

## Primrose Update – July 25, 2013

Canadian Natural is responding to an incident at our Primrose development area in which bitumen emulsion was discovered at surface. The discoveries were immediately reported to the Alberta Energy Regulator (AER), and the area has been secured and clean-up, recovery and reclamation activities are well under way. The remaining bitumen emulsion does not pose a health or human safety risk and we are working diligently to clean up the affected sites.

Primrose in-situ oil sands project is located about 350 km northeast of Edmonton, inside the Cold Lake Air Weapons Range. The development area employs a Cyclic Steam Stimulation (CSS) process to recover bitumen from the Clearwater oil sands formation at a depth of approximately 500 meters. CSS involves injecting steam through a wellbore for several weeks and then reversing the flow to retrieve the bitumen emulsion from the same well. Industry has been using this method of extraction for more than 30 years.

This spring bitumen emulsion was discovered on the surface and based on all the evidence gathered to date, we believe this rise to surface involves mechanical failures of wellbores in the vicinity of the impacted areas. A complete review is ongoing.

The initial impacted area at Primrose was 20.7 hectares. The sites are controlled and as a result of our successful active clean-up efforts to date, we are now focusing on a reduced area of 13.5 hectares. Our ongoing efforts will continue to reduce the impacts until the sites are fully remediated. We have a work force of over 120 employees and contractors on site, dedicated to the clean-up effort.

Canadian Natural has environmental groundwater monitoring in place and we are undertaking aquatic and sediment sampling to monitor and mitigate any potential impacts.

We are saddened that unfortunately some animal fatalities occurred between the time of the incident and the deployment of our animal deterrent systems. Deceased wildlife includes 11 birds, 4 small mammals and 21 amphibians. Two beavers, a bird and a muskrat are currently being cared for at the Wildlife Rehabilitation Society of Edmonton. As part of our wildlife mitigation program, fencing and deterrents have been deployed in the area to protect wildlife.

Canadian Natural is working together with the Alberta Energy Regulator and Alberta Environment and Sustainable Resource Development. They are involved in the investigation and remediation plans.

The sites are located in a remote area under the jurisdiction of the Department of National Defence, and therefore have restricted public access. Canadian Natural will continue to make available any necessary resources for investigation, clean-up and towards putting safeguards in place to ensure events such as these do not happen again.

We will continue to work together with community, government, regulators and industry groups to ensure a better, sustainable energy industry. Canadian Natural is committed to conducting all of our operations in a way that strives to identify, minimize and mitigate harm to the health and safety of employees, contractors, the public and the environment.