



For Immediate Release

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Rajasthan Block Northern Appraisal Area

Extension, Discoveries and Further Drilling Plans

The Government of India (GoI) has awarded Cairn India a six month extension to the Exploration Phase of the Northern Appraisal Area (NAA) of the Rajasthan licence RJ-ON-90/1 in North West India from May 2007.

The granting of the extension will allow Cairn India to carry out an appraisal programme to delineate and explore the full potential of the Northern Appraisal Area (NAA), which covers an area of 879 square kilometres (km²). These discoveries have opened up a new play in the lower Dharvi Dungar sands on the western margin of the Rajasthan basin.

- The Kameshwari West-2 discovery is located 12 km north west of the 2003 Kameshwari discovery and 56 km south of the Mangala field. The well encountered 18.2 metres (m) of net pay in the lower Dharvi Dungar formation from a gross interval of 40 m. From formation pressure data a gas gradient and an oil gradient have been defined in the well. A Gas Oil Contact (GOC) at 1227.5 m MDBRT (1127m TVDSS) and an Oil Water Contact (OWC) at 1247.7 m MDBRT (1147 m TVDSS) have been confirmed.
- Open Hole Drill Stem Testing (OHDST) has been carried out and the well was flowed for approximately 7 hours at an average liquid rate of 450 barrels of liquid per day and 0.06 mmscf/d on a 32/64" choke with a water cut of 50%. The oil API is 33 degrees.
- The Kameshwari West-3 discovery is located 10.6 km to the north of Kameshwari West-2 and encountered up to 16 m of gas pay in tight lower Dharvi Dungar reservoir rock in a potential column of over 100 m. The well TD is 1499 m MD. Two DSTs were conducted and test results in the upper interval confirmed the presence of a gas pool which flowed at approximately 75,000 scfd. The deeper test of the potential oil accumulation remains inconclusive due to the tight nature of the reservoir rock.

The area is covered by 350 km² of 3D seismic data acquired in 2006. Further operations will re-commence in the NAA with exploration well Kameshwari West 'M'.

In June 2005, Cairn was granted an 18 month extension (until 14 November 2006) to complete its activities in the northern appraisal area to the north and west of the Development Area. However, the work programme in this area was interrupted by the severe flooding in Rajasthan in 2006. Cairn India ceased operations in this area and entered discussions with the GoI for a further extension of part of this acreage to complete its planned work programme.

Rahul Dhir Chief Executive Officer of Cairn India said:

"Cairn India is delighted to have secured this extension in order to further evaluate the potential of this area. The two discoveries confirm our belief that the Rajasthan basin is world class and will continue to add incremental value."

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About Cairn India Limited

- "Cairn India" w here referred to in the release means Cairn India Limited and/or its subsidiaries, as appropriate
- "Cairn" w here referred to in this release means Cairn Energy PLC and/or its subsidiaries (including Cairn India), as appropriate.
- Cairn India is headquartered in Gurgaon on the outskirts of Delhi, w ith operational offices in Chennai, Gujarat, Andhra Pradesh and Rajasthan.
- On 9 January 2007, Cairn successfully concluded the flotation of its Indian business w ith the commencement of trading of Cairn India Limited on the Bombay Stock Exchange and the National Stock Exchange of India. Cairn Energy PLC currently holds a majority shareholding in Cairn India Limited.
- Cairn India is currently focused on exploration and production in India w here it has a w orking interest in 15 blocks, tw o of w hich are producing hydrocarbons. The company holds material exploration and production positions in w est India, east India along w ith new exploration rights elsew here in India.
- This focus on India has already resulted in a significant number of oil and gas discoveries. In particular, Cairn India made a major oil discovery (Mangala) in Rajasthan in the north w est of India at the beginning of 2004. Cairn India has now made 22 discoveries in Rajasthan block RJ-ON-90/1.
- In Rajasthan, Cairn India operates Block RJ-ON-90/1 under a Production Sharing Contract (PSC) signed on 15 May 1995. The main Development Area (1,858 km²), w hich includes Mangala, Aishw ariya, Sarasw ati and Raageshw ari; is shared betw een Cairn India and ONGC, w ith Cairn India holding 70% and ONGC having exercised their back in right for 30%. A further Development Area (430 km²), including the Bhagyam and Shakti fields, is also shared betw een Cairn India and ONGC in the same proportion. Cairn India has a 100% interest in the Northern Appraisal Area.
- India currently imports approximately 2,000,000 barrels of oil per day (bopd). It produces approximately 700,000 bopd itself of w hich approximately 50,000 bopd comes from the Cairn India operated Ravva field on the east coast of India
- For further information on Cairn India Limited see www.cairnindia.com

Technical

2P	proven plus probable
3P	proven plus probable and possible
2D/3D	tw o dimensional/three dimensional
boe	barrel(s) of oil equivalent
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
bscf	billion standard cubic feet of gas
EOR	enhanced oil recovery
FDP	field development plan
MDBRT	measured depth below rig table
mmboe	million barrels of oil equivalent
mmscfd	million standard cubic feet of gas per day
PSC	production sharing contract
TVDSS	Total vertical depth sub sea

The Fatehgarh is the name given to the primary reservoir rock of the Northern Rajasthan fields of Mangala, Aishw ariya and Bhagyam.

The Barmer Hill is a low er permeability tight rock w hich overlies the Fatehgarh.

The Dharvi Dungar forms the secondary reservoirs in the Guda field and is the reservoir rock encountered in the recent Kameshw ari West discoveries.

The Thumbli forms the youngest reservoirs encountered in the basin. The Thumbli is the primary reservoir for the

Raageshwari field.

Rajasthan licence RJ-ON-90/1

