



FOR IMMEDIATE RELEASE

October 14 2009

CAIRN ENERGY PLC (“Cairn”)

Cairn agrees farm out with PETRONAS International Corporation Ltd for Greenland Blocks

Cairn is pleased to announce today that it has entered into binding Heads of Terms with PETRONAS International Corporation Ltd, (PICL), the overseas arm of Petroliam Nasional Berhad (PETRONAS), on the following terms:

- Cairn has agreed to sell to PICL a 10% interest in its existing 6 operated blocks offshore Greenland, subject to the required Government and partner approvals.
- PICL has an option to increase its interest to 20% in any development in these blocks, in return for payment of further consideration to reflect a market valuation of the additional 10% interest at that time.
- Cairn and PICL have also agreed to co-operate on an 80/20 basis on any other Open Door or Bid Round initiatives in Greenland.
- In addition, PICL has acquired from Cairn 43.6million shares in Cairn India Limited (CIL) representing a 2.30% stake in CIL, taking the total holding of PICL in CIL to 14.94%.

The total consideration to be paid by PICL in respect of the above transactions is US \$310 million*. These funds will be targeted for additional investment in Greenland exploration.

* Please see Notes to Editors.

Sir Bill Gammell, Chief Executive Officer, Cairn Energy PLC said:

“We are delighted that PETRONAS is joining with us in Greenland as we take forward our leading exploration position. The acquisition of additional CIL shares by PETRONAS reflects our shared belief in the continuing growth potential of Rajasthan while giving Cairn increased financial and operational flexibility in line with our growing confidence in Greenland.”

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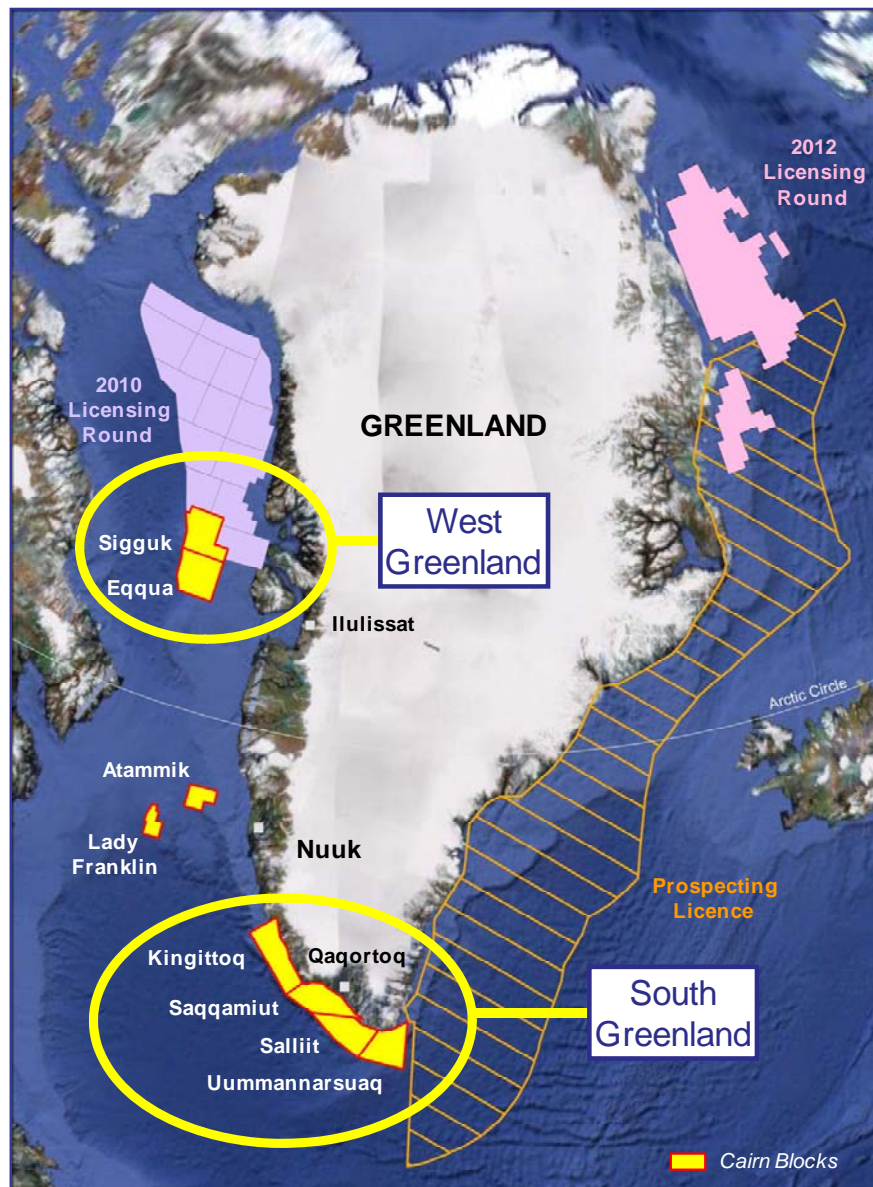
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NOTES TO EDITORS:

- Cairn Energy PLC (“Cairn”) is an Edinburgh-based oil and gas exploration and production company listed on the London Stock Exchange. Following the IPO of Cairn India in January 2007, there are two separate parts of the business:
- Cairn India limited (“Cairn India”) is listed on the Bombay Stock Exchange and the National Stock Exchange of India and has interests in a total of 13 acreage blocks in India and Sri Lanka. Cairn now retains a 62.75% interest in Cairn India.
- Capricorn Oil Limited (“Capricorn”), a 90% subsidiary of Cairn is focused on exploration. Capricorn now has assets in Bangladesh, Nepal, Northern India, Greenland, Tunisia, Albania, and pending licence awards in Spain.
- “Cairn” where referred to in this release means Cairn Energy PLC and/or its subsidiaries (including Cairn India and Capricorn), as appropriate.
- “Cairn India” where referred to in the release means Cairn India Limited and/or its subsidiaries, as appropriate.
- “Capricorn” where referred to in this release means Capricorn Oil Limited and/or its subsidiaries as appropriate.
- Cairn through its subsidiary Capricorn operates six blocks in Greenland. It also has non operated interests in two other blocks.
- *The aggregate consideration of \$310 million comprises approximately \$240 million for the CIL shares and \$70 million for the Greenland position. The proportion of the consideration allocated to CIL shares is calculated by reference to a small discount to the closing price on 12 October 2009 (The Indian markets being closed on 13 October 2009).
- Cairn has focused its activities on the geographic region of South Asia, which 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. Cairn has now made more than 20 discoveries in Rajasthan block RJ-ON-90/1.
- Cairn India is headquartered in Gurgaon on the outskirts of Delhi, with operational offices in Chennai, Gujarat, Andhra Pradesh and Rajasthan.
- Cairn Energy PLC (including Capricorn) is run from Edinburgh with operational offices in Dhaka, Chittagong, Tunis and Kathmandu.

For further information on Cairn see www.cairnenergy.com



Current

West Greenland	Exploration	Development
Cairn (OP)	100%	87.5%
Nunaoil	0%	12.5%

South Greenland	Exploration	Development
Cairn (OP)	100%	92%
Nunaoil	0%	8%

Proposed

West Greenland	Exploration	Development
Cairn (OP)	88.58%	77.5%
Nunaoil	0%	12.5%
PICL	11.42%	10.0%

South Greenland	Exploration	Development
Cairn (OP)	89.13%	82%
Nunaoil	0%	8%
PICL	10.87%	10.0%