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BUY **$11.50 TARGET**

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INITIATING COVERAGE
OPTIONALITY ON NAT GAS, NIOBRARA OIL, & PIPELINE

DOUBLE EAGLE PETROLEUM
(NASDAQ: DBLE) – EXPLORATION & PRODUCTION

- We are initiating coverage of Double Eagle Petroleum (DBLE) with a **BUY** rating and a price target of **$11.50**. DBLE is a Denver, Colorado-based E&P that operates primarily in the Atlantic Rim coal-bed methane play and the Pinedale Anticline in Wyoming. At 12/31/2010, the company had 115 bcfe of proved reserves, which were 98% natural gas and 65% proved developed producing (PDP).

- In addition to being a predominantly natural gas-focused company, DBLE has over 71,000 net acres in the emerging Niobrara Shale in Wyoming, Colorado, and Nebraska. While still in its infancy, several bellwether E&Ps with shale expertise such as EOG Resources and Chesapeake Energy have amassed sizable acreage positions in the Niobrara. DBLE's 71,000-plus acres gives the stock leverage to the Niobrara Shale should it materialize into a significant oil play.

- The company also owns the 13-mile Eastern Washakie pipeline and gathering system in southern Wyoming. This pipeline has capacity of 125 mmcf/d. While current utilization is approximately 20%, the company has signed an undisclosed third-party to a new contract, which could significantly enhance shareholder value in the future.

- We believe current proved-only NAV (inclusive of the company's pipeline) of $9.24 per share underpins the current valuation, thus giving shareholders a free option on: 1) a recovery in natural gas given the company's reserves consist of 98% natural gas; 2) success in the Niobrara Shale given the company's significant acreage position relative to enterprise value; and 3) enhanced value of the company's pipeline assets as a new third-party contract comes into effect in late 2012/early 2013.

- Our NAV estimates are based off longer-term equilibrium NYMEX benchmarks $4.75/mcf and $90.00/bbl. We assume DBLE differentials of $(0.50)/mcf and $(10.00)/bbl. Our EPS/CFPS estimates assume benchmark NYMEX prices of $4.39/mcf and $96.12/bbl for oil in 2011 and $4.75/mcf abd $90.00/bbl in 2012.

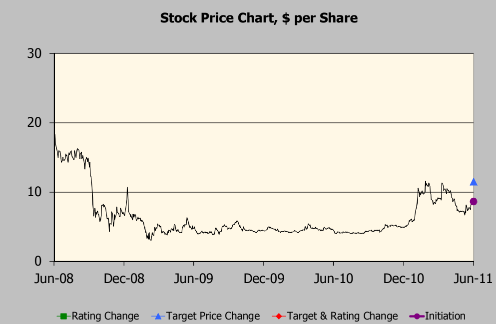
COMPANY DESCRIPTION

Double Eagle Petroleum is a Denver, Colorado based E&P with operations focused principally on the Atlantic Rim coal-bed methane play and the Pinedale Anticline in Wyoming. The company's reserves are comprised of 98% natural gas and are 65% proved developed (PDP). At 12/31/2010, the company had proved reserves of 115 bcfe. In addition, the company also owns a 13-mile Eastern Washakie Pipeline system with current capacity of 125 mmcf/d.

STOCK DATA

Report Date	6/30/2011
Stock Price (as of 06/29/2011)	$8.60
Price Target: New	$11.50
Price Target: Old	N/A
Rating	BUY
52 Week Range	$3.90 - $12.00
Market Cap (Mlns)	$96.7
Industry Data	
Shares Outstanding (Mlns)	11.243
Cash (Mlns)	$3.35
Debt (Mlns)	$32.0
Preferred (Mlns)	$40.3
Enterprise Value (Mlns)	$165.6
Avg. Daily Volume (3m)	143,750

STOCK PRICE CHART, $ PER SHARE



FORECASTS

Forecasts (US$)	2010A		2011E		2012E	
Revenue (US$ mm)	$ 55.0	A	$ 49.3	E	$ 46.9	E
1Q	$ 20.4	A	$ 11.1	A	$ 11.4	E
2Q	$ 9.4	A	$ 12.7	E	$ 11.7	E
3Q	$ 16.2	A	$ 12.9	E	$ 12.0	E
4Q	$ 9.0	A	$ 12.6	E	$ 11.8	E
Previous Rev Forecast (mm)	NA		NA		NA	
Operating EPS	($0.33)	A	$0.02	E	($0.24)	E
1Q	$0.00	A	($0.01)	A	($0.06)	E
2Q	($0.07)	A	$0.01	E	($0.06)	E
3Q	($0.14)	A	$0.01	E	($0.06)	E
4Q	($0.12)	A	$0.00	E	($0.07)	E
Previous EPS Forecast	NA		NA		NA	

VALUATION

(US$)	2010A	2011E	2012E
GAAP P/E	53.7x	NA	NA
EBITDA (Mlns)	30.6	25.1	23.1
EV/EBITDA	5.4x	6.6x	7.2x

IMPORTANT DISCLOSURE ON PAGES 15 & 16
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INVESTMENT THESIS

We are initiating coverage of Double Eagle Petroleum (DBLE) with a **BUY** rating and a price target of $11.50. DBLE is a Denver, Colorado based E&P with operations focused principally on the Atlantic Rim coal-bed methane play and the Pinedale Anticline in Wyoming. The company's reserves are comprised of 98% natural gas and are 65% proved developed (PDP). At 12/31/2010, the company had proved reserves of 115 bcfe. In addition, the company also owns the 13-mile Eastern Washakie Pipeline system with current capacity of 125 mmcf/d. At current valuation, we feel the company offers investors optionality on 1) A recovery in natural gas given the company's reserves consist of 98% natural gas; 2) success in the Niobrara Shale given the company's significant acreage position (71k+ net acres) relative to current enterprise value; and 3) enhanced value of the company's pipeline assets as a new third-party contract comes into effect in late 2012/early 2013. Assuming longer-term equilibrium benchmark natural gas prices of $4.75/mcf, we estimate DBLE's proved-only NAV, inclusive of its pipeline ownership, to be $9.24 per share. With shares currently trading at $8.60, the stock trades at a 7% discount to proved-only NAV. Therefore, we feel the company's shares are not only ignoring full value associated with proved reserves, but are also ignoring any potential value from the company's Niobrara shale acreage (71k+ net acres) and the company's fully owned Eastern Washakie Pipeline. In a world where many E&P names trade at premiums to proved-only valuation given upside potential via various shale/unconventional plays, DBLE could offer investors an attractive entry point at current valuation levels that may provide a margin of safety.

KEY VALUE DRIVERS

DOUBLE EAGLE TRADES AT A DISCOUNT TO PROVED-ONLY NAV

We calculate DBLE's proved-only NAV to be $9.24 per share using longer-term equilibrium natural gas prices of $4.75/mcf and $90/bbl. With 98% of the company's proved reserves being natural gas, our NAV is quite sensitive to our natural gas price assumption. If, instead we assume $4.00/mcf, our proved-only NAV declines to $6.68, and rises to $10.10 at $5.00/mcf. We feel DBLE shares trade at a discount to proved-only NAV primarily due to: 1) its significant natural gas holdings (98% of reserves) in a challenging price environment; 2) its reserves/production being geographically concentrated; and 3) its status as a small-cap stock with limited float and shares outstanding of just 11.2 million shares. We believe current valuation levels may allow the investor some margin of safety normally not afforded to E&Ps with large shale holdings.

NIOBRARA SHALE POTENTIAL

With an enterprise value of $166 million and 71,000+ net acres potentially prospective for the Niobrara, we believe DBLE shares have sector leading exposure and leverage to the Niobrara. While it is certainly possible that the play turns out to be disappointing or altogether uneconomic, if even a minority of DBLE's holdings on the Niobrara turn out to be prospective, the stock price could experience a meaningful increase. While it is still too early to make blanket claims on acreage in the Niobrara, some recent deals in the play have fetched $3,000 to $4,700/acre, and included such industry leaders as Chesapeake and CNOOC. The following tables display some recent A&D optics that has taken place in the Niobrara Shale.

Recent Sample of Niobrara A&D

Acquirer	Seller	$Mil	$/Acre	Date
Chesapeake Energy	Samson Oil & Gas	73.7	3,071	9/2010
CNOOC	Chesapeake Energy	1,267	4,756	1/2011
GMX Resources	Retamco/Other	52.6	1,605	1/2011
Recovery Energy	N/A	14.2	868	2/2011
Anadarko Petroleum	Pure Cycle	1.27	1,354	3/2011

In addition, other E&P bell-weathers such as EOG Resources, Anadarko, and Noble Energy have amassed large acreage positions in the Niobrara. The following table ranks exposure to Niobrara acreage relative to enterprise value. Along with Voyager Oil & Gas and Warren Resources, DBLE gives investors the most upside, by far, to the potential for success in the Niobrara.

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Company	EV ($mm)	Net Acres	EV/Nio Acre
DBLE	165.6	73,480	2,254
VOG	133.5	44,000	3,034
WRES	313.4	80,000	3,918
REXX	469.3	39,000	12,033
SSN	186.7	14,883	12,545
GMXR	512.0	40,643	12,597
PETD	980.3	74,100	13,229
NBL	17,000.0	430,000	39,535
CHK	28,200.0	536,000	52,612
WLL	7,420.0	74,741	99,276
APC	47,000.0	350,000	134,286
EOG	31,110.0	220,000	141,409

Source: Various company reports/presentations

EASTERN WASHAKIE PIPELINE

Through a wholly-owned subsidiary, DBLE owns a 13-mile pipeline/gathering system in Wyoming which allows access to interstate gas markets and gives the company the opportunity to move 3rd-party gas. The pipeline has daily capacity of 125 mmcf/d. The company currently has an agreement in place to move gas through system, though current usage approximately 20% of capacity. Nonetheless, the pipeline is currently profitable, having generated EBITDA in 2010 of $1.4 million. We believe under current operating conditions, the pipeline is capable of generating annualized EBITDA of $2.3 million, and could fetch $18.3 million to $22.8 million at 8x-10x normalized EBITDA.

Earlier this year, the company entered into an agreement to ship additional 3rd-party gas through its system beginning in 2H 2012/early 2013, a move that should enhance the pipeline's value, given the historical tightness in transportation capacity that has typically characterized the Rocky Mountain region. DBLE has not disclosed the name of the new 3rd-party, or the terms of the agreement.

INVESTMENT RISKS AND CONCERNS

LIMITED AMOUNT OF TAKEAWAY OPTIONS FOR NATURAL GAS

DBLE's production from their Catalina unit, which accounted for 73% of total production in 2010, feeds into the Southern Star pipeline, which has various gas quality requirements, including one that stipulates any gas entering the line contain less than 1% carbon dioxide. In 2010, the DBLE periodically produced natural gas which exceeded the 1% limit. The company was granted a waiver by Southern Star to continue feeding into the line, which expired on March 31, 2011. The company has released no additional details regarding this issue. If the company is not granted additional waivers, or is otherwise unable to resolve this issue, DBLE may incur additional gas processing costs in the future, or experience production interruptions at certain wells, which could have material adverse effects on operating results. Such a scenario could also affect the value of the Eastern Washakie pipeline.

NATURAL GAS PRICES MAY REMAIN AT DEPRESSED LEVELS

DBLE's current reserves and production consist almost entirely of natural gas. Should natural gas fundamentals remain challenged and lead to continued pricing weakness, DBLE's ability to make a profit may be hindered. In addition, the company currently has approximately 1/3, or 8 mmcf/d, of their daily production hedged at $7.07/mmbtu. The company may be unable to renew such hedges at similar price levels, which would negatively impact margins, earnings, and cash flowvgoing forward.

DBLE'S OPERATIONS ARE SUBJECT TO EXTENSIVE REGULATIONS

The company is subject to numerous state, local, and federal regulations that could result in drilling delays, permitting delays, and additional compliance and administrative costs to the company. Such regulations could impact not only current operations in the Atlantic Rim and Pinedale Anticline, but potential drilling plans on the company's Niobrara acreage.

DBLE'S ACTIVITY IN THE ATLANTIC RIM COULD BE CHALLENGED BY CONSERVATION AND POLITICAL GROUPS

In May 2007, the final Record of Decision for the Atlantic Rim Environmental Impact Study (EIS) was issued, which allowed DBLE and other operators in the area to pursue additional coal bed methane drilling. Three separate coalitions of conservation groups appealed the approval of the EIS to the BLM all of which were subsequently dismissed. Although there are currently no outstanding appeals, the BLM allows public comment during the permitting process. Renewed pressure and legal challenges from conservation groups could ultimately prevent or significantly curtail drilling in the Atlantic Rim.

THE COMPANY'S NIOBRARA ACREAGE MAY PROVE TO BE UNECONOMIC

While we feel that DBLE's shares are currently pricing in little to no value for the company's extensive Niobrara holdings, should the play prove to be disappointing or altogether uneconomic, the share price could still suffer due to heavy selling given the limited number of shares outstanding and daily volume of the stock.

COMPANY HISTORY AND STRATEGY

Double Eagle Petroleum is an independent energy company engaged in the exploration, development, production and sale of natural gas and crude oil, primarily in Rocky Mountain Basins of the western United States. The company was incorporated in Wyoming in 1972 and reincorporated in Maryland in 2001. The company's core properties are located in southwestern Wyoming. Year-end 2010 proved reserves of 115 bcfe were made up of 98% natural gas and were 65% proved developed (PDP). DBLE has coal bed methane reserves and production in the Atlantic Rim Area of the Eastern Washakie Basin and tight gas reserves and production in the Pinedale Anticline in the Green River Basin in Wyoming. Company production in 2010 totaled 9.15 bcfe, with 73% coming from the Atlantic Rim and 20% from the Pinedale Anticline.

In 2010, the company acquired acreage with mineral rights in the Niobrara Shale formation in anticipation of beginning an exploration project in 2011. At December 31, 2010, DBLE had over 71,000 net acres in the Niobrara Shale located primarily in Wyoming and Western Nebraska. The company intends to drill 2 Niobrara Shale test wells in the second half of 2011/early 2012, depending on BLM approval time.

MANAGEMENT

DBLE is led by CEO **Richard Dole**. Mr. Dole became CEO of DBLE in September 2008, after having served as Chairman of the Audit Committee since 2005. Mr. Dole also served as Chairman, President and CEO of Petrosearch Energy Corporation from 2004 until August 2009, when Petrosearch merged with DBLE. He also previously served Vice President and Chief Financial Officer for Burlington Resources International. Mr. Dole was also with PricewaterhouseCoopers (formerly Coopers & Lybrand) where he served as Assurance and Business Advisory Partner for nearly 20 years. Mr. Dole has been in the energy and finance business for nearly 40 years. He has worked in most sectors of the energy industry including exploration, production, transportation and marketing.

Kurtis Hooley serves as CFO for DBLE. He has served in various capacities with the Company since 2004, including his prior position as the Director of Business Development and Financial Planning, as well as an external consultant for the implementation of internal controls. Prior to joining DBLE, Mr. Hooley served from 2003 to 2006 as the President of MKH Enterprises, a consulting firm primarily focused on the implementation of Sarbanes Oxley. Mr. Hooley also served in a number of accounting capacities with Arthur Andersen LLP, most recently as an Experience Audit Manager. Mr. Hooley is a Certified Public Accountant with a Bachelor of Science in Accounting from Regis University.

Steven Degenfelder serves as Vice President of Exploration, a post he has held since 1998. From 1985 to 1995, he served as Vice President and Director of Tyrex Oil Company. Mr. Degenfelder held various land management positions with Paintbrush Petroleum Corporation from 1981 to 1985 and with Marathon Oil Company from 1979 to 1981. He received his degree in Business Administration from Texas Tech University in 1979.

PROPERTY AND ASSET DESCRIPTION

Atlantic Rim Operations

At year-end 2010, DBLE had 46,716 net acres in the Atlantic Rim coal bed methane (CBM) play. The company's acreage is along a 40-mile trend in the Eastern Washakie Basin. The target is the Mesaverde coals, which normally have thinner zones than CBM wells found in the Powder River Basin, but they possess higher gas content. Unlike most CBM drilling, Atlantic Rim CBM wells produce simultaneously while de-watering, rather than an initial period of de-watering and limited production. The wells typically come on at 300-350 mcf/day and incline for an average period of 12-18 months, with peak production in the 400-450 mcf/day range. The company estimates recoveries of 0.9-1.2 bcf/well, and a typical well runs $750,000 to $1 million to drill and complete. Management believes they have 180 more locations to drill on 80 acre spacing. Of those, roughly 100 well locations are not yet included in PUDs. Because of low natural gas prices, and the fact that partner Anadarko Petroleum has not yet elected to drill any wells on the acreage this year, we are not giving any upside in our NAV calculations to any probable/possible Atlantic Rim reserves. A recovery in natural gas prices could put these unbooked locations back into focus, and expose the company to approximately 100 bcf, a significant amount when considering proved reserves at 12-31-2011 were 115 bcfe. In addition, the company is currently exploring the possibility of drilling on 160 acre spacing to potentially recover substantially the same amount of reserves, equating to lower F&D costs. During 2010, natural gas production from the Atlantic Rim area totaled 6.7 bcf, which represented 73% of total 2010 natural gas volumes.

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Other key players in the Atlantic Rim include industry bell-weather Anadarko and small-cap E&P Warren Resources. Anadarko and Warren are engaged in a 50/50 JV covering 121,000 gross acres. DBLE also has a Participating Agreement (PA) with Anadarko in the Sun Dog Unit of the Atlantic Rim. Anadarko operates nearly 22,000 acres in Sun Dog, including 11,420 with DBLE. DBLE's net interest equates to 5,147 acres as of year-end 2010. In the Doty Mountain Unit, Anadarko operates 20,336 acres, with DBLE's net interest totaling 2,000 acres. As mentioned, Anadarko has not drilled any wells in the area in 2011, nor have they informed DBLE of any intention to do so.

Pinedale Anticline

DBLE also operates in the Pinedale Anticline in southwestern Wyoming. QEP Resources (QEP) operates 2,400 acres in the Mesa Unit, in which DBLE holds 110 net acres. In 2010, the Mesa Unit produced 1.9 bcf net to DBLE's interest, or approximately 20% of total company production. DBLE had interests in 146 gross wells through year-end 2010. The company believes they have over 350 gross future locations, in which they will have an average working interest in the 6-12.5%.

Wells in the DBLE's portion of the Pinedale Anticline usually run in the $3.75-4.0 million range (gross) and have expected EURs of 4-6 bcfe gross. Finding and development costs typically run in the $1.00-$1.50/mcfe range, and wells have reserve lives of 30+ years. The wells are characterized by steep one-year decline curves of 70-75%, with terminal declines of 6%, according to regional players such as Ultra Petroleum and QEP Resources. QEP, which partners with DBLE in the Pinedale, estimates wells hold on average 4.5 bcfe and cost $3.8 million to drill. QEP has indicated publicly that they feel a 10% before-tax rate of return is achievable at $3.28/mcf, making the Pinedale one of the most economic natural gas plays in North America.

We estimate DBLE has 14 net potential locations not already included in the company's proved undeveloped reserves (PUD). Assuming recoveries of 4 bcf/well and a present value of $0.25-$0.50/mcfe, DBLE could be exposed to over 50 bcfe of potential reserves, which could be accretive to NAV by $13 to $26 million. For now, we are not including these potential reserves in our adjusted NAV analysis given the weak state of the natural gas markets.

Niobrara Acreage

The Niobrara Shale Formation is an emerging oil play in the Rocky Mountain region of the United States. While the area has been a producer of natural gas in the past, and to a lesser extent crude oil, it was EOG's Jake well (Weld County, Colorado) in early 2010 that sparked interest in the Niobrara as a potential oil shale. That well came in at over 1,500 boe/day.

As of year-end 2010, DBLE had over 71,000 net acres in the Niobrara Shale, primarily located in Wyoming and western Nebraska. Management believes their Atlantic Rim acreage, where the company has its legacy CBM operations, could be prospective for the Niobrara at greater depths.

DBLE Niobrara Acreage	Net Acres
Atlantic Rim	37,144
DJ Basin - Wyoming	4,954
DJ Basin - Nebraska	4,198
Powder River Basin	15,643
Other	9,309
Total Niobrara Acreage	**71,248**

Source: DBLE 10-K

While it is still early to declare the Niobrara a commercial success, plenty of notable E&Ps have amassed acreage positions there, most notably, EOG (220k acres), CHK, (536k acres) and NBL (430k acres). Although early, these companies have made some EUR estimates which could bode well for future development of the Niobrara. For example, Noble management stated in their corporate presentation that they believe Niobrara wells could hold 310k barrel equivalents each on 160-acre spacing. Chesapeake, meanwhile has upped their metric to a 500k barrel equivalents per location (again assuming 160- acre spacing). Small-cap Niobrara player Samson Oil & Gas (SSN), which sold some Niobrara acreage to Chesapeake in 2010 for over $3,000/acre and retained an ORRI in the acreage, estimated 413k barrel equivalents per location on 160-acre spacing on a recent company presentation. EOG has not disclosed what they think EURs in the play will be, however, they recently stated that while Niobrara results have been mixed, EOG feels they may have a "significant" oil play to develop. In terms of completion technology, EOG is understandably playing it close to vest, and feels it won't be until year-end 2011 before they have reserve estimates.

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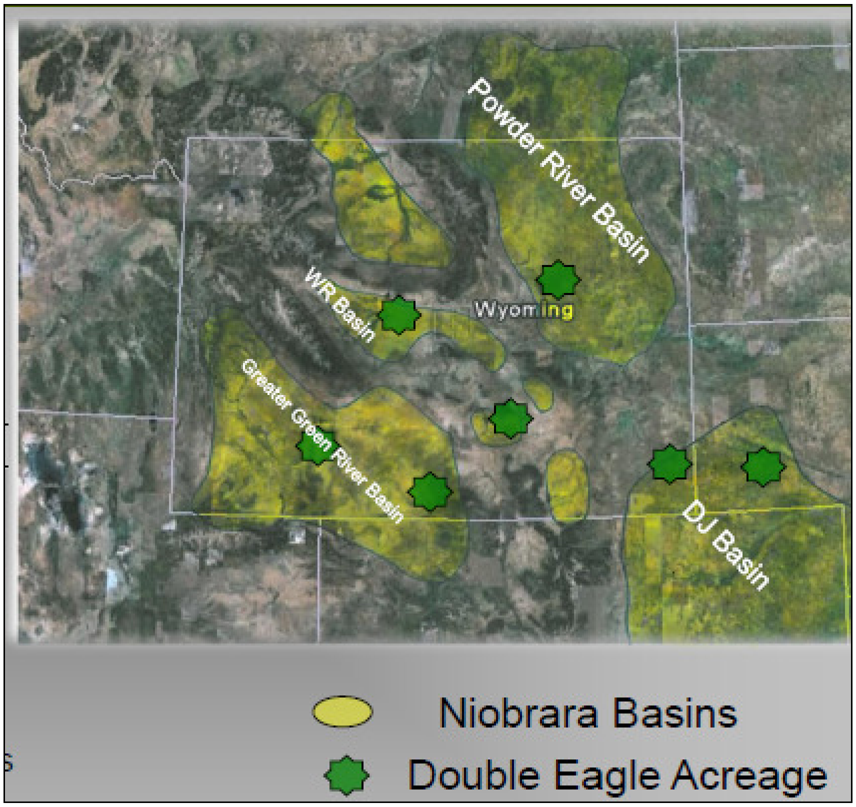
Through Q1 2011, results on 31 Niobrara wells have been released, with the average IP rate coming in at 678 boe/d. In addition, another 150 wells had been permitted. EOG is one of the Niobrara leaders in terms of activity, having drilled 8 wells with an average IP of 800 boe/d. Also as of Q1, Noble had drilled 12 wells, with an average IP of 595 boe/d.

The Niobrara is a thick and continuous Cretaceous source rock with a geologic age between 82 and 87 million years that spans portions of Colorado, Nebraska, and Wyoming. The formation produces oil and gas mainly from organically rich, fine-grained shales and limestones. The formation produces from depths of 3,000 to 14,000 feet with thickness ranging from 150 feet on the eastern flank to as high as 1,500+ feet on the western edge. The rock is continuous and brittle, with natural fracturing in certain areas. These characteristics could potentially bode well for fracturing technology which has aided results in plays such as the Bakken and Eagleford Shales. However, because it may not be a blanket-type resource play, it would be imprudent to proclaim the Niobrara a sure thing. Results in the area have not been without disappointment. Rexx Energy recently announced two of their Niobrara wells were deemed non-commercial in the Silo field in the southeast corner of Wyoming.

DBLE claims the thickness may run as high as 1,500 feet in the Atlantic Rim, where they have over 37,000 net acres. Consequently, the Niobrara's thickness in some areas may be multiple times that of other leading shale plays such as the Bakken and the Eagleford Shales. However, given that some industry players have cautioned that the Niobrara Shale may not be a true resource play, 3-D seismic may play a critical role in helping companies identify sweet spots. DBLE has shot 20 square miles of 3-D seismic in Carbon County, Wyoming.

DBLE has indicated they intend to drill 2 test wells in the Niobrara Shale later this year or possibly early next year. While the application has been filed, the BLM has averaged more than 200 days in response time, so the timing of these wells is uncertain. The company has said the first test well will be a vertical well with ample borehole space that would allow the company to re-enter and drill horizontal if it is determined to be the best approach. Management expects the wells to cost $2.5-$3.0 million dollars. DBLE's will bear 75% of the cost, with an undisclosed partner assuming the remaining 25% on the first well.



Source: Double Eagle Petroleum

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PROVED ONLY NAV

Based on the company's year-end proved reserves of 115 bcfe (98% natural gas/65%) we calculate DBLE's proved-only NAV to be $9.24 per share (inclusive of the company's pipeline asset) using longer-term benchmark equilibrium natural gas prices of $4.75/mcf and $90.00/bbl. With 98% of the company's proved reserves being natural gas, our NAV is quite sensitive to our natural gas price assumption. If, instead we assume $4.00/mcf, our proved-only NAV declines to $6.68, and rises to $10.10 at $5.00/mcf. The following tables show DBLE's NAV sensitivity under various longer-term natural gas price assumptions:

NAV Sensitivity	Long-Term Natural Gas Px Assumption ($/mcf)					
	4.00	4.25	4.50	4.75	5.00	6.00
NAV/Share →	6.68	7.53	8.39	9.24	10.10	13.59
assumes pipeline assets worth $18.3 million						

Source: CKCC estimates; company reports

We feel DBLE shares trade at a significant discount to NAV primarily due to: 1) its significant natural gas holdings (98% of reserves) in a challenging price environment; 2) its reserves/production being geographically concentrated; and 3) its status as a small-cap stock with limited float and shares outstanding of just 11.2 million shares. Current valuation levels may allow the investor a margin of safety normally not afforded to E&Ps with large shale holdings.

One should also consider the possibility that the market is pricing DBLE shares based only on proved developed producing (PDP) reserves given the weak fundamentals and pricing currently afflicting the natural gas market. We have attempted to value DBLE on a proved developed (PDP) basis only, and feel our value thesis is still credible.

PDP NAV Sensitivity	Long-Term Natural Gas Px Assumption ($/mcf)					
	4.00	4.25	4.50	4.75	5.00	6.00
NAV/Share →	5.51	6.01	6.50	6.99	7.48	9.51
assumes pipeline assets worth $18.3 million						

Source: CKCC estimates; company reports

From the table above, it is obvious that the PDP-only NAV case may cause some investor alarm, as the shares only appear to be worth $6.99 under the PDP-only case assuming a long-term benchmark equilibrium natural gas price of $4.75/mcf, including pipeline assets. Under this scenario, we believe PDP reserves to be worth $120 million dollars. Assuming the Washakie Pipeline to be worth $18.3 million, this would leave a residual EV of $27 million given current total EV is $166 million. With over 71,000 net acres of potential in the Niobrara, if the entire residual value of $27 million were attributed to the Niobrara only, this would imply a value of $384/acre, hardly an inflated number given the deals which have occurred in the range of $3,000 to $4,700/acre. In addition, the pipeline assets have the potential for improved profitability given the recent additional contract that was signed and goes into effect late 2012/early 2013.

VALUING THE NIOBRARA'S POTENTIAL IMPACT

The biggest potential impact on DBLE share price comes from their exposure to the Niobrara shale. With an enterprise value of $166 million, the company's 71,000+ net acres have the ability to significantly affect the company's stock price. Under our base case NAV assumptions of $4.75/mcf and $90.00/bbl, along with estimated pipeline assets of $18.3 million, we estimate DBLE's Niobrara acreage is receiving an implied value of $25/acre. Again, this may present an opportunity for investors, given the deals in the Niobrara that fetched over $3,000/acre. Although the Niobrara Shale is still in its early stages, the market may potentially be mispricing the company's Niobrara potential.

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DBLE Implied Niobrara Value/Acre	CKCC Case $4.50/mcf
Current DBLE Price	8.60
S/O	11.2
Market Cap ($mm)	96.7
Cash ($mm)	3.3
Long-term Debt ($mm)	32.0
Preferred Stock ($mm)	40.3
Current EV ($mm)	165.6
CKCC Est Proved Reserve Value ($mm)	145.6
Eastern Washakie Pipeline ($mm)	18.3
Residual EV to Niobrara Acres ($mm)	1.8
Niobrara Acres	71,248
Implied $/Acre	25

The current reality of the situation is that we don't know what the company's Niobrara acreage could ultimately be worth. We have attempted to value this acreage under two approaches: a straight sale of some portion of its acreage, similar to Samson's outright acreage sale to Chesapeake in the second half of 2010, and the another scenario in which a 50/50 JV partner comes in with the capital wherewithal to drill up prospective areas of the Niobrara. This scenario would attempt to value the acreage based on potential reserves rather than $/acre.

While still too early to declare the Niobrara a success, we have attempted to gauge the impact under various scenarios of what success could mean to the stock. If, as a base case, we assume 25% of DBLE's acreage is worth $1,500/acre, and holding other variables constant, we can arrive at a scenario where shares of DBLE could be worth over $11.62 per share.

Acreage-Based Potential Value	
Net Niobrara Acres	71,248
Risk Factor	25%
Risked Acreage	17,812
$/Acre	1,500
Est. Value ($mm)	26.7
CKCC Est Reserve Value ($mm)	145.6
Cash ($mm)	3.3
Long-term Debt ($mm)	32.0
Preferred Stock ($mm)	40.3
Est. Value - Hedges ($mm)	9.0
Est. Value- Washakie Pipeline ($mm)	18.3
FD Share Count (mm)	11.2
Est. Value per Share	11.62

Source: CKCC estimates, company reports

The table below shows what DBLE shares could be worth under different assumptions regarding the percent of DBLE's acreage that is prospective for the Niobrara as well as what $/acre metric the acreage could fetch. Holding our other value estimates constant, we feel the shares of DBLE should be able to withstand potential disappointments regarding the amount of acreage that turns out to be prospective and/or what $/acre figure such acreage could be worth.

Share Px Sensitivity to Niobrara		% Acreage Prospective for Niobrara					
	11.62	10%	25%	33%	50%	60%	75%
$/Niobrara Acre	500	9.56	10.03	10.29	10.83	11.14	11.62
	1,000	9.87	10.83	11.33	12.41	13.04	13.99
	1,500	10.19	11.62	12.38	13.99	14.94	16.37
	2,000	10.51	12.41	13.42	15.58	16.85	18.75
	2,500	10.83	13.20	14.47	17.16	18.75	21.12
	3,000	11.14	13.99	15.51	18.75	20.65	23.50

Source: CKCC estimates, company reports

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We have also attempted to value what DBLE's Niobrara Shale acreage could be worth based on potential estimated ultimate recoveries (EUR), assuming the company drills out their prospective acreage rather than merely selling the acreage at some $/acre metric. Under this scenario, it is important to keep in mind that a company with limited financial means, such as DBLE, could possibly bring in a JV partner with more financial and technological firepower in order to drill up the acreage.

As we have repeatedly mentioned throughout this report, it is still too early to declare the Niobrara Sale a commercial success, despite the fact that many bell-weather E&Ps with shale expertise have amassed substantial acreage in the play. Some of these companies, such as Chesapeake Energy (CHK) and Noble Energy (NBL), have come out with early-inning EUR estimates. EOG Resources (EOG), meanwhile, continues to play it close to the vest, but recently stated the Niobrara had a chance to become a "significant" oil play. CHK recently stated they thought EUR could average 500,000 barrel equivalents per well, while NBL has recently moved their estimate to north of 300,000 barrel equivalents per well on 160-acre spacing. Small-cap player Samson Oil & Gas, which last year sold some of their Niobrara holdings to Chesapeake in a deal valued at over $70 million, recently estimated EURs of 413,000 barrel equivalents per well.

We have assumed the low end of EUR estimates and are using 300,000 bbl/well as our starting point. Additionally, we are assuming 25% of DBLE's acreage is prospective for the Niobrara Shale and that they bring in a partner for 50%, thus reducing their net-net acreage to 8,906 acres. Furthermore, if we assume a present value per barrel of $10.00, and spacing of 320 acres per section, we arrive at an estimated fair value of $16.67 per share, holding all other variables constant. While this is not our price target at the moment, the potential math is quite compelling given DBLE's current enterprise value relative to their acreage in the Niobrara Shale. The following table displays our assumptions more broadly.

Reserve-Based Potential Value	
Net Niobrara Acres	71,248
Risk Factor	25%
JV Farm-out	50%
Net Risked Acreage	8,906
Spacing	320
Net Locations	28
EUR/well (mmbbl)	0.300
PV/bbl ($/bbl)	$10.00
Est. Potential Value ($mm)	$83.5
CKCC Est Reserve Value ($mm)	145.6
Cash ($mm)	3.3
Long-term Debt ($mm)	32.0
Preferred Stock ($mm)	40.3
Est. Value - Hedges ($mm)	9.0
Est. Value- Washakie Pipeline ($mm)	18.3
FD Share Count (mm)	11.2
Est. Value per Share	16.67

Source: CKCC estimates, company reports

Because it is still too early to assess DBLE's potential value based on Niobrara EURs, we have also performed a sensitivity analysis of DBLE shares to potential outcomes in the Niobrara Shale based on various EURs. Once again, we feel the investor can essentially purchase a free option on the Niobrara Shale by buying DBLE shares at current levels.

Potential Niobrara Impact on DBLE ($/share)		% Acreage Prsopective for Niobrara					
	16.67	10%	25%	33%	50%	60%	75%
EUR/well (mmbbl)	0.150	10.73	12.95	14.14	16.67	18.15	20.38
	0.200	11.22	14.19	15.78	19.14	21.12	24.09
	0.250	11.72	15.43	17.41	21.62	24.09	27.81
	0.300	12.21	16.67	19.04	24.09	27.06	31.52
	0.350	12.71	17.91	20.68	26.57	30.04	35.23
	0.400	13.20	19.14	22.31	29.04	33.01	38.95
		Assumes:	PV/bbl	$10.00			
			Spacing	320			
			JV Partner	50%			

Source: CKCC estimates, company reports

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EASTERN WASHAKIE PIPELINE

Through its wholly-owned subsidiary Eastern Washakie Pipeline, DBLE owns a 13-mile pipeline/gathering system in Wyoming which allows access to interstate gas markets and gives the company the opportunity to move 3rd-party gas. The pipeline has daily capacity of 125 mmcf/d. The company currently has an agreement in place to move gas through the system, though current usage approximately 20% of capacity (inclusive of both DBLE and 3rd-party production). Nonetheless, the pipeline is currently EBITDA-positive, having generated EBITDA in 2010 of $1.4 million. In a recent presentation the company had a slide which estimated the value of their pipeline at $32.5-$40.7 million at 8x-10x annualized EBITDA. However, the company was tight-lipped on how they arrived at such a value, and they were mum on the breakdown between DBLE natural gas production and 3rd-party natural production that enters the line. The same appears true for gathering revenue. Thus we have attempted to gauge the value of the pipeline on a normalized basis based only on the transportation capacity and utilization, and have conservatively chosen to exclude any value associated with natural gas gathering operations.

It is important to consider that, while DBLE could theoretically sell the pipeline asset, it may be unlikely given that without the pipeline, DBLE would have to pay over $1.00/mcf to use alternative transportation in the area. This would result in a lower netback to the company than if they used their own line. More likely, the pipeline would serve to make any potential sale of the Catalina unit more desirable to prospective buyers. In any event, there is some potential value associated with the pipeline.

According to management, the company receives $0.50/mcf of natural gas transported, and recognizes an EBITDA margin of approximately $0.25/mcf. Assuming 20% utilization, or 25 mmcf/d, and an EBITDA margin of $0.25/mcf, we believe the pipeline is capable of generating annualized EBITDA of $2.3 million. We estimate that under current operating conditions the pipeline could fetch $18.3 million to $22.8 million at 8x-10x EBITDA. Again, investors should be aware that a portion of the daily throughput is DBLE volume, though the company does not disclose the breakdown between DBLE natural gas and third-party natural gas. In addition, some day-to-day variability can exist due to weather and other seasonality effects.

Eastern Washakie Pipeline EBITDA Potential ($mm)		
Capacity Mcf/d	125,000	
Utlization %	20.0%	
Mcf/d	25,000	
$/Mcf	0.50	
Est. Revenues ($mm)	4.6	
EBITDA Margin	50.0%	
EBITDA/mcf	0.25	
EBITDA ($mm)	2.3	
Multiple	8.0x	10.0x
Est. Value ($mm)	18.3	22.8

Source: CKCC estimates, company reports

Earlier this year, the company entered into an agreement to ship additional 3rd-party gas through its system beginning in 2H 2012/early 2013, a move that should enhance the pipeline’s value, given the historical tightness in transportation capacity that has typically characterized the Rocky Mountain region. DBLE has not disclosed the name of the new 3rd-party or detailed terms of the agreement. However, management has stated they will receive a price on the incremental volume (still unknown) of $0.15/mcf on the incremental volumes, with the existing pricing of $0.50/mcf unaffected. In addition, the company estimates EBITDA margin to be 80% on the incremental volumes, allowing for enhanced profitability of the pipeline. We have attempted to gauge what EBITDA could look like in a few years once the new contract comes into play.

Assuming the new contract absorbs 25% of the available capacity (an additional 25 mmcf/d) at $0.15/mcf, and an EBITDA margin of 80%, or $0.12/mcf, we estimate the additional take-away contract could generate incremental annualized EBITDA of $1.1 million. If we combine this with the estimated annualized EBITDA from current operating conditions, the pipeline has the potential to generate a combined annualized EBITDA of $3.4 million. Assuming a 8x-10x multiple, we estimate the pipeline could be worth $24.8 to $31.0 million on a present value basis (discounted back 3 years for potential incremental volumes at 10%). The following table summarizes the pipeline’s potential value based on the assumptions just described.

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Potential Impact from New Pipeline Contract		
Assumed Available Capacity	100,000	
Utlization %	25%	
Mcf/d	25,000	
$/Mcf	0.15	
Est. Reveneues ($mm)	1.4	
EBITDA Margin	80.0%	
EBITDA/mcf	0.12	
EBITDA ($mm)	1.1	
Multiple	8.0x	10.0x
Est. Value ($mm)	8.8	11.0
PV disc. 3 yrs., 10% ($mm)	6.6	8.2
Existing EBITDA ($mm)	2.3	
Multiple	8.0x	10.0x
Est. Value ($mm)	18.3	22.8
Comb. Est. Value - Existing+New Contract ($mm)	24.8	31.0

Source: CKCC estimates, company reports

Once again, the company has not disclosed all terms of the contract, so we feel sensitivity analysis is also in order so that the potential impact of the new contract on the pipeline's future profitability and value can be better gauged.

Total Potential Pipeline Value ($mm) (disc at 10% for 3 yrs, at 8x EBITDA)		Additional Utilization from New 3rd-Party Contract					
		10%	25%	33%	40%	50%	75%
EBITDA Margin - new contract	50%	19.9	22.4	23.7	24.8	26.5	30.6
	60%	20.2	23.2	24.8	26.1	28.1	33.1
	75%	20.7	24.4	26.4	28.1	30.6	36.8
	80%	20.9	24.8	26.9	28.8	31.4	38.0

Source: CKCC estimates, company reports

PRICE TARGET AND RATING

We are initiating coverage of Double Eagle Petroleum with a BUY rating and a $11.50 price target. We feel the shares are attractively priced at current levels and provide investors with free/cheap optionality on 1) any potential recovery in natural gas prices; 2) the Niobrara Shale potentially becoming a commercial success; and 3) the possibility of improved pipeline profitability as a new transportation contract for DBLE's wholly-owned Eastern Washakie Pipeline takes effect in late 2012/early 2013.

With a proved-only NAV (inclusive of estimated pipeline value of $18.3 million) of $9.24 per share, we feel investors can enter the stock without paying on-the-cum for the three aforementioned catalysts. In addition, our NAV relies on longer-term natural gas pricing of $4.75/mcf.

While it is too early to arrive at blanket $/acre figures, reliable type-curves, or in-ground present value estimates as they may apply to the Niobrara shale, we have attempted to include potential value in our NAV using a $1,500/acre estimate and giving credit to 25% of DBLE's 71,000+ acreage position. Adding this to our estimated value for proved reserves and to the pipeline assets, we arrive at a adjusted NAV of $11.62 per share. We understand that these estimates may be subject to volatility given: 1) Potential swings in $/acre metrics, as well as varying EUR estimates from the various Niobrara participants, 2) DBLE's strong leverage to the Niobrara given their EV relative to acreage position, and 3) the potential for volatile commodity prices. Nonetheless, we like the risk/reward tradeoff at current valuation levels.

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Double Eagle Petroleum Net Asset Value	Proved Reserves										
	Unrisked			Risk	Risked	Valuation in ($MM) at Various Natural Gas Reference Prices					
	Bcfe	% Dev.	% Gas	Multiplier	Bcfe	$4.00	$4.25	$4.50	$4.75	$5.00	$6.00
Reserves @ 12/31/10	115.1	64.7%	97.9%	100%	115.1	$113.4	$124.2	$134.9	$145.6	$156.3	$199.1
Implied Value per Mcfe						*$0.99*	*$1.08*	*$1.17*	*$1.27*	*$1.36*	*$1.73*
Implied Value per Share						*$10.09*	*$11.04*	*$11.99*	*$12.95*	*$13.90*	*$17.71*
Balance Sheet Adjustments (3/31/2011)						Values in ($ MM) Unless Otherwise Specified					
Long-term debt						$32.0	$32.0	$32.0	$32.0	$32.0	$32.0
Preferred Stock						$40.3	$40.3	$40.3	$40.3	$40.3	$40.3
Cash						$3.3	$3.3	$3.3	$3.3	$3.3	$3.3
Hedging Gain (Loss)						$12.3	$11.2	$10.1	$9.0	$7.9	$4.3
						$56.7	$57.7	$58.8	$59.9	$61.0	$64.6
Total Liabilities per Share						*$5.04*	*$5.14*	*$5.23*	*$5.33*	*$5.43*	*$5.74*
Proved-Only Value ($mm)											
Total ($MM)						**$56.8**	**$66.4**	**$76.0**	**$85.6**	**$95.3**	**$134.5**
Per Share						**$5.05**	**$5.91**	**$6.76**	**$7.62**	**$8.47**	**$11.96**
Non-E&P Assets											
Eastern Washakie Pipeline - Assuming Utilization of 25%; 8x est. EBITDA ($mm)						$18.3	$18.3	$18.3	$18.3	$18.3	$18.3
Per Share						*$1.62*	*$1.62*	*$1.62*	*$1.62*	*$1.62*	*$1.62*
Proved-Only NAV plus Pipeline Assets ($mm)						$75.0	$84.7	$94.3	$103.9	$113.5	$152.7
Per Share						$6.68	$7.53	$8.39	$9.24	$10.10	$13.59
	Potential Resources from Unbooked Resources										
	Unrisked	Risk	Risked	Assumed	Estimated						
Potential Resource Valuation	Acreage	Factor	Acreage	$/Acre	Value ($mm)	Est. Value ($mm)					
Niobrara Shale	71,248	25.0%	17,812	1,500	$26.7	$26.7	$26.7	$26.7	$26.7	$26.7	$26.7
Implied Value per Share						*$2.38*	*$2.38*	*$2.38*	*$2.38*	*$2.38*	*$2.38*
Total 3P NAV											
Total ($ MM)						**$101.8**	**$111.4**	**$121.0**	**$130.6**	**$140.2**	**$179.5**
S/O (mm)						**11.2**	**11.2**	**11.2**	**11.2**	**11.2**	**11.2**
Per Share						**$9.05**	**$9.91**	**$10.76**	**$11.62**	**$12.47**	**$15.96**
Source: CKCC Research and Company Reports											

FINANCIAL OUTLOOK

EARNINGS OUTLOOK

For 2011, our fully diluted EPS/CFPS forecast stands at $0.02/$2.21, based on a full-year 2011 benchmark natural gas price of $4.39/mcf and $96.12/bbl. In this natural gas pricing environment, DBLE appears content to keep production flat while initiating operations on the Niobrara Shale acreage. We are therefore holding 2011 production essentially flat.

Our 2012 forecast assumes benchmark natural gas pricing of $4.75/mcf and benchmark crude pricing at $90.00/bbl, and some modest production growth of 4%. We estimate diluted 2012 EPS/CFPS of ($0.24)/$1.88 per share. The decline in our 2012 estimates vs. 2011 is primarily the result of DBLE's main hedges rolling off by year-end 2011. The company has approximately 1/3 of its natural gas production hedged at $7.07/mcf through year-end 2011.

CASH FLOW AND CAPEX OUTLOOK

For 2011, we are projecting discretionary cash flow of $24.7 million, coupled with estimated CAPEX of $24.0 million. The company has stated that capex could be anywhere from $20-30 million this year, as they prepare to drill two Niobrara Shale test wells in the back half of the year. While the company has already filed the permits to drill, average BLM approval time has been running in excess of 200 days, with some taking as long as 500 days. Therefore, it is entirely possible that one or both test wells could get delayed into the first half of next year.

For 2012, we estimate the company will generate cash flow of $21.0 million, with our initial estimate for capex at $24.0 million. The outspend will be financed by availability on the company's bank line, where it currently has $28 million available to draw on.

BALANCE SHEET OUTLOOK

At 3/31/2011, DBLE had a cash balance of $3.3MM, along with $32 million drawn on its revolver. We are estimating modest outspend in 2012 of approximately $3 million. We anticipate the company can adequately meet is cash needs by tapping into their bank facility which currently has $28 million available. Our estimate calls for year-end 2012 bank debt outstanding of $42 million.

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Double Eagle petroleums Earnings Projection															
(in '000, unless otherwise noted)	**Q1 - 10 A**	**Q2 -10 A**	**Q3 - 10 A**	**Q4 - 10 A**	**2010 A**	**Q1 - 11 A**	**Q2 -11 E**	**Q3 - 11 E**	**Q4 - 11 E**	**2011 E**	**Q1 - 12 E**	**Q2 -12 E**	**Q3 - 12 E**	**Q4 - 12 E**	**2012 E**
REVENUES															
Oil and gas revenues	$ 10.829	$ 9.268	$ 9.308	$ 9.510	$ 38.915	$ 11.253	$ 11.596	$ 11.714	$ 11.680	$ 46.243	$ 25.334	$ 25.235	$ 25.725	$ 25.725	$ 25.505
Other	$ 9.606	$ 0.124	$ 6.854	$ (0.515)	$ 16.069	$ (0.155)	$ 1.141	$ 1.141	$ 0.913	$ 3.039	$ 0.913	$ 1.141	$ 1.141	$ 0.913	$ 4.106
	$ 20.435	$ 9.392	$ 16.162	$ 8.995	$ 54.984	$ 11.098	$ 12.737	$ 12.855	$ 12.592	$ 49.282	$ 26.247	$ 26.376	$ 26.866	$ 26.638	$ 29.611
COSTS & EXPENSES															
Production expenses	$ 1.943	$ 2.397	$ 2.828	$ 2.540	$ 9.708	$ 2.574	$ 2.611	$ 2.640	$ 2.640	$ 10.464	$ 2.669	$ 2.688	$ 2.769	$ 2.769	$ 10.895
Severance taxes	$ 1.300	$ 1.010	$ 1.180	$ 1.073	$ 4.563	$ 1.056	$ 1.276	$ 1.289	$ 1.285	$ 4.905	$ 1.155	$ 1.163	$ 1.197	$ 1.197	$ 4.712
Cash G&A expense	$ 1.534	$ 1.392	$ 1.540	$ 1.510	$ 5.976	$ 1.558	$ 1.533	$ 1.549	$ 1.549	$ 6.189	$ 1.508	$ 1.519	$ 1.565	$ 1.565	$ 6.158
Non-cash G&A expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DD&A expense	$ 4.540	$ 4.530	$ 4.701	$ 4.803	$ 18.574	$ 4.673	$ 4.641	$ 4.691	$ 4.691	$ 18.695	$ 4.741	$ 4.775	$ 4.916	$ 4.916	$ 19.348
Other	$ 1.187	$ 1.079	$ 1.043	$ 2.589	$ 5.898	$ 1.106	$ 0.620	$ 0.620	$ 0.506	$ 0.731	$ 0.506	$ 0.620	$ 0.620	$ 0.506	$ 0.656
Total Expenses	$ 10.504	$ 10.408	$ 11.292	$ 12.515	$ 44.719	$ 10.967	$ 10.680	$ 10.789	$ 10.671	$ 43.107	$ 10.579	$ 10.765	$ 11.068	$ 10.954	$ 43.366
Operating Income (Loss)	$ 9.931	$ (1.016)	$ 4.870	$ (3.520)	$ 10.265	$ 0.131	$ 2.056	$ 2.066	$ 1.922	$ 6.175	$ 0.833	$ 0.951	$ 0.953	$ 0.839	$ 3.575
OTHER (INCOME) EXPENSES:															
Interest income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest expense	$ (0.365)	$ (0.385)	$ (0.422)	$ (0.366)	$ (1.538)	$ (0.387)	$ (0.387)	$ (0.387)	$ (0.417)	$ (1.578)	$ (0.447)	$ (0.478)	$ (0.508)	$ (0.508)	$ (1.941)
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Other Income (Loss)	$ (0.365)	$ (0.385)	$ (0.422)	$ (0.366)	$ (1.538)	$ (0.387)	$ (0.387)	$ (0.387)	$ (0.417)	$ (1.578)	$ (0.447)	$ (0.478)	$ (0.508)	$ (0.508)	$ (1.941)
REPORTED INCOME															
Net Income (Loss) before Taxes	$ 9.566	$ (1.401)	$ 4.448	$ (3.886)	$ 8.727	$ (0.256)	$ 1.669	$ 1.679	$ 1.504	$ 4.597	$ 0.386	$ 0.473	$ 0.445	$ 0.331	$ 1.634
Income Taxes	$ 3.457	$ (0.512)	$ 1.586	$ (1.307)	$ 3.224	$ (0.104)	$ 0.601	$ 0.605	$ 0.542	$ 1.643	$ 0.139	$ 0.170	$ 0.160	$ 0.119	$ 0.588
Effective Tax Rate	36.1%	NA	35.7%	NA	36.9%	NA	36.0%	36.0%	36.0%	35.7%	36.0%	36.0%	36.0%	36.0%	36.0%
% of taxes deferred	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Preferred Dividends	$ 0.931	$ 0.931	$ 0.930	$ 0.931	$ 3.723	$ 0.931	$ 0.931	$ 0.930	$ 0.931	$ 3.723	$ 0.931	$ 0.931	$ 0.930	$ 0.931	$ 3.723
Total Net Income (Loss)	**$ 5.178**	**$ (1.820)**	**$ 1.932**	**$ (3.510)**	**$ 1.780**	**$ (1.083)**	**$ 0.137**	**$ 0.145**	**$ 0.032**	**$ (0.769)**	**$ (0.684)**	**$ (0.628)**	**$ (0.645)**	**$ (0.719)**	**$ (2.677)**
Earnings per Diluted Share	**$ 0.47**	**$ (0.16)**	**$ 0.17**	**$ (0.32)**	**$ 0.16**	**$ (0.10)**	**$ 0.01**	**$ 0.01**	**$ 0.00**	**$ (0.07)**	**$ (0.06)**	**$ (0.06)**	**$ (0.06)**	**$ (0.06)**	**$ (0.24)**
RECCURING INCOME															
Recurring Earnings	**$ 0.029**	**$ (0.768)**	**$ (1.517)**	**$ (1.374)**	**$ (3.631)**	**$ (0.088)**	**$ 0.137**	**$ 0.145**	**$ 0.032**	**$ 0.226**	**$ (0.684)**	**$ (0.628)**	**$ (0.645)**	**$ (0.719)**	**$ (2.677)**
Recurring EPS	**$0.00**	**($0.07)**	**($0.14)**	**($0.12)**	**($0.33)**	**($0.01)**	**$0.01**	**$0.01**	**$0.00**	**$0.02**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.24)**
Number of Diluted Shares	11.106	11.116	11.129	11.142	11.123	11.174	11.174	11.174	11.174	11.174	11.174	11.174	11.174	11.174	11.174

Source: CKCC Research and Company Reports

Double Eagle Petroleum Production & Price Forecast	**Q1 - 10 A**	**Q2 -10 A**	**Q3 - 10 A**	**Q4 - 10 A**	**2010 A**	**Q1 - 11 A**	**Q2 -11 E**	**Q3 - 11 E**	**Q4 - 11 E**	**2011 E**	**Q1 - 12 E**	**Q2 -12 E**	**Q3 - 12 E**	**Q4 - 12 E**	**2012 E**
UNIT ECONOMICS															
Production expense	$ 0.87	$ 1.07	$ 1.21	$ 1.09	$ 1.06	$ 1.14	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 1.15	$ 1.15
Severance tax	$ 0.58	$ 0.45	$ 0.50	$ 0.46	$ 0.50	$ 0.47	$ 0.56	$ 0.56	$ 0.56	$ 0.54	$ 0.50	$ 0.50	$ 0.50	$ 0.50	$ 0.50
Cash G&A expense	$ 0.68	$ 0.62	$ 0.66	$ 0.65	$ 0.65	$ 0.69	$ 0.68	$ 0.68	$ 0.68	$ 0.68	$ 0.65	$ 0.65	$ 0.65	$ 0.65	$ 0.65
Non cash G&A expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DD&A expense (E&P)	$ 1.98	$ 1.97	$ 1.96	$ 2.01	$ 1.98	$ 2.03	$ 2.00	$ 2.00	$ 2.00	$ 2.01	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Severance tax as % of sales	12.0%	10.9%	12.7%	11.3%	11.7%	9.4%	11.0%	11.0%	11.0%	10.6%	11.0%	11.0%	11.0%	11.0%	11.0%
PRODUCTION															
Oil (bopd)	77	65	73	70	71	75	75	75	75	75	75	75	75	75	75
% Growth Y/Y					-10.0%	-2.8%	15.7%	2.1%	7.0%	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Gas (mcfpd)	24,445	24,309	25,001	24,900	24,664	24,596	24,500	24,500	24,500	24,524	25,334	25,235	25,725	25,725	25,505
% Growth Y/Y					-1.7%	0.6%	0.8%	-2.0%	-1.6%	-0.6%	3.0%	3.0%	5.0%	5.0%	4.0%
Equivalent (mcfepd)	24,907	24,697	25,441	25,321	25,091	25,046	24,950	24,950	24,950	24,974	25,784	25,685	26,175	26,175	25,954
% Growth Y/Y					-1.9%	0.6%	1.1%	-1.9%	-1.5%	-0.5%	2.9%	2.9%	4.9%	4.9%	3.9%
% Gas	98.1%	98.4%	98.3%	98.3%	98.3%	98.2%	98.2%	98.2%	98.2%	98.2%	98.3%	98.2%	98.3%	98.3%	98.3%
COMMODITY PRICES (Including Hedges)															
Oil ($/bbl)	$ 71.43	$ 75.00	$ 63.61	$ 71.36	$ 70.19	$ 82.71	$ 95.00	$ 85.00	$ 80.00	$ 85.67	$ 80.00	$ 80.00	$ 80.00	$ 80.00	$ 80.00
Gas ($/mcf)	$ 4.70	$ 3.99	$ 3.86	$ 3.95	$ 4.12	$ 4.83	$ 4.91	$ 4.94	$ 4.94	$ 4.90	$ 4.37	$ 4.37	$ 4.36	$ 4.36	$ 4.37
Equiv. ($/mcfe)	$ 4.83	$ 4.12	$ 3.98	$ 4.08	$ 4.25	$ 4.99	$ 5.11	$ 5.10	$ 5.09	$ 5.07	$ 4.52	$ 4.52	$ 4.52	$ 4.52	$ 4.52

Double Eagle Petroleum Cash Flow Forecast															
(in $mm, unless otherwise noted)	**Q1 - 10 A**	**Q2 -10 A**	**Q3 - 10 A**	**Q4 - 10 A**	**2010 A**	**Q1 - 11 A**	**Q2 -11 E**	**Q3 - 11 E**	**Q4 - 11 E**	**2011 E**	**Q1 - 12 E**	**Q2 -12 E**	**Q3 - 12 E**	**Q4 - 12 E**	**2012 E**
CASH FLOW															
Net income	$ 6.109	$ (0.889)	$ 2.862	$ (2.579)	$ 5.503	$ (0.152)	$ 1.068	$ 1.075	$ 0.963	$ 2.954	$ 0.247	$ 0.303	$ 0.285	$ 0.212	$ 1.046
DD&A expense	$ 4.560	$ 4.565	$ 4.737	$ 4.852	$ 18.714	$ 4.713	$ 4.641	$ 4.691	$ 4.691	$ 18.735	$ 4.741	$ 4.775	$ 4.916	$ 4.916	$ 19.348
Unrealized Hedging (gains) losses	$ (8.045)	$ 1.563	$ (1.548)	$ 1.834	$ (6.196)	$ 1.482	$ -	$ -	$ -	$ 1.482	$ -	$ -	$ -	$ -	$ -
Impairment	$ -	$ -	$ -	$ 1.103	$ 1.103	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Exploration	$ -	$ -	$ -	$ 1.103	$ 1.103	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred tax expense (benefit)	$ 3.457	$ (0.512)	$ 1.544	$ (1.308)	$ 3.181	$ (0.104)	$ 0.601	$ 0.605	$ 0.542	$ 1.643	$ 0.139	$ 0.170	$ 0.160	$ 0.119	$ 0.588
Other	$ (0.512)	$ (0.580)	$ (0.206)	$ (0.946)	$ (2.244)	$ (0.145)	$ -	$ -	$ -	$ (0.145)	$ -	$ 0.000	$ -	$ 0.000	$ -
Discretionary Cash Flow	**$ 5.569**	**$ 4.147**	**$ 7.389**	**$ 4.059**	**$ 21.164**	**$ 5.794**	**$ 6.310**	**$ 6.370**	**$ 6.195**	**$ 24.669**	**$ 5.127**	**$ 5.247**	**$ 5.361**	**$ 5.247**	**$ 20.982**
DCF per Diluted Share	**$ 0.50**	**$ 0.37**	**$ 0.66**	**$ 0.36**	**$ 1.90**	**$ 0.52**	**$ 0.56**	**$ 0.57**	**$ 0.55**	**$ 2.21**	**$ 0.46**	**$ 0.47**	**$ 0.48**	**$ 0.47**	**$ 1.88**
EBITDA	**$ 14.509**	**$ 3.622**	**$ 9.627**	**$ 2.827**	**$ 30.585**	**$ 4.929**	**$ 6.747**	**$ 6.807**	**$ 6.662**	**$ 25.146**	**$ 5.624**	**$ 5.775**	**$ 5.919**	**$ 5.805**	**$ 23.123**
EBITDA per Share	**$ 1.31**	**$ 0.33**	**$ 0.87**	**$ 0.25**	**$ 2.75**	**$ 0.44**	**$ 0.60**	**$ 0.61**	**$ 0.60**	**$ 2.25**	**$ 0.50**	**$ 0.52**	**$ 0.53**	**$ 0.52**	**$ 2.07**
Development Capex	**$ (5.737)**	**$ (0.915)**	**$ (4.814)**	**$ (1.395)**	**$ (12.861)**	**$ (3.943)**	**$ (4.000)**	**$ (8.000)**	**$ (8.000)**	**$ (23.943)**	**$ (6.000)**	**$ (6.000)**	**$ (6.000)**	**$ (6.000)**	**$ (24.000)**
Acquistion Capex	**$ -**	**$ -**	**$ (7.761)**	**$ (0.107)**	**$ (7.868)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Balance Sheet Items															
Cash	**$ 5.449**	**$ 4.192**	**$ 3.683**	**$ 2.605**	**$ 2.605**	**$ 3.345**	**$ 4.589**	**$ 1.894**	**$ 1.523**	**$ 1.523**	**$ 2.076**	**$ 2.758**	**$ 3.554**	**$ 1.735**	**$ 1.735**
Debt	**$ 37.169**	**$ 31.000**	**$ 34.000**	**$ 32.000**	**$ 32.000**	**$ 32.000**	**$ 32.000**	**$ 32.000**	**$ 34.500**	**$ 34.500**	**$ 37.000**	**$ 39.500**	**$ 42.000**	**$ 42.000**	**$ 42.000**

***Financial Data in $millions Except for Per Unit (per share, per Boe) Amounts**
Source: CKCC Research and Company Reports

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CATALYSTS

1) A Recovery in natural gas prices.

2) Successful/Commercial results on DBLE's intial Niobrara test wells, along with growing confidence in the play.

3) Enhanced pipeline profitability via the new 3rd-party transportation contract due in late 2012/early 2013.

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Ratings Distribution vs. Investment Banking Clients*

Research Coverage			Investment Banking Clients		
Rating	Issues	% By Rating	Issues	% of Issues	% by Rating
Buy	29	85%	7	100%	24%
Hold	5	15%	0	0%	0%
Sell	0	0%	0	0%	0%
Total	*34*	*100%*	*7*	*100%*	

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Rating and Price Target History

Date	Closing Price	Target Price	Rating
6/29/2011	$ 8.60	$ 11.50	**BUY**

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