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Force Majeure in the Gulf: Kuwait's Oil Curtailment Amid the Hormuz Crisis

Ethics * Energy * Economics

Introduction: The March 2026 Hormuz Paralysis and Kuwaiti Force Majeure

In early March 2026, escalating military hostilities between the United States, Israel, and Iran effectively closed the Strait of Hormuz.[1] On March 7, 2026, the Kuwait Petroleum Corporation (KPC) declared force majeure and initiated precautionary reductions in crude oil extraction and refining throughput.[1] As OPEC's fifth-largest producer (~2.6 million barrels per day in February 2026), Kuwait acted out of acute physical necessity: with maritime exports blocked, domestic storage tanks were projected to reach maximum capacity within twelve days.[1][2][3]

Curtailing petroleum operations is technically perilous. Shutting in active wells and throttling complex refineries introduces severe geochemical, mechanical, and catalytic hazards across upstream reservoirs and downstream processing units.[3][4]

Maritime Chokepoints, Reinsurance Intervention, and Bypass Deficits

Narrowing to 33 kilometers between Oman and Iran, the Strait of Hormuz carried 20.9 million bpd of petroleum liquids prior to the conflict -- roughly 20 percent of global consumption and over 45 percent of seaborne crude trade.[5][6][7] Following hostilities on February 28, 2026, and retaliatory strikes by the Islamic Revolutionary Guard Corps, daily transits collapsed from ~138 to near zero, stranding over 15 million bpd of crude and 4.5 million bpd of refined products.[1][5] Major Protection and Indemnity clubs immediately canceled war-risk coverage, and even a $20 billion U.S. International Development Finance Corporation and Treasury reinsurance backstop failed to restore commercial transit.[5][8][9][10]

| Exporting Country | | Share of Strait of Hormuz Oil Exports (Q1 2025 Data) |

| Saudi Arabia | | 37.2% |

| Iraq | | 22.8% |

| United Arab Emirates | | 12.9% |

| Iran | | 10.6% |

| Kuwait | | 10.1% |

| Qatar | | 4.4% |

| Other | | 1.9% |

Regional overland pipeline bypass capacity is limited to 3.5-5.5 million bpd via Saudi Arabia's East-West Petroline to Yanbu (~3-5 million bpd spare capacity) and the UAE's Habshan-Fujairah pipeline (~700,000 bpd spare capacity), while Iran's

Goreh-Jask line remains non-operational.[7] Geographically landlocked within the upper Persian Gulf, Kuwait (like southern Iraq) possesses zero bypass pipelines, forcing immediate upstream shut-ins once storage saturates.[2]

Upstream Mechanics: Subsurface Crossflow, Capillary Blocking, and Fines Migration

Kuwait's clastic sandstone (Wara) and carbonate (Ratawi, Minagish) reservoirs operate in delicate thermodynamic and Gibbs free energy phase equilibrium.[3][4][11] Abruptly shutting in multi-zone wells halts surface flow while subsurface pressure differentials drive crossflow from high-pressure, low-permeability strata into lower-pressure zones.[12] Fluid incompatibility and shifts in subsurface chemistry precipitate waxy asphaltenes, paraffins, and inorganic barium sulfate or calcium carbonate scales that permanently plug pore throats.[12]

In tight northern Kuwaiti carbonates, connate water imbibition creates capillary blocks; if reservoir pressure falls below 0.3 psi/ft (critically <0.2 psi/ft), restart drawdown cannot overcome interfacial tension.[4][12] In clastic sandstones, shut-in surges dislodge clay and sand fines that bridge pore throats upon restart, requiring production logging and perforation-squeeze workovers to repair dump flooding and casing leaks.[12][13][14][15]

Downstream Throttling: Hydrocracking, Desulfurization, and Distillate Contagion

KPC simultaneously throttled its >1.4 million bpd refining network -- Mina Al-Ahmadi, Mina Abdullah, Shuaiba, and the 615,000 bpd Al-Zour complex (yielding 86,000 bpd naphtha, 99,000 bpd jet fuel, 147,000 bpd ultra-low-sulfur diesel, and 225,000 bpd low-sulfur fuel oil).[1][16][17]

| Refinery | | Capacity (bpd) | | Key Innovations |

| Al-Zour | | 615,000 | | Hydrocracking, deep desulfurization |

| Mina Al-Ahmadi | | 466,000 | | Acid gas removal, automated monitoring |

| Shuaiba | | 200,000 | | Petrochemical conversion |

Upgrading heavy vacuum gas oils requires heterogeneous catalysis to lower reaction activation energy under high-pressure hydrogen, cracking long carbon chains while preventing petroleum coke deposition.[16][18][19] Deep catalytic hydrodesulfurization strips naturally occurring sulfur as hydrogen sulfide (H2S) for elemental recovery, enabling Al-Zour to produce 10 ppm sulfur jet fuel and 0.5% sulfur marine fuel.[16][17]

With Hormuz closed, Brent crude surged nearly 30 percent past $90/bbl, flipping the International Energy Agency's projected 3.7 million bpd 2026 surplus into an acute deficit.[5][20][21] Loss of Kuwaiti naphtha curtailed Asian steam-cracking plastics production and heavy-crude diluent blending in Venezuela's Orinoco belt, while European prompt jet fuel swaps tripled -- pushing jet-over-gasoil spreads to nearly $650/t, jet crack spreads past $130/bbl, and jet regrades to $75/bbl.[5][22][20][23]

| Product Category | | Percentage of Total Global Trade via Strait of Hormuz | | Key Impacted Regions |

| Crude Oil & Condensates | | 30.7% | | Asia, Global Benchmark Pricing |

| Jet Fuel / Kerosene | | 19.4% | | Europe, Asia-Pacific |

| Gasoline / Naphtha | | 16.0% | | Asian Petrochemicals |

| Gasoil / Diesel | | 10.3% | | Global Freight |

Asymmetric Asian Reserves, LNG Disruptions, and Stagflation Scenarios

Over 89 percent of Hormuz crude flows to Asia.[6][7] China absorbs 37.7 percent of Hormuz exports (~50% of its crude imports), but its 1.1-1.3 billion barrel Strategic Petroleum Reserve (110-140 days coverage) and overland pipelines buffer immediate shocks.[7][24] Conversely, India relies on the Middle East for 55 percent of its crude (2.74 million bpd) with only ~74 days of storage, forcing emergency spot bidding.[25][24][26] Japan (95% Middle East crude reliance, ~146 days reserves) and South Korea (>80% import reliance) are buffered by stockpiles against physical shortages but face acute imported inflation.[25][24][27]

| Country | | Strategic Coverage | | Middle East Dependency | | Key Vulnerability Factor |

| China | | 110-140 Days | | ~50% | | High demand mitigated by SPR |

| India | | ~74 Days | | 55% | | Limited storage, high spot exposure |

| Japan | | ~146 Days | | 95% | | Extreme dependency buffered by storage |

| South Korea | | Highly buffered | | >80% | | High sensitivity to input costs |

Concurrently, drone strikes forced QatarEnergy to declare force majeure at Ras Laffan (112 bcm/year LNG, 20% of global LNG trade), driving European gas prices up 44 percent in a single session, while bulk carriers halted deliveries to Iranian and Bahraini iron-ore pellet plants (18% of seaborne trade).[1][22][20][28][29] Early-2026 scenario modeling warned that a sustained 35 percent oil supply shock risked 1973-style stagflation, anchoring a $72-$95/bbl Brent bull-case band relative to pre-conflict $52-$66/bbl baseline projections.[30][31][32]

| Scenario | | Condition | | WTI Range | | Brent Range |

| Base Case | | Supply resumes | | $48-$62 | | $52-$66 |

| Bull Case | | Sustained disruption | | $65-$85 | | $72-$95 |

| Bear Case | | Surplus dominates | | $40-$52 | | $45-$58 |

Conclusion: Systemic Fragility in the Global Hydrocarbon Architecture

Kuwait's March 2026 force majeure demonstrated how chokepoint closure and insurance withdrawal cascade upstream -- forcing hazardous reservoir shut-ins, throttling catalytic hydrocrackers, and exposing stark asymmetries in global strategic storage.[1][3][12][24] Following partial diplomatic de-escalation and reopened transit corridors in June 2026, KPC temporarily lifted its force majeure notices and moved to restore crude output above 2 million bpd after completing facility repairs.[33] However, protracted U.S.-Iran maritime tensions and renewed

mid-November 2026 tanker and Gulf infrastructure strikes have kept Strait of Hormuz commercial transit and Kuwaiti export scheduling under persistent security pressure.[34]

Updates... (Nov 22, 2026): Removed all 26 access-date placeholders and added verified publication dates and author metadata across all 34 references (including March 2026 gCaptain, Argus Media, EIA, Times of India, Kpler, Atlantic Council, and November 2026 regional reporting).

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