



Energy for India

BUILD | CONSOLIDATE | DELIVER

Annual Report and Financial Statements 2011-2012





Q1

Average daily gross operated production at 171,801 boe

RJ-ON-90/1

Saraswati field commenced production at the end of May 2011

More than 11 million barrels (mm bbls) of crude oil safely delivered through the pipeline

Gross cumulative Rajasthan development capital expenditure stood at US\$ 3,115 million

KG-ONN-2003/1

The JV entered Phase-II of the exploration period

Ravva

Infill drilling campaign completed; infill programme met the objective of slowing down production decline

Cumulative crude sales in excess of 50 mm bbls to Indian refiners

Q2

Average daily gross operated production at 169,944 boe

Cairn India shareholders approve the acceptance of conditions imposed by the Government of India (GoI) for the Cairn PLC and Vedanta transaction

RJ-ON-90/1

Completed two years of production from the Mangala field

Mangala Development Pipeline Project declared runners-up in "Project of the Year" award organised by Project Management International

Sri Lanka

CLPL-Dorado-91H/1z well was the first ever exploration well drilled in Sri Lanka in 30 years and also the first with a hydrocarbon discovery

Discovery and establishment of a working hydrocarbon system in the Mannar Basin; success in the first well of the three well programme

Q3

The Vedanta Group now holds 59% of the issued share capital of the company

RJ-ON-90/1

Aishwariya field development underway; EPC contractors engaged

KG-ONN-2003/1

Drilling of an exploration well ongoing to appraise the Nagayalanka discovery

Sri Lanka

Completed Phase I exploration in the frontier Mannar Basin. Three well drilling campaign resulted in two successive discoveries, Cairn Lanka notifies the Government of Sri Lanka of its intention to enter Phase 2 of the exploration period in the block

Others

The company was adjudged the

fastest growing energy company in Asia and the fourth fastest growing in the world at the Platts Top 250 Energy Company Awards 2011 at the International Energy Week, Singapore

Rajasthan Operations bagged 12 awards in the "Silver Jubilee Mines Safety Week" function at Bikaner, Rajasthan under the aegis of the Directorate General of Mines Safety (DGMS)

Q4

RJ-ON-90/1

Bhagyam field commenced production on 19 January, 2012

Marginal Oil field Raageshwari commenced production on 8 March, 2012

Rajasthan potential resource for the block is now estimated at 7.3 bn boe gross in-place from 6.5 bn boe gross in-place

Following positive results from the EOR polymer pilot and a decision to submit a Field Development Plan (FDP), 70 mm bbls booked as gross proved and probable reserves

Sales arrangements renewed with buyers for volumes in excess of 175,000 bopd

Others

The Cairn India Dividend Policy was approved by the Board of Directors. The aim is to maintain dividend payout ratio at around 20% of annual consolidated net profit

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Cairn India is one of the largest independent oil and gas exploration and production companies in India. Cairn and its JV partners' account for more than a fifth of India's domestic crude oil production. It has been operating in India for more than fifteen years. Cairn India's producing assets are in Rajasthan, Cambay and Ravva. It has a total of 10 blocks in its portfolio in three strategically focused areas.



From left to right, seated: Mr. Navin Agarwal, Mr. Aman Mehta, Mr. Naresh Chandra

From left to right, standing: Mr. Rahul Dhir, Mr. Tarun Jain, Dr. Omkar Goswami, Ms. Priya Agarwal, Mr. Edward Story

Board of Directors

MR. NAVIN AGARWAL

Chairman and Non-Executive Director

Mr. Navin Agarwal, 51, is a Bachelor in Commerce from Sydenham College in Mumbai, India. He is the Deputy Executive Chairman of Vedanta Resources plc and was appointed to its Board in November 2004. Mr. Agarwal has played a key role in strategic planning for Vedanta, and drives the execution of organic growth and acquisitions. He also oversees capital raising initiatives, global investor relations and talent development at the management level, and has over 25 years of experience. He chairs the Vedanta's group Executive Committee. In this role, he provides strategic direction and guides the sharing and implementation of best management practices across the group.

MR. RAHUL DHIR

Managing Director and CEO

Mr. Rahul Dhir, 46, joined Cairn India as an Additional Director and was appointed as the Managing Director and CEO on 22

August, 2006. Mr. Dhir has over 25 years of experience in the Oil and Gas sector covering technology, finance and business leadership. Mr. Dhir started his career as an oil and gas reservoir engineer before moving into investment banking. He has worked at SBC Warburg, Morgan Stanley and Merrill Lynch. Before joining Cairn India, he was the Managing Director and Co-Head of Energy and Power Investment Banking at Merrill Lynch.

Mr. Dhir holds a degree in Bachelor of Technology from the Indian Institute of Technology, Delhi; MSc. from the University of Texas at Austin and MBA from the Wharton Business School in Pennsylvania.

MR. NARESH CHANDRA

Non-Executive and Independent Director

Mr. Naresh Chandra, 77, is a post graduate (MSc. in Mathematics) from Allahabad University and a retired IAS officer. Previously, Mr. Chandra was Chairman of the Indian Government

Committee on Corporate Governance, India's Ambassador to the USA, Senior Advisor to the Prime Minister, Governor of Rajasthan, Cabinet Secretary to the Government of India, and Chief Secretary to the Government of Rajasthan. A reputed administrator and diplomat, Mr. Chandra serves as an independent director on the boards of a number of companies.

MR. EDWARD T STORY

Non-Executive and Independent Director

Mr. Edward T Story, 68, holds a Bachelor of Science degree from Trinity University, San Antonio, Texas and holds a Masters degree in Business Administration from the University of Texas with an honorary Doctorate degree by the Institute of Finance and Economics of Mongolia. He is the Chairman of the North America Mongolia Business Council. Mr. Story has more than 40 years experience in the international oil and gas industry and is the founder, President and Chief Executive Officer of the London Stock Exchange listed SOCO International PLC.

MR. AMAN MEHTA

Non-Executive and Independent Director

Mr. Aman Mehta, 65, is an economics graduate from Delhi University. He has over 35 years of experience in various positions with the HSBC Group. Mr. Mehta occupies himself primarily with corporate governance, with Board and Advisory roles in a range of Companies and Institutions in India as well as overseas. Formerly, he has been a Supervisory Board member of ING Group NV and a Director of Raffles Holdings, Singapore. He is also a member of the governing board of the Indian School of Business, Hyderabad and a member of the International Advisory Board of Prudential of America. He has had a long association with INSEAD where he was a member of their Indian Advisory Council.

DR. OMKAR GOSWAMI

Non-Executive and Independent Director

Dr. Omkar Goswami, 55, holds a Master of Economics Degree from the Delhi

School of Economics. He is a D. Phil in Economics from Oxford University. He has taught in several academic institutions in India and abroad; edited one of India's best known business magazines; was the Chief Economist of the Confederation of Indian Industry; and is the Executive Chairman of CERG Advisory Private Limited, a consulting and advisory firm. Dr. Goswami serves as an independent director on the board of a number of companies and has authored various books and research papers on economic history, industrial economics, public sector, bankruptcy laws and procedures, economic policy, corporate finance, corporate governance, public finance, tax enforcement and legal reforms.

MS. PRIYA AGARWAL

Non-Executive Director

Ms. Priya Agarwal, 22, has done B.Sc. Psychology with Business Management from the University of Warwick in the UK. She has experience in Public Relations

with Ogilvy & Mather and in Human Resources with KornFerry International, Vedanta Resources and HDFC Bank.

MR. TARUN JAIN

Non-Executive Director

Mr. Tarun Jain, 52, is a graduate from the Institute of Cost and Works Accountants of India and a fellow member of both the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

He is the Director of Finance of Sterlite Industries (India) Limited. Mr. Jain has over 27 years of experience in corporate finance, accounts, audit, taxation, secretarial and legal matters. He is responsible for Sterlite's strategic financial matters, including corporate finance, corporate strategy, business development and M&As.



Chairman's Letter

Dear Shareholder,

This is my first year as Chairman. I am delighted to have taken over the Chairmanship of your Company and would like to thank my predecessor, Sir Bill Gammell, for his exceptional stewardship of the Company. Cairn India is a great company with a very well established track record. The performance of Cairn India is testament to the strength of our people. Their unrelenting commitment is admirable. Following the completion of the Vedanta Group's purchase of the majority share in Cairn India Limited, your Company is well poised for its next phase of growth.

We are witnessing continuous global economic uncertainty. Global economy, though recovering, has been put under threat by the Eurozone's financial turbulence. These prevailing uncertainties have subdued the oil markets with the resultant impact on prices and volatility. We are living in a very interdependent world. Developing economies like India are especially vulnerable to volatility in oil prices - our import dependence is increasing. With expected growth in demand for oil, it would be critical for the nation to secure energy supplies.

Your Company's world class assets in Rajasthan have played a significant role in securing nation's energy supplies, to the nation's exchequer, and to the development and income generation in the states of Rajasthan and Gujarat. During the year, we reduced oil imports by US\$ 6 billion.

FY2012 was an exciting year for your Company. Cairn India reached an important milestone: crude oil production from the Rajasthan block touched 175,000 barrels of oil per day (bopd). Similarly, your Company also commenced production from the Bhagyam, Raageshwari and Saraswati fields in Rajasthan.

Your Company's international foray met with successes. The discoveries in Sri Lanka were the first in 30 years. We have now entered our second phase of exploration.

Your Company's Board of Directors has approved its dividend policy. We aim a

dividend payout ratio of around 20 per cent of the annual consolidated net profits to our shareholders.

We operate in an industry, where our commitment to the health and safety of our people and sustainability of the environment and communities in which we work, are very critical. I am committed to meet our world-class standards in safety and operational excellence, and I am quite confident that everyone in Cairn India joins me in that commitment.

The support of the Government of India, the state governments, our joint venture partner ONGC, local communities and key contractors has been a key enabler. I personally thank all for their help. On your behalf, I also wish to thank all employees of your Company for their focus and commitment on finding and producing energy safely, reliably and efficiently.

I remain confident that we will continue to meet India's energy challenges and deliver enduring value for our shareholders. With the talent and commitment of the people of Cairn India, we are strong, resilient, and well-positioned for the future.

Looking forward to FY2013, we remain committed to operate our business efficiently. Your Company is now in a strong position to work towards basin production potential of 300,000 bopd, subject to further investments and approvals from our Joint Venture partner, the Oil and Natural Gas Corporation (ONGC) and the

Government of India. Despite the current economic uncertainties, the outlook for oil price remains good and we are preserving our investment trajectory.

We are proud to produce energy for India. Jai Hind!



Navin Agarwal
Chairman

Date: 20 April, 2012



Managing Director & CEO's Letter

Dear Shareholder,

FY2012 was truly a terrific year for your Company, as the business delivered on all fronts – operations, projects, explorations and financial numbers - while in the midst of considerable on-going uncertainty. This speaks volumes about the robustness of the organisation and its commitment.

The chapter on Management Discussion and Analysis gives the details of your Company's operations during the year. In this letter, allow me to highlight some that have brought me great satisfaction as this Company's Managing Director and CEO. We have seen safe operations across all your Company's assets – with a rigorous focus on health, safety and environment (HSE), asset integrity and operating effectiveness. I am proud to inform you that all the assets had over 98 per cent plant uptime with high standards. The latter was evident in the high operational uptime and low operating costs – resulting in a high EBIDTA.

- Despite numerous challenges, the Bhagyam development was completed and the production started in January 2012. Integrated production facilities were scaled up to support production in line with a unified block offtake capability.
- The polymer phase of EOR enhanced oil recovery (EOR) pilot at Mangala has been successful; and your Board of Directors has approved the field development plan (FDP) for a full field implementation of polymer injection in Mangala. As a consequence, we have been able to convert 70 mm bbls from contingent to 2P reserves. This will be one of the largest polymer flood projects in the world – and illustrates how Cairn India is using innovative technologies to enhance recovery and create value for all stakeholders.
- In Rajasthan, extensive technical studies have highlighted over 3.1 billion barrels of oil equivalent (bn boe) in exploration potential. This, along with the 4.2 bn boe of discovered oil in-

place supports our vision of producing 300,000 barrels of oil per day (bopd) out of Rajasthan.

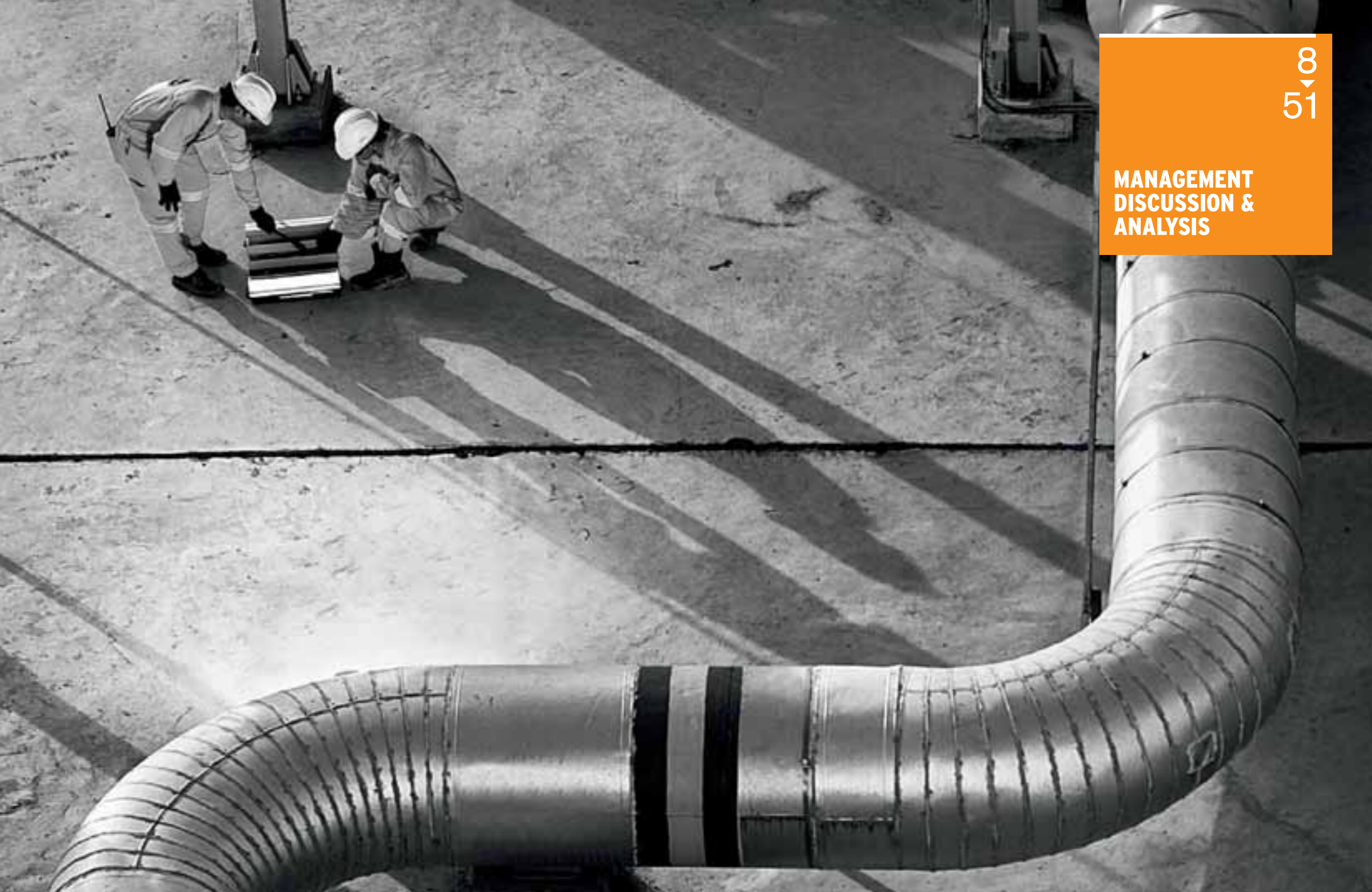
- On the exploration front, we have had two sets of discoveries: (i) the frontier exploration programme in the Mannar Basin in Sri Lanka opened real possibilities in an entirely new geography, and (ii) our success in Nagyalanka has established hydrocarbons in the onshore part of the KG basin.
- The business has real sustainable potential – as evidenced by our ability to replace 175 per cent of our production.
- We are uniquely placed to contribute to India. In FY2012, the assets operated by Cairn India contributed US\$ 2.4 billion to the exchequer. And oil production from these assets helped reduce oil imports by over US\$ 6 billion.
- Average daily gross production increased by 16% – from 149,103 barrels of oil equivalent per day (boepd) in FY2011 to 172,887 boepd in FY2012.
- We have also done well financially. Revenues grew by 15.4% to Rs.118,607 million in FY2012. EBIDTA rose by 10.7% to Rs.92,544 million. PBT increased by 22% to Rs.84,235 million. And PAT rose by 25% to Rs.79,378 million.

I would say that Cairn India has delivered. To the nation. And to its shareholders.

There is more to deliver. With the much needed correct alignment between your Company on the one hand, and its Rajasthan JV partner, ONGC, and the Ministry of Petroleum and Natural Gas, I am confident that more will happen in the years to come. Just as I am confident that the new majority shareholder, the Vedanta Group, will do all that is necessary to accelerate growth, seek new assets, develop greater exploration potential, and create an even more robust foundation for an enterprise that the country can, and should, be proud of.

Rahul Dhir
Managing Director and CEO

Date: 20 April, 2012



**MANAGEMENT
DISCUSSION &
ANALYSIS**

FY2012 saw many achievements in Cairn India Limited ('Cairn India', 'CIL' or 'the Company'). Some of these were:

Completion of Vedanta's purchase of the majority share in Cairn India. With effect from 8 December, 2011, the Vedanta Group became the promoter of the Company.

Approval of Dividend Policy. The CIL Board approved a Dividend Policy that aims to maintain a Dividend payout ratio of around 20% of annual consolidated net profits to its shareholders.

Successful scaling up of production from our Rajasthan fields. After consistently producing at its previously approved rate of 125,000 barrels of oil per day (bopd) for over one and a half years, production from the Mangala field has been ramped up to 150,000 bopd following Gol approval. The Bhagyam field commenced production in January 2012. Including output from two other neighbouring fields, Raageshwari and Saraswati, Cairn India's production from Rajasthan has reached 175,000 bopd.

Sales agreements for larger off-take. Given the increased production from

Rajasthan, crude oil sales agreements have been renewed with buyers for volumes in excess of 175,000 bopd for FY2013.

Higher output from all operations in India. The average daily gross operated production in FY2012 from Rajasthan, Ravva and Cambay was 172,887 barrels of oil equivalent per day (boepd). The average price realisation was US\$ 102.7 per boe.

Higher revenue and profits. Consolidated annual revenue of the Company was US\$ 2.4 billion – or an increase of around 10 per cent over FY2011. Net income was US\$ 1.6 billion, representing a growth of 19.4 per cent over the previous year. The earnings per share (EPS) for FY2012 was Rs.41.71, compared to Rs.33.35 in FY2011.

Successful enhanced oil recovery (EOR) Pilot raises proven plus probable (2P) reserves at Rajasthan. The field scale EOR pilot project in Mangala gave positive results. Consequently, Cairn India has booked 2P reserves of 70 mm bbls.

Potentially higher resource base in Rajasthan. After a thorough review, the Rajasthan block's resource potential was estimated at 7.3 bn boe gross in-place. There have been exploration upsides – with the prospective resource base rising from an

earlier estimate of 2.5 bn boe gross in-place to 3.1 bn boe gross in-place. The Rajasthan recoverable risked prospective resource is now estimated at 530 mm boe, an increase of 112%.

Higher production potential in Rajasthan. The total resource base in Rajasthan now provides a basin potential to produce 300,000 bopd, subject to further investments and regulatory approvals. This is equivalent to approximately 40% of India's current crude oil production.

Second discovery in the KG Onshore Basin. The Company had a second successful discovery at the KG basin in Andhra Pradesh. This was Nagayalanka-SE-1 in the KG-ONN-2003/1 block. It is the largest onshore discovery in the KG basin to date – with an estimated in-place resource of around 550 mm boe.

Successful discovery in deep sea waters off Sri Lanka. Similarly, Cairn India's Sri Lanka offshore operations had exploration successes. Two out of three wells drilled had discoveries. These discoveries were the first in Sri Lanka in 30 years, and have helped open up the frontier Mannar Basin for future opportunities.



Following a comprehensive review, the Rajasthan block's resource potential was estimated at 7.3 bn boe gross in-place. There have been exploration upsides – with the prospective resource base rising from an earlier estimate of 2.5 bn boe gross in-place to 3.1 bn boe gross in-place

The Rajasthan Project

The Rajasthan project is crucial for the nation. Oil production from the project helps the country to reduce significant quantities of oil imports.

The Mangala, Bhagyam and Aishwariya (MBA) fields, among others, constitute Cairn India's key assets in Rajasthan. The MBA are the three largest finds in Rajasthan. The Mangala field – considered to be the largest onshore hydrocarbon find in India in last two decades – was discovered in January 2004. This was followed by discoveries at the Bhagyam and Aishwariya fields. To date, 25 discoveries have been made in the Rajasthan block. Studies indicate that it has further potential for growth. The Production Sharing Contract (PSC) for

the project was signed on 15 May, 1995. In 1997, Cairn acquired an interest in the block. In 2002, Cairn acquired 100% of the exploration interest and assumed the role of operator.

Rajasthan Hydrocarbon Resources

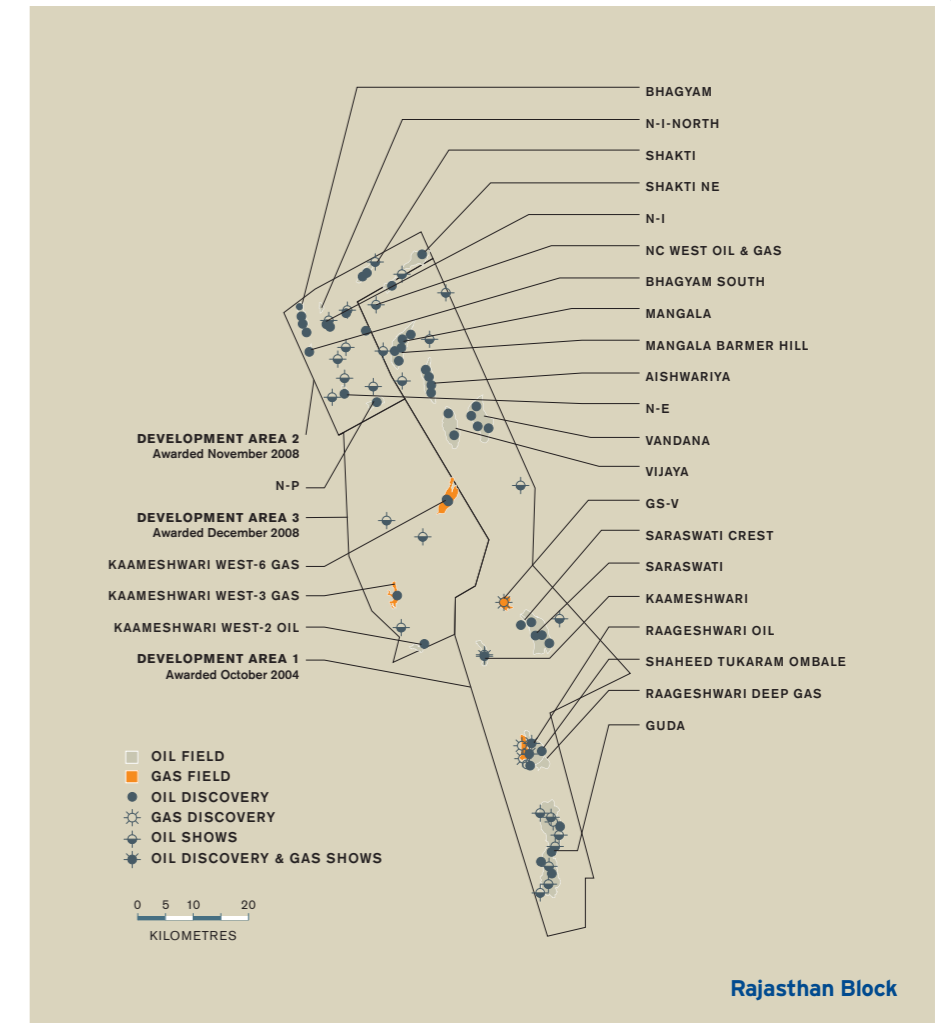
As mentioned earlier, during FY2012 Cairn India carried out a comprehensive review of the resource potential of the Rajasthan block. This was done using detailed studies involving innovative technologies and advanced geo-science. In addition, a specialist agency, DeGolyer and MacNaughton (D&M), has conducted a study to arrive at an

independent estimate of reserves and contingent resources; it also reviewed the majority of the leads and prospects. D&M also undertook a separate reserves certification exercise on behalf of the RJ-ON- 90/1 joint venture (JV).

- Based on the Company's assessment, the potential resource for the Rajasthan block is now estimated at 7.3 bn boe gross in-place. This is primarily due to an increase in the exploration upside with the prospective resource base now estimated at 3.1 bn boe gross in-place, versus an earlier estimate of 2.5 bn boe gross in-place.
- The Rajasthan recoverable risked prospective resource has increased from 250 mm boe gross to 530 mm

boe gross primarily due to generation of additional leads and prospects.

- The Company with ONGC, its JV partner, is working with GoI to obtain the necessary approvals required to carry out further exploration and appraisal activity in the block.
- The discovered resource base has increased from 4.0 bn boe gross in-place to 4.2 bn boe gross in-place. This is due to an increase in the Stock Tank Oil Initially in Place (STOIIP) from Mangala and other Rajasthan fields.
- The Rajasthan block's Expected Ultimate Recovery (EUR) has increased from 1.4 bn boe gross to 1.7 bn boe gross on account of increased recoverable risked prospective resource estimates.
- Given these new evaluations, the total resource base now provides a basin potential to produce 300,000 bopd, subject to further investments and regulatory approvals. This is equivalent to approximately 40% of India's current crude oil production.

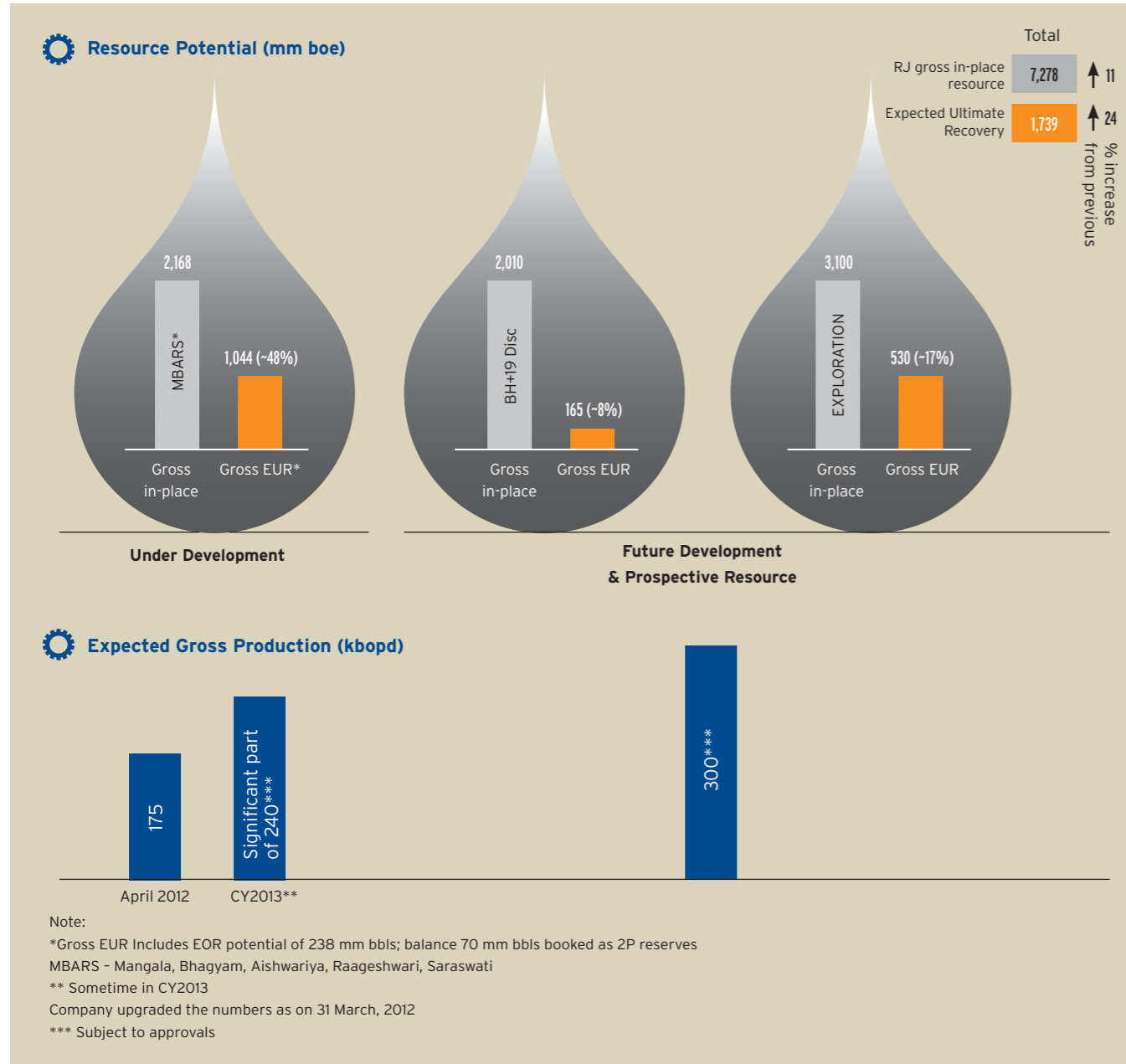


The Rajasthan Block

- Cairn India is the operator with 70% participating interest. Its joint venture (JV) partner, ONGC, has a 30% participating interest.
- The block consists of three contiguous development areas: (i) Development Area (DA) 1, which comprises the Mangala, Aishwariya, Raageshwari and Saraswati (MARS) fields; (ii) DA 2, consisting of the Bhagyam and Shakti fields; and (iii) DA 3, having the Kaameshwari West fields.
- At present, the block is producing 175,000 bopd, thanks to GoI

- approval for higher Mangala offtake of 150,000 bopd.
- Some other fields within the block have also commenced production. The Bhagyam field started production on 19 January, 2012 and is currently producing at around 25,000 bopd. Saraswati began production on 27 May, 2011 and has produced over 75,000 barrels of oil till date. Raageshwari, which is primarily a gas field with marginal oil, also commenced production on 8 March, 2012 and is currently producing in excess of 250 bopd.





Mangala, Bhagyam, Aishwariya and Other Rajasthan Fields

The Mangala, Bhagyam and Aishwariya (MBA) fields have gross recoverable oil reserves and resources of over one bn boe. This includes proven plus probable (2P) gross reserves and resources of 636 mm boe with a further 308 mm boe or more of EOR resource potential. Today, Mangala and Bhagyam are cumulatively contributing more than 20% of India's current domestic crude oil production.

Mangala

At Mangala, a total of 148 development wells have been drilled and completed with 96 producers and 33 injectors operationalised. The Company has successfully drilled and completed 11 horizontal wells at Mangala. Going forward, the Company intends to bring other wells on stream in a staged manner.

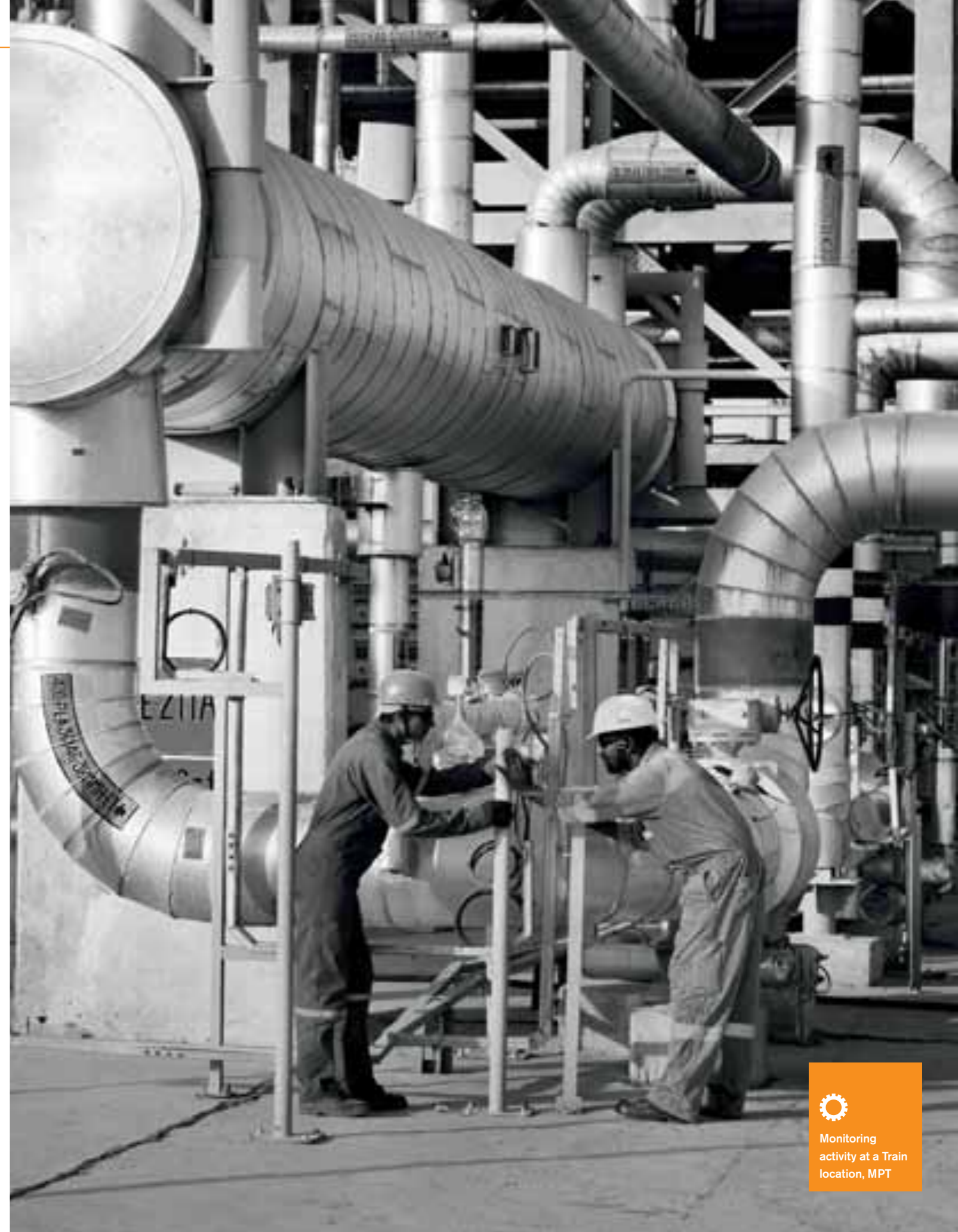
Bhagyam

Bhagyam is the second largest field in the Rajasthan block, with an approved production plateau of 40,000 bopd. A total

of 62 development wells have been drilled till date with 21 producers and four injectors operational; 12 producer wells are yet to be drilled. Both Mangala and Bhagyam are connected to the Mangala Processing Terminal (MPT), which processes the crude oil from the Rajasthan fields.

Aishwariya

The Aishwariya field is the third largest discovery in the Rajasthan block. Following an assessment of higher production potential and



Monitoring activity at a Train location, MPT



 Night view of Raageshwari Gas Terminal

design optimisation due to increased reserves and resources, Cairn India has commenced development work in the field.

The development will include nine well pads, 36 producer and 15 injector wells. Well fluids from Aishwariya will be collected at a Cluster Well Pad – and the carbon dioxide rich associated gas will be separated before transporting the well fluid to MPT.

The Company received JV approval in December 2011 to start work on the field. Hence, it has awarded key contracts including the main EPC; and the contractor has been mobilised on-site. Crude oil production is expected to commence towards end CY2012, subject to JV and GoI approval.

Raageshwari Deep Gas Field

The Raageshwari Deep Gas field is meant to supply gas to meet the energy requirements at the MPT and the Mangala Development Pipeline, which runs approximately 670 km from Barmer to Viramgam to Salaya and then on to Bhogat, near Jamnagar, on the Arabian Sea coast.

During FY2012, the Company carried out drilling and completion of additional wells to augment gas production from the field as well as water production from the nearby Thumbli saline aquifer water field.

Application of new fracture stimulation and completion technology has proven to be successful in the field.

Saraswati and Raageshwari Fields

The Saraswati Field, which commenced production in May 2011, is currently producing at a rate of 250 bopd. Till date, it has produced over 75,000 barrels of oil. This oil is processed at the MPT, and blended with the Mangala oil which is sold through the pipeline. The marginal oil field at Raageshwari also commenced production in March 2012.

Satellite Fields

In Rajasthan, there are 19 other discoveries beyond MBARS and Barmer Hill – referred to as the satellite fields. These have been tested for hydrocarbons and have prospect for commercial development. In fact, Cairn India's recent technical work indicates a higher potential for these fields than what

was earlier envisaged. The Company has carried the resource potential in books as contingent resources. Field Development Plans (FDPs) for four fields have been submitted; and FDPs for remaining fields are under various stages of preparation.

Barmer Hill and other Fields

Evaluation of other discoveries with the objective of optimising the Rajasthan development is currently under way. To test the potential of the Barmer Hill formation, Cairn India has planned a pilot hydraulic fracturing programme, subject to GoI approval. A declaration of commerciality for the Barmer Hill was submitted to the GoI in March 2010, and an FDP is under preparation. A staged development is being planned to monetise this reservoir.

Enhanced Oil Recovery

What are we doing and what are the results?

Based on the oil and reservoir properties, Cairn India recognised the potential for EOR application in the MBA fields early in their life.

Screening and laboratory evaluations identified chemical EOR methods viz. Polymer Flooding and Alkaline-Surfactant-Polymer (ASP) flooding as the most suitable methods for the MBA fields.

We are currently conducting an EOR pilot in the Mangala field. Details of which are:

- Eight wells including four injectors, one central producer and three observation wells were drilled for this test
- Polymer injection was started through newly built facilities in August 2011. Polymer flood results were positive

- Preparations for next phase of ASP flooding are in progress

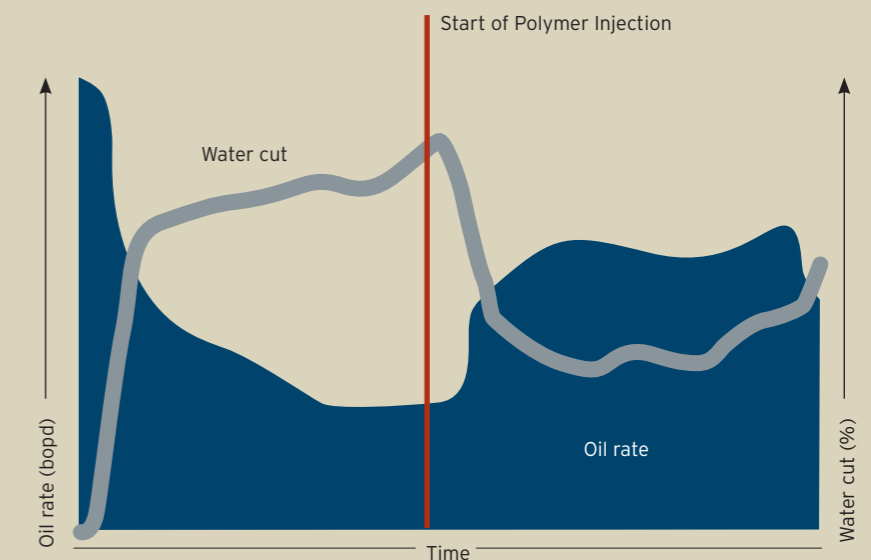
Based on the positive response, a full field polymer flood development plan has been prepared for Mangala. The development plan would include:

- Drilling of new injector wells from the existing 15 wellpads
- Formal approval from the JV partner and regulatory authorities.

Accordingly, the Company has booked 2P reserves of 70 mm bbls.

Going forward, post Mangala implementation, we also intend to implement chemical flooding in Bhagyam and Aishwariya fields.

The current assessment of the EOR resource base is more than 300 mm bbls of incremental recoverable oil from the MBA fields.



Schematic illustrating success of polymer pilot; appreciable decline in the water-cut following polymer injection with a simultaneous increase in the oil rate