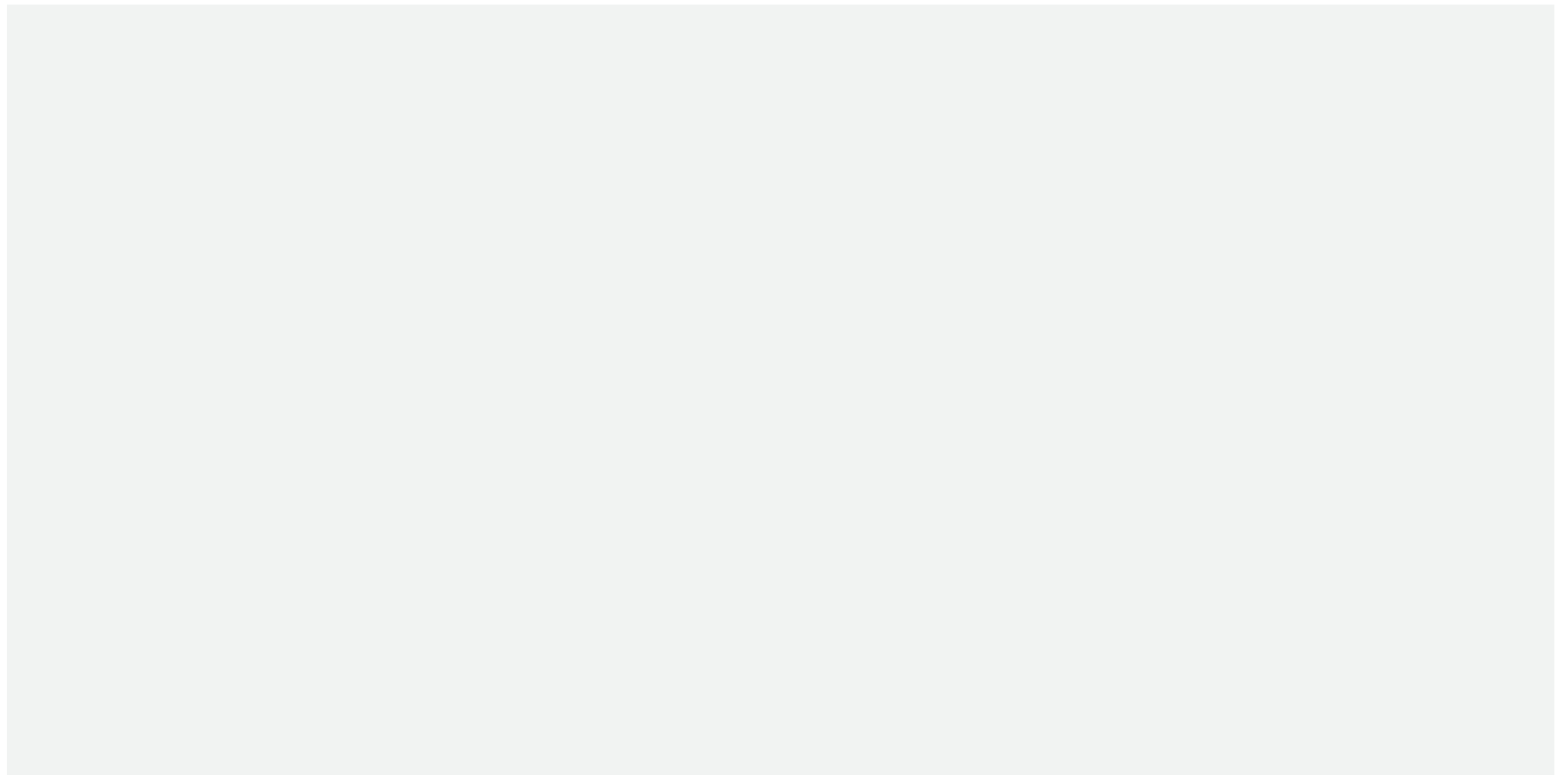


PRODUCTION

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PSC extension: a facility at Cairn's Mangala processing terminal. Photo: CAIRN OIL & GAS

Cairn signs landmark extension agreement for prolific Indian asset

Rajasthan contract extension will be valid from May 2020 for a 10-year period

27 October 2022 21:46 GMT *UPDATED* 27 October 2022 21:46 GMT

By [Nishant Ugal](#) in **New Delhi**

Cairn Oil & Gas has gained a 10-year extension to the production sharing contract for its prolific Rajasthan block onshore India.

The Vedanta subsidiary this week said that it secured approval from India's Ministry of Petroleum & Natural Gas and has signed an agreement, with the extension for Block RJ-ON-90/1 to be applicable from May 2020 until May 2030.

The acreage comprises the Mangala, Bhagyam and Aishwariya fields and is said to be India's largest producing onshore oil asset.

The block has produced more than 700 million barrels of oil equivalent and contributed over \$22 billion to the exchequer, the operator noted.

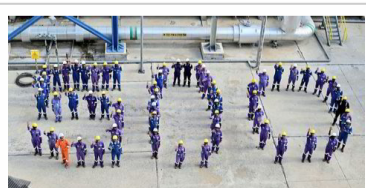
"The block, with 38 discoveries, till date, has total in-place hydrocarbons of 5.9 billion barrels of oil equivalent," Cairn said.

Oil and gas production from the block is believed to be more than 150,000 barrels of oil equivalent per day, but this could not be independently confirmed by Upstream.

Investment

Cairn said that the contract extension "will spur capex investment and encourage private players entering this critical sector".

While the company confirmed the PSC extension deal, it did not reveal further details on potential profit sharing with the government or other contractual details.



Cairn Oil & Gas hits production milestone from flagship Rajasthan asset

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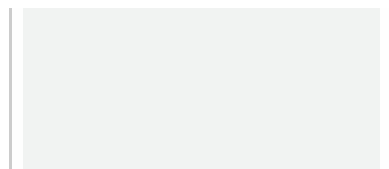
Cairn deputy chief executive Prachur Sah said the extension will be key to the company's goal of doubling its production and helping India achieve energy self-reliance.

"Home to prolific fields, the Rajasthan block demands extensive investment in technologies to enhance recovery. The field also carries the potential for new explorations," Sah noted.

Shale potential

Sah added that the company is confident that the extension contract will enable it to streamline operations and enhance investments in the block, which also hosts unconventional shale exploration.

"We are firm in our overall vision of contributing 50% to India's domestic crude production and we will do this by committing an investment of \$5 billion and achieving production of 500,000 barrels of oil equivalent per day," he added, without suggesting a timeline for the higher production target.



Mangala milestone

The company earlier said that it has hit a production milestone in the development of Mangala — India's largest onshore oilfield — reaching cumulative output of 500 million barrels of crude.

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Mangala — which was discovered in 2004 and put into production in 2009 — has been the object of a huge polymer flood project for enhanced oil recovery.

Alkaline surfactant polymers are used on a project that Cairn describes as one of the largest of its kind in the world.

Project watchers said multiple EOR and development projects are now likely to gain momentum in the Rajasthan block, following the extension of the PSC.

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