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Cairn Energy PLC ("Cairn")

Bangladesh Drilling Programme Update

Cairn has completed the drilling of the Magnama-1 exploration well in Block 16 offshore Bangladesh.

Magnama-1 was drilled at a crestal location to a total depth of 4003m BRT with the primary objective of evaluating the potential for gas in abnormally high pressured sands beneath those productive at Sangu and elsewhere in the basin. The well encountered a series of well developed sands in the deepest section drilled but these were not gas charged and the well is now in the process of being plugged and abandoned. Magnama-1 also encountered a number of thin gas bearing sands which may be subject to further evaluation at a later date.

The Block 16 Joint Venture will next drill the Hatia-1 exploration well, which is located 12 km north-west of Sangu. It is currently expected that drilling on Hatia-1 will commence shortly.

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Notes to Editors:

1. On 26 October 2007, Cairn announced a part disposal of its Bangladesh interests to Santos International Holdings Pty Limited (Santos). Following this transaction, Cairn holds a 37.5% operated interest in Block 16 exploration acreage. Santos holds a 37.5% interest in Block 16 exploration acreage.