Investor-Operator Relationship

Operators typically have control and superior information control about activities on a rig

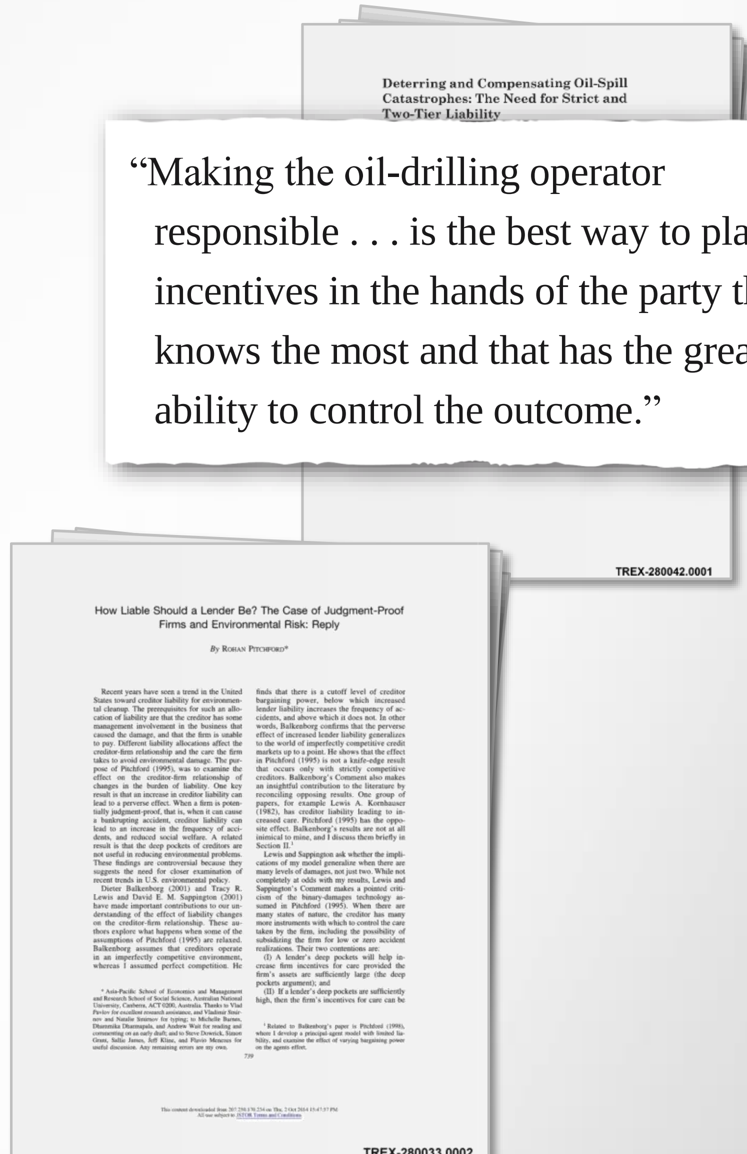
Viscusi & Zeckhauser, Vanderbilt Law Review, TREX-280042

It is therefore more effective and efficient to incentivize the operator

Viscusi & Zeckhauser, Vanderbilt Law Review, TREX-280042

Penalizing investors can reduce safety

Pitchford, The American Economic Review, TREX-280033



> "Making the oil-drilling operator responsible . . . is the best way to place incentives in the hands of the party that knows the most and that has the greatest ability to control the outcome."