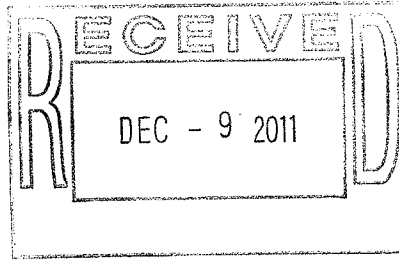


Canadian Oil Sands



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November 30, 2011

Office of the Secretary
PCAOB
1666 K Street, NW
Washington, D.C. 20006-2803
USA

Re: Request for public comment on Concept Release on Auditor Independence and Audit Firm Rotation (PCAOB Release No. 2011-006, August 16, 2011, PCAOB Rulemaking Docket Matter No. 37)

Canadian Oil Sands Limited ("Canadian Oil Sands") is a Canadian public company with a market capitalization of approximately \$10 billion whose shares are listed on the Toronto Stock Exchange. Canadian Oil Sands indirectly owns a 36.74 per cent interest in the Syncrude Joint Venture that has been involved in the mining and upgrading of bitumen from oil sands in northern Alberta for over 25 years.

Canadian Oil Sands has concerns with the Public Company Accounting Oversight Board's (PCAOB) proposal to mandate audit firm rotations as described in the August 16, 2011 Concept Release on Auditor Independence and Audit Firm Rotation ("the Concept Release").

First and foremost, we believe that mandatory audit firm rotations will degrade audit quality. Longer audit terms improve auditors' knowledge of entities and their businesses resulting in more effective audits. The company-specific history and knowledge retained by an audit firm allows the firm to identify risks, assess the appropriateness of management's critical accounting policy choices and estimates, and improve the firm's ability to adapt and amend the audit approach in response to changes in the entities' business environment. A lack of client familiarity increases the risk of audit failures, which is at odds with the objective of this Concept Release. Audit firms are not fungible and have different experience and expertise. Industry-specific knowledge may be limited to a few firms. As such, we believe mandatory audit firm rotations will degrade audit quality.

The Concept Release also proposes to prohibit voluntary audit firm rotations unless such rotations are for just cause. Audit firm rotations should be based on need or cause and the decision or authority to make changes to external auditors should rest with the audit committee. It is, quite clearly, one of the audit committee's principal responsibilities. Mandating a set period for audit rotations and precluding longer and shorter terms deprives audit committees of discretion and judgement and, in so doing, potentially compromises their ability to fulfill this responsibility. Furthermore, those responsible for making decisions about changing (or not changing) external audit firms have potential liability for their decisions to the shareholders. If the PCAOB is going to assume this responsibility, they should also assume any ensuing liability.

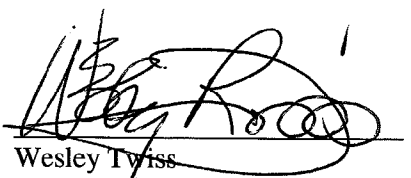
Mandatory audit firm rotations will be burdensome on both public companies and audit firms. The Concept Release references the GAO Report which suggests initial year audit costs could increase by 20 per cent due to firm rotations. This figure is based on financial statement audits, and not integrated audits, which also incorporate internal controls over financial reporting. Cost increases for these integrated audits would likely be significantly higher. Personnel in public companies would have to devote more time and effort to external audit process in the initial (and early) years following an audit firm change to achieve the same results. This increased effort and cost reduces the efficiency and competitiveness of public companies with, in our opinion, no measurable benefit. Public companies compete for capital with others including private equity, hedge funds, venture capital and debt instruments. Bearing this burden means that public companies' ability to compete for capital will be compromised.

The Concept Release speculates that mandatory audit firm rotation will improve auditor scepticism because "an auditor that knows its work will be scrutinized at some point by a competitor may have an increased incentive to ensure that the audit is done correctly". However, there are effective mechanisms in place to address auditor objectivity. Scrutiny is already provided by audit committee oversight, concurring audit partner reviews and audit firm quality control processes, as well as PCAOB inspections.

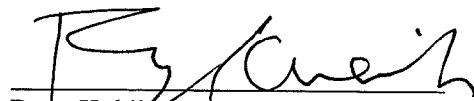
Lastly, the relationship between audit firm tenure and occurrence of audit failure is not well established. The evidence presented in the Concept Release is anecdotal. The PCAOB acknowledges that it needs to better understand the "root causes" of the audit failures that it has identified. These audit failures could quite likely have been the result of issues of technical competence or less experience rather than objectivity; if so, mandatory audit firm rotations may exacerbate the problem.

For these reasons, Canadian Oil Sands does not support the PCAOB's proposal to mandate audit firm rotations.

Sincerely,



Wesley Twiss
Chairman of the Audit Committee
Canadian Oil Sands Limited



Ryan Kubik
Chief Financial Officer
Canadian Oil Sands Limited

cc: Canadian Public Accountability Board
Canadian Institute of Chartered Accountants
Alberta Securities Commission
British Columbia Securities Commission
Saskatchewan Financial Services Commission
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers (Québec)
New Brunswick Securities Commission
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
The Prince Edward Island Securities Office, Office of the Attorney General