**OPEC**

The Organization of the Petroleum Exporting Countries (OPEC), which then comprised 12 countries, including [Iran](http://en.wikipedia.org/wiki/Iran), seven [Arab](http://en.wikipedia.org/wiki/Arab_world) countries ([Iraq](http://en.wikipedia.org/wiki/Iraq), [Kuwait](http://en.wikipedia.org/wiki/Kuwait), [Libya](http://en.wikipedia.org/wiki/Libya), [Qatar](http://en.wikipedia.org/wiki/Qatar), [Saudi Arabia](http://en.wikipedia.org/wiki/Saudi_Arabia), the [United Arab Emirates](http://en.wikipedia.org/wiki/United_Arab_Emirates)), plus [Venezuela](http://en.wikipedia.org/wiki/Venezuela), [Indonesia](http://en.wikipedia.org/wiki/Indonesia), [Nigeria](http://en.wikipedia.org/wiki/Nigeria), and [Ecuador](http://en.wikipedia.org/wiki/Ecuador), had been formed at a [Baghdad](http://en.wikipedia.org/wiki/Baghdad) conference on September 14, 1960. OPEC was organized to resist pressure by the "[Seven Sisters](http://en.wikipedia.org/wiki/Seven_Sisters_%28oil_companies%29)" (seven large oil companies, mostly owned by U.S., British, and Dutch nationals) to reduce [oil prices](http://en.wikipedia.org/wiki/Price_of_petroleum) and payments to producing countries.

At first OPEC had operated as an informal bargaining unit for the sale of oil by resource-rich [Third World](http://en.wikipedia.org/wiki/Third_World) nations. OPEC confined its activities to gaining a larger share of the profits generated by the Western oil companies and greater control over the members' levels of production. As a result of this and other events in the early 1970s, it began to exert its economic and political strength; the major Western oil conglomerates, as well as the importing nations, suddenly faced a unified bloc of exporters.

**The 1973 Oil Crisis**

The **1973 oil crisis** started in October 1973, when the members of[Organization of Arab Petroleum Exporting Countries](http://en.wikipedia.org/wiki/Organization_of_Arab_Petroleum_Exporting_Countries) or the OAPEC (consisting of the [Arab](http://en.wikipedia.org/wiki/Arab) members of [OPEC](http://en.wikipedia.org/wiki/OPEC), plus [Egypt](http://en.wikipedia.org/wiki/Egypt), [Syria](http://en.wikipedia.org/wiki/Syria) and[Tunisia](http://en.wikipedia.org/wiki/Tunisia)) proclaimed an oil [embargo](http://en.wikipedia.org/wiki/Embargo). By the end of the embargo in March 1974,[[1]](http://en.wikipedia.org/wiki/1973_oil_crisis#cite_note-USstate2ndCrisis-1) the price of oil had risen from US$3 per [barrel](http://en.wikipedia.org/wiki/Barrel_%28unit%29) to nearly $12.[[2]](http://en.wikipedia.org/wiki/1973_oil_crisis#cite_note-cbc-2)

The oil crisis, or "shock", caused many global short-term and long-term economic and political effects.



**The 1991 Gulf War**

**The Background**

Throughout the [Cold War](http://en.wikipedia.org/wiki/Cold_War), Iraq had been an ally of the [Soviet Union](http://en.wikipedia.org/wiki/Soviet_Union), and there was a history of friction between it and the United States. The U.S. was concerned with Iraq's position on Israeli–[Palestinian](http://en.wikipedia.org/wiki/Palestinians) politics, and its disapproval of the nature of the peace between Israel and Egypt. The U.S. also disliked Iraqi support for many [Arab](http://en.wikipedia.org/wiki/Arab) and [Palestinian militant](http://en.wikipedia.org/wiki/Palestinian_fedayeen) groups such as [Abu Nidal](http://en.wikipedia.org/wiki/Abu_Nidal), which led to Iraq's inclusion on the developing U.S. list of [State Sponsors of Terrorism](http://en.wikipedia.org/wiki/State_Sponsors_of_Terrorism) on 29 December 1979.

**The First War**

The **Gulf War** (2 August 1990 – 28 February 1991), codenamed **Operation Desert Storm** (17 January 1991 – 28 February 1991) was a war waged by [coalition forces](http://en.wikipedia.org/wiki/Coalition_of_the_Gulf_War) from 34 nations led by the United States against [Iraq](http://en.wikipedia.org/wiki/Ba%27athist_Iraq) in response to Iraq's [invasion and annexation of Kuwait](http://en.wikipedia.org/wiki/Invasion_of_Kuwait).

Kuwait's invasion by [Iraqi troops](http://en.wikipedia.org/wiki/Iraqi_Army) that began 2 August 1990 was met with international condemnation, and brought immediate [economic sanctions against Iraq](http://en.wikipedia.org/wiki/Sanctions_against_Iraq) by members of the [U.N](http://en.wikipedia.org/wiki/United_Nations_Security_Council)

The initial conflict to expel Iraqi troops from Kuwait began with an aerial bombardment on 17 January 1991. This was followed by a ground assault on 24 February. This was a decisive victory for the Coalition forces, who liberated Kuwait and advanced into Iraqi territory. The Coalition ceased its advance, and declared a cease-fire 100 hours after the ground campaign started. Aerial and ground combat was confined to Iraq, Kuwait, and areas on Saudi Arabia's border. Iraq launched [Scud](http://en.wikipedia.org/wiki/Scud) missiles against Coalition military targets in Saudi Arabia and against [Israel](http://en.wikipedia.org/wiki/Israel). There was a lot of ground damage

**Effects on Oil Production**

**Oil spill**

On 23 January, Iraq dumped 400 million US gallons (1,500,000 m3) of [crude oil](http://en.wikipedia.org/wiki/Crude_oil) into the Persian Gulf, causing the largest offshore [oil spill](http://en.wikipedia.org/wiki/Oil_spill) in history at that time. It was reported as a deliberate natural resources attack to keep U.S. Marines from coming ashore (*Missouri* and *Wisconsin* had shelled [Failaka Island](http://en.wikipedia.org/wiki/Failaka_Island%22%20%5Co%20%22Failaka%20Island) during the war to reinforce the idea that there would be an amphibious assault attempt). About 30–40% of this came from allied raids on Iraqi coastal targets.

**Kuwaiti oil fires**

 Oil well fires rage outside Kuwait City in 1991

The Kuwaiti oil fires were caused by the [Iraqi military](http://en.wikipedia.org/wiki/Military_of_Iraq) setting fire to 700 oil wells as part of a [scorched earth](http://en.wikipedia.org/wiki/Scorched_earth) policy while retreating from Kuwait in 1991 after conquering the country but being driven out by Coalition forces. The fires started in January and February 1991 and the last one was extinguished by November 1991.

The resulting fires burned out of control because of the dangers of sending in firefighting crews. [Land mines](http://en.wikipedia.org/wiki/Land_mines) had been placed in areas around the oil wells, and a military cleaning of the areas was necessary before the fires could be put out. Somewhere around 6 million barrels (950,000 m3) of oil were lost each day. Eventually, privately contracted crews extinguished the fires, at a total cost of US$1.5 billion to Kuwait. By that time, however, the fires had burned for approximately ten months, causing widespread pollution.