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CAIRN ENERGY PLC ("Cairn")

Cairn secures rigs for 2011 Greenland Exploration

Cairn has secured two state of the art dynamically positioned drilling vessels for its 2011 dual rig exploration programme offshore Greenland.

The "Leiv Eiriksson", a fifth generation semi-submersible drilling rig and the "Ocean Rig Corcovado", a sixth generation drillship, have been contracted to operate in the 2011 drilling season on Cairn's offshore Greenland exploration programme. Both drilling vessels are operated by Ocean Rig.

Subject to approval from the Government of Greenland, Cairn intends to drill up to four wells in 2011. Further details on the exploration programme will be provided in Cairn's next operational update.

To provide the immediate liquidity required to enable the group to agree these contracts, Cairn has entered into a stand-by secured revolving debt facility of US \$900 million that will also provide funding for general corporate purposes. The facility is provided by Standard Chartered Bank, Bank of Scotland Plc, Crédit Agricole Corporate and Investment Bank, HSBC Bank PLC and Société Générale.

Sir Bill Gammell, Chief Executive said:

"By contracting two vessels for the Greenland exploration programme Cairn has increased operational capability and flexibility and continues to demonstrate its focus on safety. We look forward to drilling up to four exploration wells offshore Greenland during 2011."

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Cairn Energy PLC

- 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 arms to 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 11 acreage blocks in India and Sri Lanka. Cairn currently retains a 62.37% interest in Cairn India.
 - Capricorn Oil Limited (“Capricorn”), a 100% subsidiary of Cairn, is focused on exploration. Capricorn has assets in Nepal, 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.
- Cairn has previously focused its activities on the geographic region of South Asia, resulting 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 Tunis and Kathmandu.

For further information on Cairn please go to: www.cairnenergy.com