



For Immediate Release

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Ravva Joint Venture completes a decade of natural gas supply to GAIL (India) Ltd from Ravva field

Cairn India and its Ravva JV partners have recently completed a decade of uninterrupted gas supply to GAIL (India) Ltd. The Joint Venture comprising of Cairn India, ONGC, Videocon Petroleum, and Ravva Oil supplies gas to GAIL (India) from the Ravva field off the coast of Andhra Pradesh, under two gas sales contracts (GSCs), one for associated gas signed in June 1997 and the other for Non associated gas signed in April 2001.

As on date around 200 bcf (billion cubic feet) of gas has been supplied to GAIL (India) from the Ravva fields.

The associated gas supply commenced with a daily average supply of 7 Lakh standard cubic meters and increased to 10 Lakh standard cubic meters per day by 1999. With the satellite fields coming on stream in the fourth quarter of 2004 the supply to GAIL (India) went up to 19 Lakh standard cubic meters and reached an all time high of 24.5 Lakh standard cubic meters per day. Supply thereafter has remained at over 20 Lakh standard cubic meters per day.

The gas produced from the Ravva fields is supplied to a number of industries in the region by GAIL (India) Ltd. Some of the key customers include Nagarjuna Fertilizers & Chemicals Ltd., Lanco Kondapalli Power Ltd., Andhra Pradesh Gas Power Corp. Ltd., Spectrum Power Generation Ltd., GVK Industries and Reliance Energy Ltd. (BSES).

The gas sales contracts with GAIL (India) are field based contracts and run concurrent with Production Sharing Contract. The ceiling prices under each of the Ravva gas supply contracts were negotiated and revised upwards in 2006 and are valid upto November 2008. GAIL has adequate infrastructure in the region and will be a major contender for future gas supplies from the field.

Rahul Dhir, Chief Executive Officer of Cairn India, said:

The completion of a decade of gas supply marks a milestone in the commercial partnership between Cairn India, its JV partners and GAIL (India). This is a momentous occasion! Through the decade we have been able to consistently deliver the nominated volume and meet GAIL (India)'s expectations. In turn GAIL (India) has always maintained a track record of prompt payments for the supplies made from the Ravva fields. Such commitments from both sides have helped strengthen this relationship.

Dr. U D Choubey, Chairman and Managing Director of GAIL (India), said:

GAIL has been a dominant natural gas company with many firsts in the gas sector to its credit. It was the first in the country to enter into an international contract for purchase of gas in 1997, which was a landmark development for supply of gas from the Ravva fields developed by the Cairn and its JV and since then both Ravva JV and GAIL have maintained a very healthy relationship towards meeting the demand of gas in Andhra region. This partnership between three key links in the energy value chain: the customer, the supplier and the transporter is a very good example of cooperation and collaboration in the hydrocarbon sector in the larger economic interest of the nation.

Media

Sourav Das, Manager, Corporate Communications +91 9910377455

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, with operational offices in Chennai, Gujarat, Andhra Pradesh and Rajasthan.

- On 9 January 2007, Cairn successfully concluded the flotation of its Indian business with 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 69% shareholding in Cairn India Limited.
- Cairn India is currently focused on exploration and production in India where it has a working interest in 15 blocks, two of which are producing hydrocarbons. The company holds material exploration and production positions in west India and east India along with new exploration rights elsewhere in India.
- This focus on India has already resulted in a significant number of oil and gas discoveries. In particular, Cairn made a major oil discovery (Mangala) in Rajasthan in the north west of India at the beginning of 2004. More than 20 discoveries have been made 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), which includes Mangala, Aishwariya, Saraswati and Raageshwari; is shared between Cairn India and ONGC, with 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 between Cairn India and ONGC in the same proportion.
- The Operating Committee for Block RJ-ON-90/1 consists of Cairn India and ONGC.
- India currently imports approximately 2,000,000 barrels of oil per day (bopd). It produces approximately 700,000 bopd itself of which 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