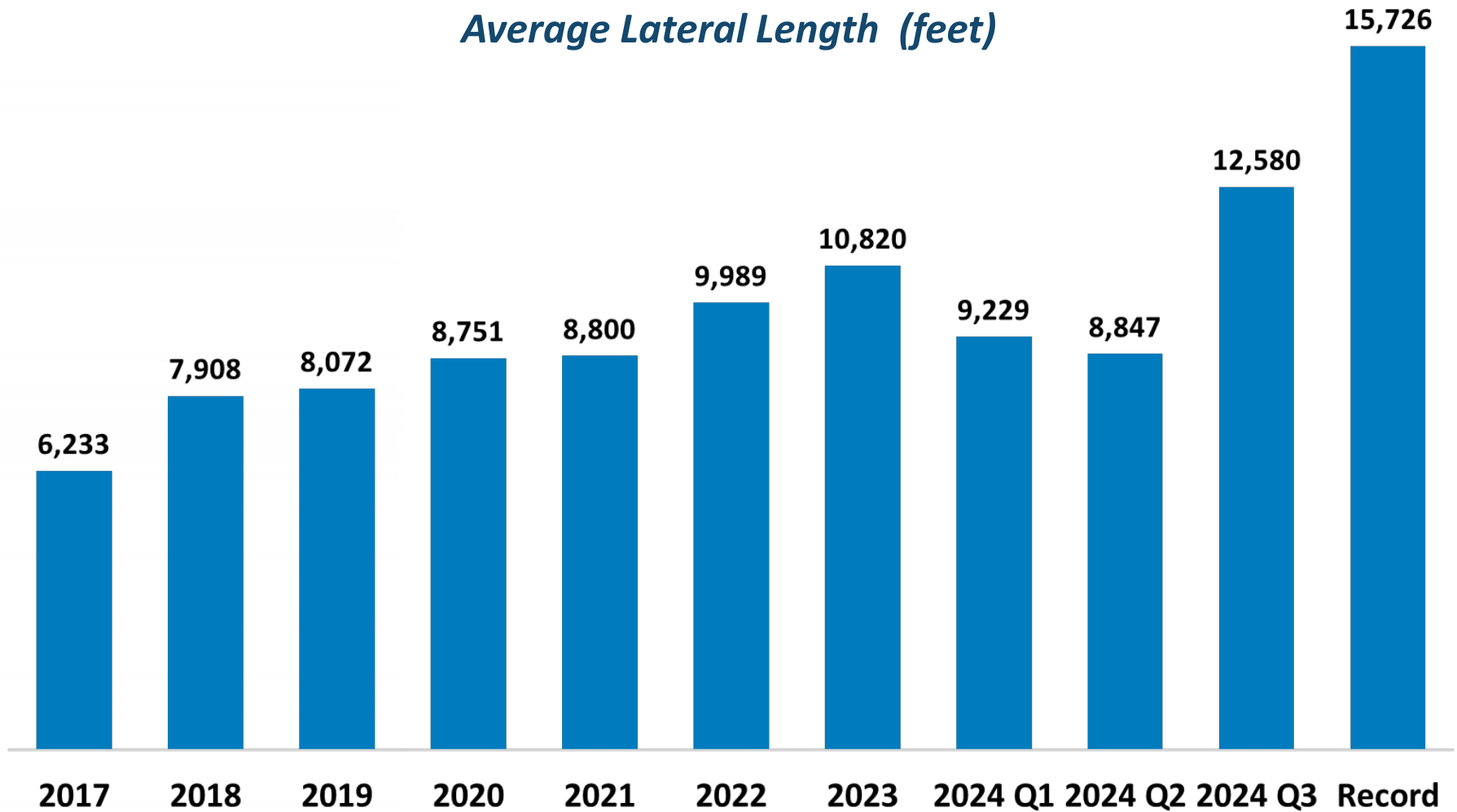
Bossier								
Lateral Length	Operated		Non-Operated		Total			
	Gross	Net	Gross	Net	Gross	Net	WI Net Mft	Avg Net ft
Up to 5,000 ft	135	109	262	37	397	146	671	4,601
5,000 ft to 8,500 ft	149	124	69	8	218	132	943	7,147
8,500 ft to 10,000 ft	230	184	148	12	378	196	1,861	9,504
> 10,000 ft	307	247	47	4	354	252	3,284	13,043
	<b>821</b>	<b>664</b>	<b>526</b>	<b>61</b>	<b>1,347</b>	<b>725</b>	<b>6,758</b>	<b>9,319</b>

<b>Total</b>	<b>1,607</b>	<b>1,252</b>	<b>1,199</b>	<b>158</b>	<b>2,806</b>	<b>1,410</b>	<b>13,062</b>	<b>9,261</b>
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- Average lateral length of location inventory is 9,261 feet
- Over 30 years of drilling based on 2024 activity
- Includes 64 horseshoe locations

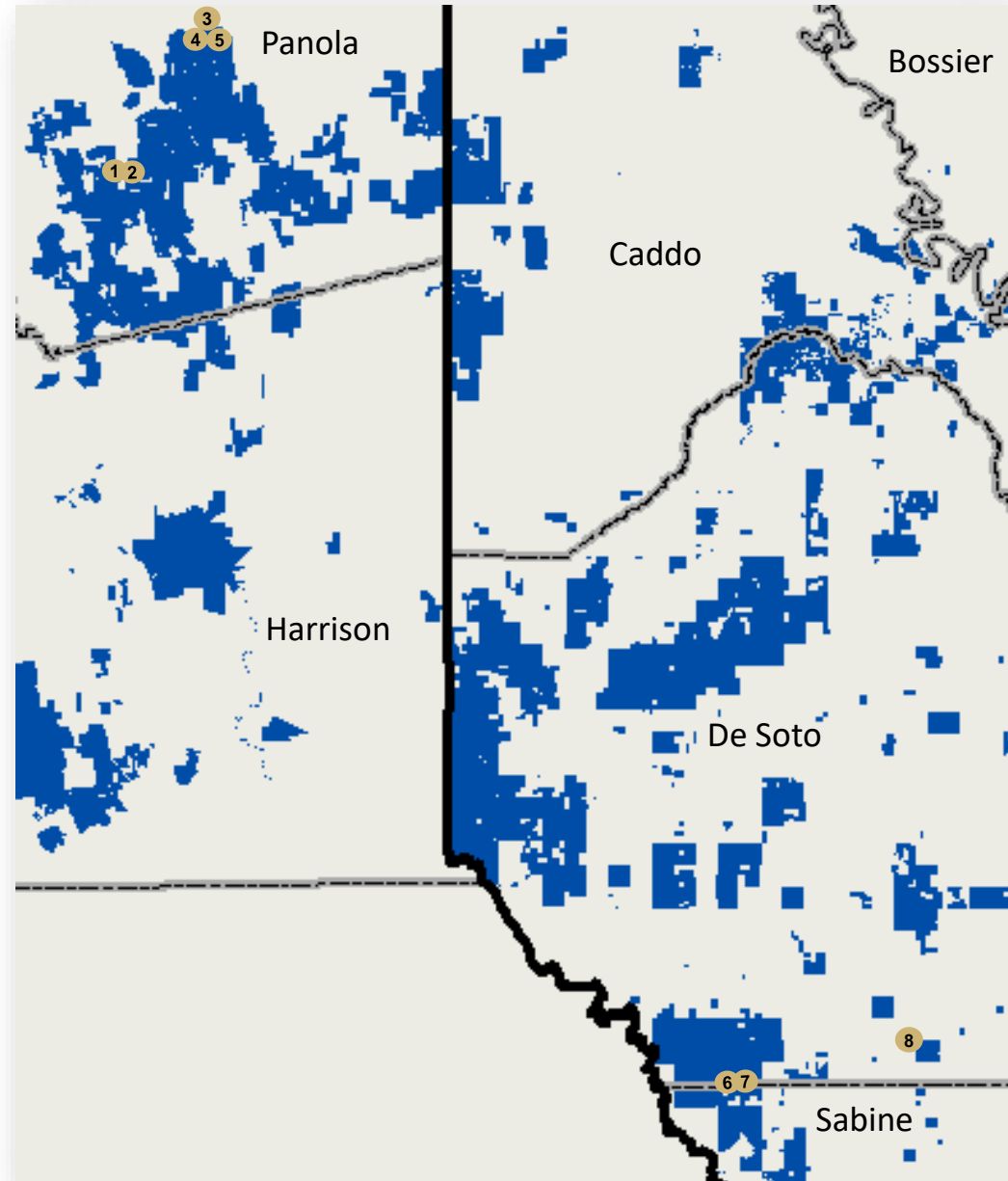
*Average Lateral Length (feet)*





**Completed 8 operated wells  
(average lateral length of 12,391 ft.)  
with average IP rate of 21 Mmcf/d**

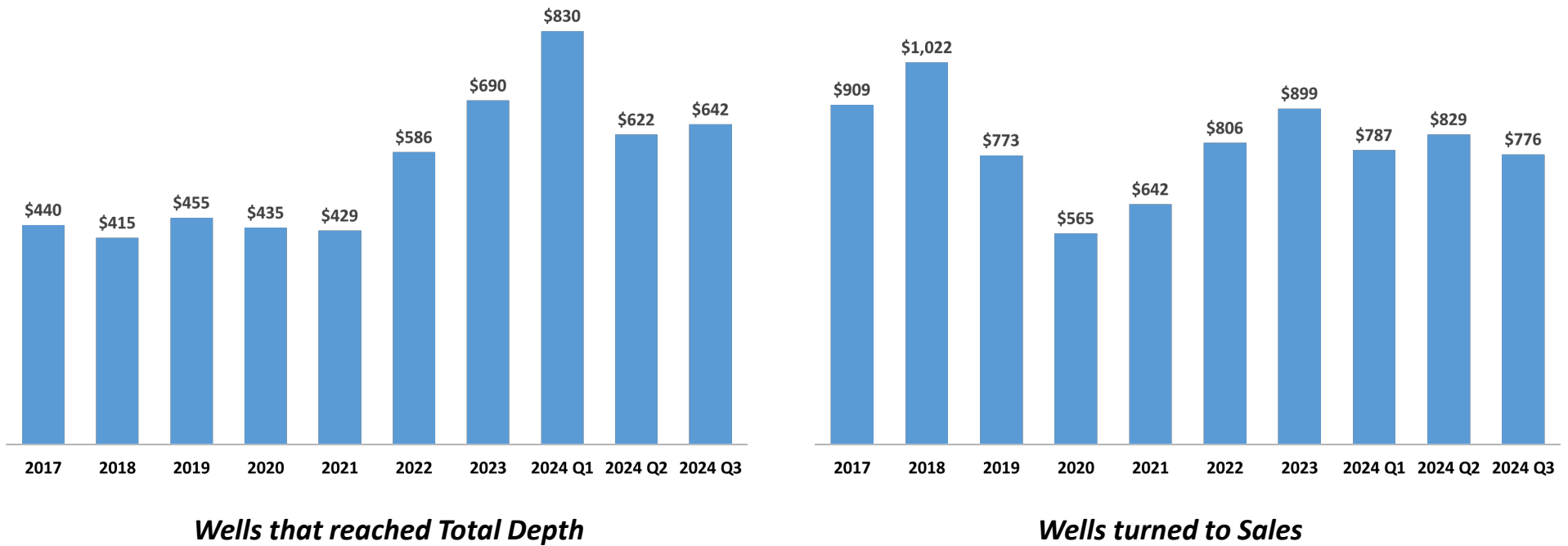
	Well Name	LL (feet)	Turned To Sales	IP (Mmcf/d)
1	Cadenhead #2	12,760	07/28/2024	23
2	Cadenhead #1	12,590	07/28/2024	24
3	Rosehaven Verhalen #1	11,716	08/31/2024	10
4	Verhalen #2	10,597	08/31/2024	13
5	Verhalen #3	12,213	08/31/2024	16
6	BSMC LA 5-8-17 #4	14,599	09/28/2024	26
7	BSMC LA 5-8-17 #3	15,272	09/28/2024	23
8	Sebastian 11 #5	9,382	10/22/2024	31
		<b>12,391</b>		<b>21</b>



## Drilling

## Completion

*(Laterals > 8,500 ft.)  
(\$ per Lateral Foot)*



- **Responding to low natural gas prices**
  - **Substantially reduced capital spending for 2024**
    - **Reduced from 7 to 5 operated rigs**
    - **Reduced from 3 to 2 frac spreads; no remaining long-term commitments for pressure pumping services**
  - **Suspended quarterly dividend**
  - **Majority stockholder Jerry Jones invested \$100.5 million through an equity private placement, which closed on March 25, 2024**
  - **Added additional hedges starting in Q4 2024 targeting 50% of expected production**
  - **Enhanced liquidity with \$400 million senior notes offering in April**
  - **Evaluating activity level in 2025 based on outlook for natural gas demand**
- **Strong financial liquidity of \$1.1 billion**
- **Industry's lowest cost structure in the current low gas price environment**
- **Building a great asset in the Western Haynesville that will be well positioned to benefit from the longer-term growth in natural gas demand**

Guidance	4Q 2024
Production (Mmcf/d)	1,325 - 1,375
D&C Costs (\$ in Millions)	\$225 - \$275
Pinnacle Gas Services (\$ in Millions)	\$50 - \$90
Acreage (\$ in Millions)	\$2 - \$5
Expenses (\$/Mcf) -	
Lease Operating (\$/Mcf)	\$0.24 - \$0.28
Gathering & Transportation (\$/Mcf)	\$0.34 - \$0.40
Production & Other Taxes (\$/Mcf)	\$0.14 - \$0.18
DD&A (\$/Mcf)	\$1.45 - \$1.55
Cash G&A (\$MM)	\$6 - \$8
Non-Cash G&A (\$MM)	\$3 - \$4
Cash Interest (\$MM)	\$54 - \$56
Non-Cash Interest (\$MM)	\$2.5 - \$3.5
Effective Tax Rate (%)	22% - 25%
Deferred Tax (%)	98% - 100%





## Building Longer Term Hedge Program

(Mmc/d)				\$/Mmbtu	(Mmc/d)				\$/Mmbtu	(Mmc/d)				\$/Mmbtu
2024	Total	Swaps	400	\$3.55	2025	Total	Swaps	395	\$3.50	2026	Total	Swaps	300	\$3.51
	Q1	400	Collars			0	Q1	545			Collars	150	\$3.50 x \$3.80	
2024	Total	Swaps	400	\$3.55	2025	Total	Swaps	395	\$3.50	2026	Total	Swaps	300	\$3.51
	Q2	400	Collars			0	Q2	545			Collars	150	\$3.50 x \$3.80	
2024	Total	Swaps	400	\$3.55	2025	Total	Swaps	395	\$3.50	2026	Total	Swaps	300	\$3.51
	Q3	400	Collars			0	Q3	545			Collars	150	\$3.50 x \$3.80	
2024	Total	Swaps	700	\$3.54	2025	Total	Swaps	395	\$3.50	2026	Total	Swaps	300	\$3.51
	Q4	700	Collars			0	Q4	545			Collars	150	\$3.50 x \$3.80	

## Adjusted Net Income

<i>\$ in thousands except per share amounts</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss) available to common shareholders	\$ (25,718)	\$ 14,720	\$ (163,441)	\$ 103,517
Unrealized (gain) loss on hedging contracts	(23,754)	(3,932)	70,738	31
(Gain) loss on sale of assets	(910)	-	(910)	(125)
Exploration	-	-	-	1,775
Adjustment to income taxes	1,873	946	(27,663)	(418)
Adjusted net income (loss)	\$ (48,509)	\$ 11,734	\$ (121,276)	\$ 104,780
Adjusted net income (loss) per share	\$ (0.17)	\$ 0.04	\$ (0.42)	\$ 0.38
Diluted shares outstanding	290,170	276,999	285,949	276,741

## Adjusted EBITDAX

<i>\$ in thousands</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ (25,718)	\$ 14,720	(163,441)	103,517
Interest expense	54,516	43,624	156,005	121,082
Income taxes	(14,696)	3,608	(69,094)	28,878
Depreciation, depletion, and amortization	208,350	148,190	593,281	422,350
Exploration	-	-	-	1,775
Unrealized (gain) loss on hedging contracts	(23,754)	(3,932)	70,738	31
Stock-based compensation	3,883	2,655	11,380	7,006
(Gain) loss on sale of assets	(910)	-	(910)	(125)
Total Adjusted EBITDAX	\$ 201,671	\$ 208,865	\$ 597,959	\$ 684,514

## Operating Cash Flow

<i>\$ in thousands</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss)	\$ (25,718)	\$ 14,720	\$ (163,441)	\$ 103,517
Reconciling items:				
Deferred income taxes (benefit)	(12,734)	3,608	(67,165)	28,878
Depreciation, depletion and amortization	208,350	148,190	593,281	422,350
Unrealized (gain) loss on hedging contracts	(23,754)	(3,932)	70,738	31
Amortization of debt discount and issuance costs	3,136	1,989	8,519	5,980
Stock-based compensation	3,883	2,655	11,380	7,006
Loss (gain) on sale of assets	(910)	-	(910)	(125)
Operating cash flow	<b>\$ 152,253</b>	<b>\$ 167,230</b>	<b>\$ 452,402</b>	<b>\$ 567,637</b>
Decrease (increase) in accounts receivable	(658)	(20,887)	75,573	295,323
Decrease (increase) in other current assets	(5,595)	(1,825)	(749)	(624)
Increase (decrease) in accounts payable and accrued expenses	(47,830)	(73,753)	(173,942)	(73,697)
Net cash provided by operating activities	<b>\$ 98,170</b>	<b>\$ 70,765</b>	<b>\$ 353,284</b>	<b>\$ 788,639</b>

## Free Cash Flow

<i>\$ in thousands</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating cash flow	\$ 152,253	\$ 167,230	\$ 452,402	\$ 567,637
Less:				
Drilling and completions expenditures	(184,392)	(311,118)	(661,635)	(957,812)
Midstream capital expenditures	(30,251)	-	(46,739)	-
Other capital expenditures	(735)	(10,563)	(1,706)	(22,076)
Contributions from midstream partnership	19,000	-	36,000	-
Free cash flow (deficit) from operations	<b>(44,125)</b>	<b>(154,451)</b>	<b>(221,678)</b>	<b>(412,251)</b>
Acquisitions of proved and unproved properties	(8,800)	(19,998)	(87,938)	(76,646)
Proceeds from divestitures	1,214	-	1,214	41,295
Free cash flow (deficit)	<b>\$ (51,711)</b>	<b>\$ (174,449)</b>	<b>\$ (308,402)</b>	<b>\$ (447,602)</b>