Canadian Natural

December 14, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C.
USA 20006-2803

Dear PCAOB Members:

Re: Public Company Accounting Oversight Board Release No. 2011-006
Rulemaking Docket Matter No. 37 – Concept Release on Auditor Independence and Audit Firm Rotation

Canadian Natural Resources Limited ("Canadian Natural") is pleased to respond to the Public Company Accounting Oversight Board ("PCAOB") Concept Release on Auditor Independence and Audit Firm Rotation ("the Concept Release").

Canadian Natural is a senior independent oil and gas exploration and production company headquartered in Calgary, Alberta, Canada, with operations in Western Canada, the North Sea, and Offshore Africa. Our shares are publicly traded on the Toronto Stock Exchange and the New York Stock Exchange.

Canadian Natural agrees with the Concept Release's assertion that investors place reliance on the Independent Auditor's Report opinion when making their investment decisions. Canadian Natural supports efforts to strengthen auditor independence as necessary. However, we disagree with the proposal in the Concept Release that mandatory audit firm rotation is necessary and the best option for ensuring auditor independence and maintaining quality audits.

The Concept Release identifies several measures that have been undertaken in the last few years to enhance auditor independence, including provisions under the Sarbanes-Oxley Act ("SOX") to prohibit auditors from providing certain non-audit services, and to impose mandatory audit partner rotation. In addition, SOX puts the Audit Committee, rather than management, in charge of appointing the auditor and overseeing the audit engagement. We believe that these SOX measures have strengthened auditor independence.

The PCAOB was established to provide independent oversight of the auditing profession. In the Concept Release, the PCAOB has stated that "the Board's findings have led to numerous and significant improvements in firm audit methodologies, processes and related quality control systems". The Concept Release also states that "the Board does not suggest that all of the audit failures or other audit deficiencies its inspections staff has detected necessarily resulted from a lack of objectivity or professional skepticism". As PCAOB inspections are still relatively new, we encourage the PCAOB to provide sufficient time for the impact of their inspections on the audit process to be fully realized before recommending that mandatory audit firm rotation is required.

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We also believe that the audit firms have identified the significant risk to their own reputations and the financial integrity of their firms that could result from a deficient audit. Accordingly, we understand that audit firms have significantly increased their own internal checks over auditor independence and quality control over the audit.

Together with auditor independence, another key factor in the conduct of a quality audit is detailed knowledge of the client's business. We believe that gaining a proper understanding of the business involves more than just reviewing the work papers of the previous auditor. In a large and complex multi-national company, it can take an auditor several years to gain a fulsome understanding of the company's business to support the design of appropriate audit procedures. Such an understanding is also a critical element in the evaluation of audit evidence and the assertions of management. We are concerned that during a transition period, the quality of the audit may suffer. Mandatory audit firm rotation will expose the audit to this risk at regular intervals. In addition, these efforts will take significant amounts of time and costs on the part of both the new audit firm and the company, and this will be passed on in the form of increased audit fees.

In summary, we believe that auditor independence has been strengthened by the measures that have been implemented through SOX and the PCAOB over the past several years, and requiring mandatory audit rotation would not result in any significant increase in auditor independence. We further believe that mandatory audit firm rotation would reduce the quality and effectiveness of audits during audit firm rotation. At the same time, costs would likely rise with no tangible benefits.

If you have any questions or wish to discuss our comments in more detail, please do not hesitate to contact the undersigned.

Sincerely,

Signed

Catherine M. Best, FCA
Chair of the Audit Committee
Director
403-870-3423

Signed

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Senior Vice-President, Finance
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