

# Mangala sales commence through pipeline

15<sup>th</sup> June 2010

Cairn India and ONGC, the 70:30 joint venture (JV) partners in the Rajasthan block, RJ-ON-90/1, have commenced sales through the world's longest continuously heated and insulated crude oil pipeline.

The ~590 km long Barmer to Salaya section of the Barmer to Bhogat pipeline (~670 km) is now operational with oil supplies having commenced to the private refineries from the delivery point at Salaya. Sale of crude to IOC through the pipeline is also expected to commence soon. Production is currently ~60,000 barrels of oil per day (bopd).

The completion of the pipeline and related infrastructure allows the JV to sell crude to the refineries in order to gradually increase both production and sales. Pipeline sales are expected to reach 125,000 bopd in the second half of calendar year 2010 and sales arrangements with four buyers are now being put in place for 143,000 bopd.

Other key features of the pipeline are:

a.	Safe and most cost efficient mode of crude transportation
b.	Construction to operation in a short period of 24 months
c.	More than 6,000 people employed during the construction activity
d.	Adaptation and successful application of specialised Skin Effect Heat Management System (SEHMS)
e.	More than 700 crossings (34-major rivers, 38-canal) along the pipeline route
f.	Passes through more than 270 villages in Rajasthan and Gujarat
g.	Route selection ensures minimum impact on the environment
h.	Use of latest technology to secure the pipeline and provide rapid response
i.	Use of natural gas from Rajasthan fields to heat the crude

The pipeline has been constructed and installed in accordance with notified regulations and international best practices. The installation and Right of Usage (RoU) reinstatement has been subject to regular review by the International Finance Corporation independent auditors.

Construction work is now set to commence on the Salaya to Bhogat section of the pipeline, on the Gujarat coast with completion targeted for 2011. The pipeline, which is part of the Mangala Field Development Plan, has been approved by the Government of India.

**Sudhir Vasudeva, Director (Offshore), ONGC said:**

*“Commissioning of this crude oil pipeline marks a successful completion of a technological marvel by our Joint Venture team in the Rajasthan project and would facilitate more cost-effective and augmented crude oil production directly accessing the buyers.*

*In partnership with all stake holders, we are committed to develop the resources in the Barmer basin and provide our nation with additional volumes of crude oil.”*

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

*“Cairn India is delighted that crude oil sales from Mangala through the pipeline have started. It has taken 24 months to link this key piece of infrastructure from Rajasthan to the refineries which will allow for significant production growth. The partnership and support of the Government of India, state governments, local communities and ONGC has been vital in helping complete this national asset.”*