



**For Immediate Release**

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### **Cairn starts oil production in Rajasthan – Prime Minister dedicates it to the Nation**

Cairn India has started production from the world class Mangala Field in Rajasthan. Mangala is the largest of 25 discoveries made by Cairn in the Barmer Basin in Block RJ-ON-90/1

The Mangala field was dedicated to the Nation by the Hon'ble Prime Minister of India, Dr. Manmohan Singh, at the Mangala Processing Terminal, Barmer, Rajasthan today in an inauguration ceremony attended by Central and State Government officials.

First oil was evacuated via trucking to the Gujarat coast for onward transport to MRPL, one of the Government nominated buyers, using a heated crude oil tanker. The oil production will gradually ramp up to a peak production of 175,000 barrels of oil per day over the next two years. At this point, oil production from Rajasthan oil fields will account for over 20% of India's domestic oil production.

Among those present at the event were dignitaries including the Chief Minister of Rajasthan, Shri Ashok Gehlot, the Union Minister for Petroleum and Natural Gas (P&NG), Shri Murli Deora, Minister of State for Petroleum and Natural Gas, Shri Jitin Prasada, the Member of Parliament for Barmer, Shri Harish Chaudhary, the Minister of State for Mines, Environment and Forest, Government of Rajasthan, Shri Ram Lal Jat, Secretary (P&NG), Shri R.S. Pandey, Directorate General of Hydrocarbons, Shri V. K. Sibal and Chairman and Managing Director of ONGC, Shri R.S. Sharma. Cairn was represented by Sir Bill Gammell, Chairman, Cairn India and Shri Rahul Dhir, Managing Director and CEO, Cairn India

Cairn India, the Operator of the Rajasthan block, holds a 70 percent participating interest with ONGC, its joint venture (JV) partner, holding the balance of 30 percent. The JV has already invested approximately USD 2 billion in the Rajasthan project and has plans to invest a further USD 1.8 billion by 2011, making it one of the largest onshore oil and gas projects in India.

Highlights of the Rajasthan project include:

- The Mangala field was discovered in January 2004 - the largest onshore oil discovery in India in more than 20 years
- The Mangala, Bhagyam and Aishwariya (MBA) fields have recoverable oil of nearly 1 billion barrels which includes proven plus probable (2P) gross reserves and resources of 685 million barrels of oil equivalent (mmboc) with a further 300 mmboc, or more, of Enhanced Oil Recovery (EOR) potential
- Initial volumes of crude will be produced through the first processing train which has a capacity of 30,000 barrels and production ramp up will continue until all four processing trains, with a total capacity of 205,000 bopd, are built and installed by 2011
- The MBA fields, once on peak plateau production of 175,000 bopd, will contribute more than 20% of India's domestic crude production
- The Rajasthan resource base has continually grown since the discovery of Mangala in 2004 – a total of 25 discoveries have already been made - the focus being to realise the full potential of the Barmer Basin in the coming years
- The total acreage under long term contract is 3,111 km<sup>2</sup> spread across the districts of Barmer and Jalore
- The Mangala Processing Terminal (MPT) will act as the hub for processing crude oil from all the Rajasthan fields
- ~16,000 workers are currently involved in the construction activities -5,000 on the pipeline and 11,000 on the MPT
- The world's longest heated and insulated crude oil pipeline is being built by Cairn from the MPT to the Gujarat coast – length of 670 kilometres - giving access to more than 75% of India's refining capacity – the first phase is targeted for completion by the end of 2009
- Special heated trucks deployed for evacuation of crude from Mangala Processing Terminal to Gujarat Coast
- Crude production from the Rajasthan fields will generate revenues of approx Rs. 36,000 crore (US\$7.6 billion) in the form of royalties to the State Government of Rajasthan over the life of the project, while the

Government of India will earn approximately Rs. 46,000 crore (US\$9.5 billion) as profit petroleum, assuming crude oil prices of US\$50 a barrel

- Employed highly mobile custom built rapid drilling rigs, with compact layout, which has resulted in savings in land, infrastructure and drilling costs
- Use of latest drilling and completion technology to create high rate production wells with capacity of up to 10,000 barrels of oil per day

The GoI has nominated MRPL, IOC and HPCL for the initial offtake quantities from the Rajasthan block for the period 2009-10 and 2010-11 and the commercial terms and pricing negotiations have been concluded with IOC and MRPL.

The pricing agreed with MRPL and IOC for the initial volumes of crude from Mangala represent a 10-15% discount to Brent on the basis of prices prevailing for the six months to June 2009. This is subject to GoI approval.

**Rahul Dhir, Managing Director and Chief Executive, Cairn India said:**

*“This is a significant and historic event for both Rajasthan and India as the country's biggest onshore oil discovery for more than two decades is brought on production*

*Cairn is delighted to have support from the highest levels of the Government of India and it is an honour to have the Mangala field, which will enhance India's energy supplies, inaugurated by the Hon'ble Prime Minister of India, Dr. Manmohan Singh.*

*We have worked closely with our partners, including state and local authorities, to ensure that the project is delivered on to time, so as to maximise the benefits to the company and the local Barmer community.*

*Cairn would like to thank the people of Barmer and Rajasthan and we hope the project will bring further benefits to the economy in the area.”*

**Sir Bill Gammell, Chairman of Cairn India said:**

*“This is major milestone and historic moment for the Cairn group.*

*We are delighted that we have been able to bring this field from discovery to production successfully within five years.*

*It is a world class development and we would like to thank our partners, ONGC the state and central government along with our contractors who have made this achievement possible. It is a credit to everyone who has worked on the project.*

*We look upon this as the first step in developing the MBA fields further and continuing to grow our business.”*

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**About Cairn India Limited**

- “Cairn India” where referred to in the release means Cairn India Limited and/or its subsidiaries, as appropriate.
- Cairn Lanka (Private) Limited, is a wholly owned subsidiary of Cairn India that holds a 100% participating interest in the Mannar block.
- “Cairn” where 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 65% shareholding in Cairn India Limited.
- Cairn India holds material exploration and production positions in 13 blocks in west India and east India along with new exploration rights elsewhere in India and Sri Lanka.
- 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. Twenty five 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 km<sup>2</sup>), 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 km<sup>2</sup>), 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 more than 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](http://www.cairnindia.com)

## Glossary

### Corporate

Cairn India/CIL	Cairn India Limited and/or its subsidiaries as appropriate
Company	Cairn India Limited
DoC	Declaration of Commerciality
JV	Joint Venture
MBA	Mangala, Bhagyam and Aishwariya
MPT	Mangala Processing Terminal
MRPL	Mangalore Refinery and Petrochemicals Limited, (subsidiary of ONGC)
IOC	Indian Oil Corporation
HPCL	Hindustan Petroleum Corporation Limited
E&P	exploration and production
Goi	Government of India
Group	the Company and its subsidiaries
ONGC	Oil and Natural Gas Corporation Limited

### Technical

2P	proven plus probable
3P	proven plus probable and possible
2D/3D	two 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
mmboe	million barrels of oil equivalent
mmscfd	million standard cubic feet of gas per day
PSC	production sharing contract

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

The Barmer Hill is a lower permeability reservoir which overlies the Fatehgarh.

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

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

***These materials contain forward-looking statements regarding Cairn India, our corporate plans, future financial condition, future results of operations, future business plans and strategies. All such forward-looking statements are based on our management's assumptions and beliefs in the light of information available to them at this time. These forward-looking statements are, by their nature, subject to significant risks and uncertainties and actual results, performance and achievements may be materially different from those expressed in such statements. Factors that may cause actual results, performance or achievements to differ from expectations include, but are not limited to, regulatory changes, future levels of industry product supply, demand and pricing, weather and weather related impacts, wars and acts of terrorism, development and use of technology, acts of competitors and other changes to business conditions. Cairn India undertakes no obligation to revise any such forward-looking statements to reflect any changes in Cairn India's expectations with regard thereto or any change in circumstances or events after the date hereof. Unless otherwise stated the reserves and resource numbers within this presentation represent the views of Cairn India and do not represent the views of any other party, including the Government of India, the Directorate General of Hydrocarbons or any of Cairn India's joint venture partners.***