GoldSquawk

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Libya’s swing barrels remain hostage to valves, pipelines and coastal risk

GoldSquawk Research

Key takeaways

- NOC said on 23 November that an “outlaw group” shut a valve on the Sharara pipeline, cutting roughly 350 kb/d, while the separate Hamada closure removed about 15 kb/d, for total losses of around 365 kb/d. That is a material share of Libyan supply when output had been running around 1.34-1.4 mb/d in October.[1,2,3]
- The vulnerability is structural rather than episodic. NOC had already reported a Sharara pipeline closure by an armed group in September, while the Hamada-Zawiya line was shut by an armed group in October and remained impaired into November.[4,5,1]
- Zawiya is the key transmission channel. NOC warned in September that disruption on the Sharara-Zawiya system threatened field output, exports and refinery operations, with four-day production losses of 720,362 barrels and direct financial losses expected to exceed $75 million through 24 September.[6]
- Libya can look like a swing supplier because it is not subject to OPEC+ agreements and had rebuilt output toward 1.5 mb/d total liquids in June, with NOC still targeting around 1.5 mb/d by year-end in August. But those barrels cannot be treated as firm supply while small groups can close critical valves.[7,8,9]
- Port and maritime incidents widen the reliability problem beyond inland pipelines. AP reported suspected Ukrainian sea-drone strikes on a Russian warship at Benghazi naval facilities and a commercial vessel off Benghazi, underscoring broader country and coastal logistics risk in Libya’s fractured security landscape.[10,11,12]

Latest outage shows how quickly Libya can swing lower

- NOC said on 23 November that closure of a valve on the Sharara crude pipeline by an “outlaw group” would remove about 350 kb/d. It also said the Hamada pipeline had already been shut for more than two weeks, costing about 15 kb/d, taking combined losses to roughly 365 kb/d.[1]
- That is a large swing against Libya’s recent operating baseline. IEA put Libya at 1.34 mb/d in October, while NOC-based October reporting indicated about 43.47 million barrels for the month, or roughly 1.4 mb/d.[2,3]
- Reuters later reported on 23 November that the Sharara pipeline had reopened and crude had started flowing into storage tanks at Akakus’ Zawiya facility, according to NOC’s chairman. The near-term issue is therefore restart quality and duration, not only the headline outage size.[13]
- The market significance comes from Libya’s unique role inside OPEC supply. EIA notes Libya is not subject to OPEC+ agreements, so its supply swings are driven more by domestic security disruptions than by quota policy.[7]

Sharara and Hamada point to repeatable chokepoint risk

- This is not a one-off. NOC said on 21 September that an armed military group had closed Valve No. 7 on the Sharara crude line to Zawiya, and Reuters later reported NOC warning that a prolonged shutdown could halt Sharara output, transport and exports, and force a Zawiya refinery shutdown.[4,14]
- NOC's 25 September update quantified the cost of that earlier Sharara disruption: cumulative crude production losses of 720,362 barrels over four days, with direct financial losses through 24 September expected to exceed $75 million. It also warned that depletion of crude stocks could force refining units at Zawiya to shut sequentially, disrupting domestic product supply.[6]
- The Hamada corridor tells the same story. NOC said on 31 October that an armed group had closed the main valve on the 18-inch Hamada-Zawiya line in the Rayayna area, linking Hamada fields and Tahara to Zawiya refinery; Reuters, via Arab News, said this was the second time in October that armed groups had halted flows to Zawiya.[5,15]
- By 21 November, NOC said the Hamada shutdown had cut output by an average 14,418 b/d and caused daily revenue losses of $1,470,636, excluding fixed operating costs. By 22 November, cumulative Hamada blockade losses had exceeded $30.8 million.[16,17]

Figure 1: WTI remains below key moving averages as Libyan outages meet weak price momentum



Source: NYMEX WTI crude futures daily closes via Yahoo Finance; GoldSquawk calculations, as of 23 November 2026.

Swing capacity exists, but reliability remains poor

- Libya has shown it can rebuild supply rapidly. NOC reported crude production of 1.43856 mb/d and condensate of 49.163 kb/d on 21 June, for total output of 1.487723 mb/d, and in August it was still targeting around 1.5 mb/d by year-end.[8,9]
- A few assets can move the national total materially. NOC said Waha alone was producing 357 kb/d at the time of an August operational review, illustrating how concentrated Libya's supply base remains.[18]
- But the same concentration increases fragility. NOC's repeated attribution of outages to armed or outlaw groups suggests resolution depends less on technical repair than on local coercive power around a handful of valves and trunk lines into Zawiya.[1,4,5]
- Price action shows the broader market backdrop is not uniformly supportive: WTI settled at $80.06/bbl on 23 November, below both its 50-day moving average of $93.72 and 200-day moving average of $88.38. That argues for treating Libyan disruption as a source of event risk rather than assuming every outage can overwhelm wider market forces. [chart]

Coastal security adds a second layer of unreliability

- AP reported on 22-23 November that suspected Ukrainian sea-drone attacks struck a Russian warship at Benghazi naval facilities and separately hit a commercial vessel off Benghazi.[10]
- AP said the commercial vessel had docked in Benghazi to refuel and take on supplies under an arrangement with eastern-based Libyan authorities, highlighting the port's strategic maritime role. AP also described Libya's fractured political landscape and growing use of Libyan territory and coast in the Russia-Ukraine confrontation.[11,12]
- These incidents did not directly target Libya's main western crude export routes in the reporting cited here. Even so, they broaden the supply-risk story from inland pipeline coercion to maritime and port-adjacent exposure, particularly for insurance, routing and operational confidence around Libyan coastal logistics.[12,10]

Scenarios

- **Stabilisation case:** Sharara's reopening translates into full flow normalisation within days, Hamada is resolved, and Zawiya avoids inventory stress or refinery disruption. In that case Libya retains its role as a source of relatively quick, quota-exempt incremental barrels, though the record of repeated closures would still limit confidence in durability.[13,1,7]
- **Persistent disruption case:** Sharara flows resume only partially or intermittently, Hamada remains blocked, and repeated closures drain Zawiya crude stocks. That would keep output unreliable, raise the risk of export and refinery disruption, and revive concerns around force majeure language seen in September.[1,6,14]
- **Broader security spillover case:** Pipeline disruptions continue while maritime incidents around Benghazi or elsewhere along the coast recur. Even without a direct hit on western export terminals, wider security spillover could raise country-risk perceptions around Libyan logistics and vessel operations.[10,11,12]

Levels to watch

- WTI last close: $80.06/bbl
- WTI 200-day moving average: $88.38/bbl
- WTI 50-day moving average: $93.72/bbl
- WTI 52-week low: $55.27/bbl
- WTI 52-week high: $112.95/bbl

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Glossary

Force majeure: A contractual declaration that allows a supplier to suspend obligations because events beyond its control are preventing performance.

Condensate: A light hydrocarbon liquid produced alongside natural gas, often counted separately from crude in output totals.

OPEC+: The wider producer group made up of OPEC members and allied countries that coordinate supply policy.

kb/d: Thousand barrels per day, a standard unit for oil production or supply flows.

mb/d: Million barrels per day, used for national or global oil supply levels.

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