



## Canadian Natural

June 6, 2005

Canadian Securities Administrators

Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des Securities Commission  
Nova Scotia Securities Commission  
New Brunswick Securities Commission  
Office of the Attorney General, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Government of Yukon  
Registrar of Securities, Department of Justice, Government of the Northwest Territories  
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

c/o John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 1900, Box 55  
Toronto, Ontario M5H 3S8  
Fax :(416) 593-2318  
[jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

Dear Sir:

**Reporting on Internal Control over Financial Reporting and proposed repeal and replacement of Multilateral Instrument 52-109, Forms 52-109F1, 52-109FT1, 52-109F2 and 52-109FT2 and companion policy 52-109CP Certification of Disclosure in Issuers' Annual and Interim Filings (the "Proposal").**

This letter is in response to the request by the Canadian Securities Administrators (the "CSA") for comments on the proposed Multilateral Instrument 52-111, its related forms and companion policy, and replacement of Multilateral Instrument 52-109 and related forms and companion policy.

**Canadian Natural Resources Limited**

Suite 2500, 855 – 2 Street SW Calgary, Alberta, Canada T2P 4J8 T 403.517.6700 F 403.517.7350 [www.cnrl.com](http://www.cnrl.com)

Canadian Natural Resources Limited is a SEC registrant and subject to the Sarbanes-Oxley Act of 2002 (“SOX”) enacted in the United States as a foreign private issuer.

We appreciate the opportunity to share our views on these matters; however, we do not believe the Proposal as set out will substantially improve the quality and reliability of financial and other disclosure reporting by reporting issuers.

We believe the steps already taken by the CSA: (1) requiring the certification of disclosure in issuer’s annual and interim filing by the CEO and CFO; (2) mandating an independent and financially literate audit committee; (3) establishing disclosure requirements respecting corporate governance practices and requirement to file codes of business conduct and ethics; and (4) requiring the Company to retain auditors that are subject to oversight by the Canadian Public Accountability Board has already resulted in improving investor confidence and enhancing the quality and reliability of financial disclosure.

We believe the Proposal should be reconsidered given the difficulties and significant costs incurred in connection with the implementation of SOX. Any increases in the perceived quality of reliability of the financial disclosures will unlikely exceed the additional costs associated with the implementation of the Proposal.

Although we believe there is value in mirroring the SOX standard, we would encourage the CSA to critically evaluate the experience of the SOX implementation in the United States in order to improve the implementation process. Consideration should also be given to adopting a unique Canadian solution to the issue, for example, that undertaken with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Consideration should be given to the expectation of the current limited availability of appropriate expertise within reporting issuers and auditors to undertake and complete the evaluation requirements of the Proposal, especially given the recently implemented shortened reporting time frames.

The guidance set out in the Proposal in regards to the scope of the evaluation of internal control over financial reporting extending into a joint venture or a variable interest entity (“VIE”) should be further clarified. Is it expected, that in order for a company to avoid a disclosure limitation, it will be required to document and test the internal controls of that Joint Venture or VIE entity, or can the company rely on the fact that the Joint Venture or VIE is in compliance with the Proposal?

If it is determined to proceed with the Proposal because it is felt that the benefit exceeds the costs of implementation, we believe it should apply to all reporting issuers. Otherwise the reputation of the Canadian markets could be impaired due to the inconsistent application of the standards. By limiting the scope of the Proposal to larger issuers the goal to improve investor confidence and enhance the quality and reliability of financial disclosure is lost. Also, considering that a number of the reporting issuers are already cover by SOX, the benefit of implementing the Proposal

would be lost by excluding certain reporting issuers. In other words, implementation of the Proposal should be because it is the right proposal, not based on the ability to pay.

We wish to express our appreciation for the opportunity to provide our input to the CSA

Yours truly

“signed”

Randall S. Davis CA  
Vice President, Financial Accounting & Controls

“signed”

Douglas A. Proll, CA  
Chief Financial Officer and Senior Vice President, Finance