

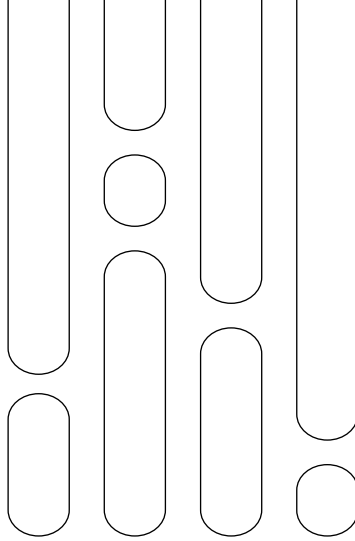
REPORT

THE AL-DURRA GAS FIELD CRISIS AND ITS IMPLICATIONS FOR GULF-IRAN RECONCILIATION

July 25, 2023



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The standoff over the Al-Durra field has come to the fore after Iran announced its intention to carry out natural gas drilling and exploration projects in the field, which is geographically located within the maritime region shared by the two Gulf states of Kuwait and Saudi Arabia. This has sparked extensive diplomatic debate in Kuwait and Saudi Arabia on the one hand and Iran on the other over the field's ownership and the parties that have the right to carry out drilling and exploration activities and reap the revenues. This comes in light of Iran's insistence on its share and refusal to be subject to the principle of maritime border demarcation. This raises several questions about the significations of Iranian claims and the Saudi and Kuwaiti reactions and the implications of this dispute on Gulf-Iran reconciliation against the backdrop of the China-brokered rapprochement deal between Saudi Arabia and Iran concluded in March 2023 to resume diplomatic relations between the two regional powerhouses.

First: Characteristics and Thorny Issues Related to the Al-Durra Gas Field

1. The Iranian Refusal to Demarcate Maritime Borders

Six decades have passed since the outbreak of differences between Saudi Arabia and Kuwait on the one hand and Iran on the other over the Al-Durra gas field — known in Iran as the Arash gas field. Iran in principle refuses to demarcate maritime borders to settle the dispute. The standoff broke out as early as the 1960s when Kuwait granted a maritime concession to the Royal Dutch Shell Company and Iran granted a maritime lien to the Anglo-Persian Oil Company to exploit its reserves.

Iran claims that it shares Saudi Arabia's and Kuwait's rights in the field, saying that part of the field is located within its economic zone. Meanwhile, Iran rejects the principle of demarcating maritime borders to confirm which country has rights in the field, demanding a joint trilateral investment in the field. It also objects to any Kuwaiti-Saudi bilateral efforts to develop the field. For example, Iran objected to the content of a memorandum of understanding (MoU) signed between Saudi Arabia and Kuwait in March 2023 to develop the field, describing it as illegal since it excluded it from developing the field, threatening to start drilling operations in it.

The dispute between the Gulf states and Iran over the field has escalated since 2001 when Iran announced its intent to commence energy exploration activities in the field. In response, Kuwait and Saudi Arabia signed a maritime border demarcation agreement aimed to jointly develop Saudi-Kuwaiti energy potential. The dispute continued to unfold until August 2015, when the Kuwaiti Ministry of Foreign Affairs summoned the Iranian charge d'affaires to protest against Iran's efforts to develop the field.

By the end of 2019, Kuwait and Saudi Arabia signed an MoU to develop and exploit the field's energy reserves. In 2022, the two Gulf states renewed calls on Iran to hold joint negotiations to demarcate maritime borders and delineate the eastern border in the contested region. Yet, the two countries reflected the terms of the 2019 MoU in the March 2022 agreement. However, Iran continues to refuse to adjudicate the maritime border demarcation principle to determine which party has ultimate possession rights as well as concessions — due to their own geopolitical, political, economic and legal considerations.

2. The Increasing Need for Gas in the Arab Countries, as Well as Regionally and Globally

The dispute broke out at a highly sensitive time, with global energy markets seeing a crunch in natural gas supplies. The severe shortage in gas supplies is an outcome of Russia having its gas exports banned; Russia has used gas as a lever against the Europeans in response to their support for and solidarity with Kyiv in the Russia-Ukraine war. In addition, there is an expanding local demand for gas and liquidates within the two Gulf states, and the majority of Europe's gas exporters are locked into long-term contracts that prevent them from plugging the gas shortage to compensate for Russia's gas cutoff to Europe. The following includes a clarification of Al-Durra's significance strategically and economically, which could help explain how the standoff will play out in the future:

A. The field's economic value compared to global reserves: Its natural gas reserves are estimated at [220 billion](#) cubic meters, representing just a tiny portion of the global reserves, which are estimated to be around 211 trillion cubic meters by the end of 2023. However, this portion is significant in the Arab world and the region since it could meet the growing demand for gas in the Gulf. This has prompted Iran to set its sights on the gas field despite the fact that it has massive untapped gas reserves jointly shared with Qatar, in addition to its own gas fields. However, Iran is not a major gas exporter due to several factors, including the continued international sanctions.

B. The field's strategic significance in proportion to domestic needs: The field is located in the Arabian Gulf's northwestern region, specifically in the shallow neutral zone between Saudi Arabia and Kuwait. Since its discovery in the 1960s, production has been blocked due to the dispute over it. Its significance for Saudi Arabia and Kuwait stems from the fact that its reserves could assist in meeting the growing local demand for gas and its liquidates in the two countries. Still, the field's reserves are considered scant compared to the global reserves but it is considered to be a valuable strategic asset for these countries. This explains why the two Gulf states are defending their claim to the field, especially given the global trend of dependence on natural gas as well as the gas shortage crisis in Europe. Iran seeks to politically employ the dispute over the Al-Durra

gas field against the Gulf states in the new era of reconciliation with them to ensure that they make concessions in the context of other outstanding regional issues. This political lever is understood when comprehending the massive untapped gas reserves that Iran possesses, whether in the gas field it shares with Qatar, which is the biggest in the world, or in its own fields (over which it has exclusive ownership) compared to the scant reserves of Al-Durra gas field and its refusal to demarcate maritime borders with Saudi Arabia and Kuwait. Iran also seeks to dismantle the unified negotiating position of the Gulf states, causing them to engage with Iran separately rather than collectively. This was reflected in Iran's statement that mentioned negotiations would be conducted with Kuwait only. The Saudi and Kuwaiti statements, meanwhile, were clear in this regard, where they have sent messages to the other Gulf states that the gas field issue should be addressed separately from the other regional issues during the new era of relations with Iran. Perhaps the Iranian allegations about a share in the Al-Durra gas field were purposely circulated to deflect Iranian public attention from the pressing issues at home. This dispute indicates that there likely will be a new crisis over gas in the Arabian Gulf similar to the Eastern Mediterranean gas crisis. Iran has refused to demarcate borders in order to prolong the crisis and employ it as a lever at its discretion— and back down in whatever manner and whenever it wishes — only using it as an “ace in the hole.”

Second: Motives and Significations of Iranian Claims Over the Right to Carry out Drilling in Al-Durra Gas Field

Iran is well aware that its ownership claims in the Al-Durra gas field are not established on a sound legal basis. This raises questions about the reasons for Iran's attempts at raising this issue at this time in particular. Is Iran treating the Al-Durra gas field as a political lever to achieve other ends? If we assume this is the case, why is this issue being raised at this particular time given that there are positive indications about relations between Iran and the region's countries? The Arab region in general and the Gulf region in particular have witnessed shuttle diplomatic tours by the Iranian foreign minister to improve relations and resolve outstanding issues with Iran's neighboring countries.

1. Deliberately Stirring Up the Dispute Over Al-Durra for Political Ends

From time to time, Iran announces declares its position on the Al-Durra gas field which is located in the territorial waters between Saudi Arabia and Kuwait. As previously stated, the most recent claims came more than a year after Kuwait and Saudi Arabia decided to begin developing the field. Tehran based its claims on the loophole of not demarcating the maritime borders between it and Kuwait, following continued procrastinations on its part regarding the latter's calls over the past years to hold talks to settle the dispute over the mar-

itime border demarcation. Iran also objected to carrying out the demarcation according to international arbitration law which could dismiss one of its demands in this regard. We should not remain heedless of the fact that these claims came at a time when news broke about talks between Washington and Tehran about an “interim nuclear deal.” In addition, these claims were made against the backdrop of the ongoing global energy crisis exacerbated by continued Russian military operations in Ukraine. This is in addition to several issues and files between Iran and the Gulf states that have remained unresolved for months following the diplomatic reconciliation agreement between Iran and Saudi Arabia.

As a result of these considerations, it is not unlikely that Tehran’s raising of the issue is for political ends, particularly using it as a bargaining chip in the talks with the region’s countries to reach a better deal and resolve the other differences that are considered to be high priority for Iran. This escalation is not necessarily a genuine one that aims to engage Saudi Arabia and Kuwait in a full-scale dispute. If Iran was really seeking to do so, it would have started drilling operations in the past, especially when its relations with its Gulf neighbors were at its lowest points. Yet, its recent claims are less hostile and bellicose compared to those made in the past years. The aforementioned considerations, in addition to avoiding harming its relations with China, are among the reasons why Iran’s efforts to draw the region into a military dispute is ruled out.

2. Searching for Some Economic Gains Given the Deteriorating Domestic Crisis

In addition to achieving political benefits by renewing demands for rights in the Al-Durra gas field, the economic dimension and strategic significance must also be considered. Iran has more than 28 fields shared with Saudi Arabia, the UAE, Iraq and Kuwait. The Al-Durra field’s untapped gas reserves could generate revenues for the Iranian state to help it in alleviating the worsening domestic crisis. Iran is well aware of the dilapidated oil and gas infrastructure in the country, which has not been upgraded since Shah Mohammad Reza Pahlavi’s reign. In addition, foreign oil and gas giants have shunned investments in Iranian gas fields, particularly the joint ones, which has deprived Iran of one of the most vital economic resources. Therefore, in light of the aforesaid complexities and the economic capabilities of Saudi Arabia and Kuwait, Iran’s best option is to stake a claim in the field’s investment and development plans.

3. Deflecting Iranian Public Attention by Instigating Conflicts with External Parties

Iran’s demand to have a share in the Al-Durra gas field despite lacking any sound legal basis is mainly to ease domestic anger and [portray the Raisi gov-](#)

[ernment](#) as a staunch defender of Iranian national interests. Iran sought to cast its agreement with Saudi Arabia reached in March in the Iranian media as a victory for its government's policies and an indication that its orientations are correct.

4. An Indication of the Confused Internal Situation

The Iranian position toward the Al-Durra gas field, refusing to demarcate maritime borders between Iran and Kuwait and the Iranian demand that Kuwait recognizes a 40% share for Iran in the field before holding any border demarcation talks, all stand in contrast with Iranian calls for resolving all problems in a way that leads to establishing an economic and security order that shields the region from external interventions. It also points to Iran's blurred vision regarding its view of its Gulf neighbors, especially with regard to the resumption of diplomatic ties between Riyadh and Tehran. This is added to the divisions within the Iranian ruling elite between those who seek to continue with the agreement with Riyadh and take further steps to cement it in various fields to benefit from it economically and regionally and those opposed to it and supportive of derailing the reconciliation with Saudi Arabia and rendering it unsuccessful, thus allowing tensions with Saudi Arabia to continue.

Third: Coordination and a Joint Response From Saudi Arabia and Kuwait

The Iranian claims regarding its rights in the Al-Durra gas field evoked strong reactions on the part of Saudi Arabia and Kuwait. Both countries categorically dismissed Iran's claims, with the two sides reiterating [three](#) main points:

1. Confirming that the Al-Durra gas field is located in the maritime zone of Kuwait and that its natural resources are shared only by Kuwait and Saudi Arabia.
2. Emphasizing that only Saudi Arabia and Kuwait have exclusive sovereign rights to exploit the field's wealth. As a result, the two countries would continue to cooperate to implement what was agreed upon in the minutes signed between them on March 21, 2022, addressing cooperation in the development of the Al-Durra gas field as well as the prior MoU.
3. Saudi and Kuwaiti rejection of any measure or activities in the gas field on the part of Iran.
4. Saudi Arabia and Kuwait have requested that Iran begins negotiations to demarcate the eastern border of the submerged territory that is shared between the two Gulf states, with both acting as one negotiating party.

The joint Saudi-Kuwaiti coordination was patently clear, reflecting the breadth of shared interests. The Saudi Arabia's Minister of Energy Prince Abdulaziz bin Salman stated that Kuwait and Saudi Arabia intend to discuss the issue of Al-Durra as one team with Iran because the resources in the field are of mutual

interest to the two countries. Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud has directed the Minister of State and member of the Council of Ministers Prince Turki bin Mohammed bin Fahd bin Abdulaziz to visit Kuwait and convey his message to the Kuwaiti government. This position indicates Saudi-Kuwaiti coordination on this issue. It also represents a desire for dialogue and understanding, in keeping with the current state of calm in Iran's relations with the Gulf, which no party wishes to abandon, but without forfeiting rights or making concessions.

It should be mentioned that there has been a Saudi-Kuwaiti assertion of the legal right to the resources of the Al-Durra field, owing to its location in their exclusive region and the fact that they alone have the right to the natural resources contained in the field. The Saudi and Kuwaiti positions are based on international accords for the demarcation of maritime borders, which affirm that the Al-Durra gas field is a Kuwaiti-Saudi boundary field with no Iranian participation or rights. This stance on the part of Saudi Arabia and Kuwait demonstrates an unwillingness to escalate with Iran and a preference to seek diplomatic solutions to the problem. This is consistent with Saudi Arabia's foreign policy approach pursued in recent times.

This does not mean that Saudi Arabia is making concessions to Iran. On the contrary, the Saudi and Kuwaiti positions have demonstrated resolve on this issue, with the two countries staunchly defending their rights and seeking to protect their sovereignty over the Al-Durra field. It is worth noting that the Kuwaiti National Assembly approved the formation of a Foreign Affairs Committee to monitor government actions and activities aimed at defending national sovereignty and preserving the natural resources in the Al-Durra offshore field. Regardless of Iran's allegations, Saudi Arabia and Kuwait confirmed their commitment to carry out their plans to develop the field in accordance with the MoU that stipulates joint cooperation in developing the field and exploiting its resources.

Given that all parties in this dispute prefer diplomacy, worldwide and regional reactions were modest, with the exception of US support for Kuwait's position. "We have also followed media reports on this matter, and the Kuwaiti government has been very clear about its claim to ownership of the Al-Durra field, and we look forward to working with our Kuwaiti partners on this issue," [said](#) James Holtsnider, chargé d'affaires at the US embassy in Kuwait. This support is comprehensible in light of the escalating conflict in the Gulf between Iran and the United States, as well as the latter's strategic relationships with Kuwait and Saudi Arabia.

Fourth: The Impact and Consequences of the Al-Durra Gas Field Dispute on Gulf-Iran Relations

It is not the first time that the issue of the Al-Durra gas field involving Iran, Kuwait and Saudi Arabia has been raised. It is one of the region's outstanding border disputes. It has been a source of contention between the countries since the 1960s, but the differences have remained diplomatic, preventing a confrontation between the two sides. The key crises in Gulf-Iran ties in general, as well as Kuwaiti and Saudi differences on the other side, were triggered by a variety of reasons that did not include the Al-Durra gas field. Based on this historical background, the issue is likely to continue in the same manner as before, with no substantial diplomatic escalation, let alone a military confrontation. This is especially true given that the Saudi-Kuwaiti consensus and intent to negotiate as one party against Iran leads to a balance of power equation that is unfavorable to Tehran. It attempts to negotiate bilaterally to isolate and pressure Kuwait to make concessions in its favor.

Still, an ultimate resolution of the dispute remains unlikely, given that the Iranians continue to reject international arbitration to settle the differences over the border demarcation, a condition set by both Kuwait and Saudi Arabia before discussing the Al-Durra gas field issue. Iran is also aware that international arbitration will allow the UAE to demand a settlement to the issue of the three annexed islands using the same process (arbitration). This will result in legal obligations that contradict Iran's perceptions of the border disputes with its Gulf neighbors. International arbitration could also result in outcomes in which Iran loses significant advantages or receives rights far lower than what it is now asking for and claiming to have.

The aforesaid realities point to Iran's narrow room for maneuverability. Therefore, the recent Iranian moves could be an attempt by it to open the door for negotiations on the issue. Yet the issue of the Al-Durra gas field could be linked to other files in the context of Gulf-Iran ties, perhaps the most important of which is some signs of Iraq turning to the Gulf states and the electricity interconnection agreement, which cuts into Iran's clout in Iraq. Thus, the Iranian steps could be construed as a reaction to the Gulf states' collaboration in the development and economic fields, which could pose a challenge to Iran. Therefore, Iran seeks to position itself to proceed in parallel with or within this Gulf coordination to seek a share in the economic and commercial ventures in the region — as an outcome of the rapprochement agreement signed with Saudi Arabia.

Saudi Arabia and Iran reached an agreement that ended a seven-year diplomatic rupture. However, this does not necessarily mean the end of all contentious issues between the two parties, particularly in the case of the Al-Durra field,


which is linked to the issue of border demarcation. This issue precedes the current Iranian government's existence and has remained stalled for decades. The fundamental obstacle here is separating this issue from other issues that have direct and serious ramifications for the two parties' relations, notably those relating to internal affairs, the majority of which were the direct cause of Gulf-Iranian disagreements.

Conclusion

The issue of Al-Durra gas field marks the first point of contention between Iran and Saudi Arabia since the agreement they signed in the Chinese capital Beijing in March, which has resulted in the two countries resuming diplomatic ties. The way Iran addresses the crisis represents a real test of Iranian intentions — either escalation or pacification and showing a desire to go further in the policies of good neighborliness and resolving all the problems and crises with neighboring countries. This would happen through controlling its discourse and behavior as well as giving precedence to the rhetoric of dialogue and understanding and avoiding belligerency and complicating crises — a tactic repeatedly used by Iran when addressing its foreign policy problems in general as well as its relations with the Arabian Gulf states in particular.



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