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Iran in the Crosshairs: The Situation Three Weeks In

A follow-up conversation with Mr. X, former US intelligence officer

By Alex Barrow

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Two weeks ago, I published "[Iran in the Crosshairs: An Intelligence Assessment](#)" — a conversation with Mr. X, a former officer from one of the three-letter intelligence agencies whose focus was Iran. His baseline: the US got suckered in, Iran blundered strategically, regime change is a fantasy, and the most likely outcome was a messy negotiated off-ramp within one to two months. The catastrophic scenario — a rogue IRGC faction igniting a full Gulf war — he put at under 20%.

A lot has happened. We got back on the phone across two sessions on March 13 and 18. What follows is the edited transcript of those conversations, updated with context from market data and reporting through March 19.

The headline update from Mr. X: **a regime change has already occurred in Iran — just not the one anyone was hoping for.** Power has shifted from the theocratic class to the IRGC. The nuclear material question is more concerning than two weeks ago. And in the last 48 hours, the conflict has entered a genuinely new and more dangerous phase that deserves its own section.

Where Things Stand: Tactical Win, Strategic Fog

Alex: It's been about two weeks since we last spoke. Before specifics — how on or off script has this gone?

Mr. X: On the tactical side, the US military has executed well. The line of effort was clearly laid out: degrade ballistic missile launch capability, take out drone production, gut the IRGC and what was left of their conventional navy. They've hit over 6,000 targets. Launch-capable assets have been driven down from the hundreds to the low twenties or thirties. If you give the military a clear objective, they'll accomplish it.

Mr. X: But strategically, I think this is going to fail. The stated objective for going in was removing Iran's ability to build nuclear weapons. We hit Fordow, Natanz, and Isfahan back in June or July. But they already had the material to make roughly 15 nuclear bombs — and we don't know where any of it went. We telegraphed our intentions publicly for months. They had time to disperse everything. Our analysts estimate 50 percent of the enriched uranium has been moved and or buried. You're not finding that with airstrikes. You'd need boots on the ground and far better human intelligence than we have.

Alex: So we've degraded the delivery systems but potentially left the underlying material intact.

Mr. X: Exactly. And we may have created the exact conditions that incentivize them to use it.

The Regime Change Nobody's Talking About

Alex: You told me something last week that I keep coming back to — that a regime change has already happened.

Mr. X: It has. Everyone keeps talking about regime change as the goal. I'd argue it already occurred — just not the kind anyone wanted. We went from the theocracy running the place to the IRGC running it. Nobody is discussing this.

Alex: Walk me through it.

Mr. X: When I was at the agency, our assessment was clear: Mojtaba Khamenei was not going to be the Supreme Leader. His father had essentially removed him from the line of succession. The reason Mojtaba went the IRGC route was because he knew he'd never have the religious credibility to lead the clerical establishment — no beard, no true scholarly credentials, fundamentally a military man. Then Larijani — the actual gatekeeper between the IRGC and the Supreme Leader, probably the second most powerful figure in the country — was killed. What I think happened is that the IRGC and Larijani together had positioned Mojtaba as someone they could control. With Larijani now gone too, the IRGC has stepped into that vacuum and consolidated power. That's a regime change. It just went from father to son, which makes it easy to miss. But these are two fundamentally different power bases — religious versus military.

Alex: And practically, what does an IRGC-controlled Iran mean?

Mr. X: His father had a religious edict against nuclear weapons. That edict expired with his death. The IRGC are military thinkers. They watched us start bombing them in the middle of peace negotiations — twice in nine months, according to the Omanis. Their conclusion, the only rational one, is that they need a nuclear weapon for regime survival. I think that becomes priority number one now. And honestly? I don't entirely blame them for it.

The Oman Foreign Minister Moment

Alex: Something significant landed this morning that I want your reaction to. Oman's Foreign Minister Badr Albusaidi — the man who personally mediated the last round of US-Iran nuclear talks — published an op-ed in *The Economist*. He said, and I'm quoting here: '**America has lost control of its own foreign policy.**'

Mr. X: I saw it. It's extraordinary. This is the man who was in the room. He's a neighbor of Iran's, a country that has itself been struck multiple times by Iranian missiles in this war. And he's saying Iran's retaliation was inevitable — that it was 'probably the only rational

option available to the Iranian leadership.' He's not a naif. He just has no incentive left to be diplomatic about what happened.

Alex: He writes that twice in nine months the US and Iran were on the verge of a real deal — and both times, hours or days after productive talks, Israel and the US launched military strikes. The UK's National Security Advisor Jonathan Powell, who attended some of these talks, has confirmed that Iran was making genuine concessions on its nuclear program. And then the bombs dropped.

Mr. X: That's the thing that I think has been underappreciated. The diplomatic damage here may be worse than the military damage. Iran has now been taught — twice — that **negotiating with the United States is a trap that will literally get their people killed.** The supreme leader gone, Larijani gone, commanders killed while talks were ongoing. What rational actor signs up for round three of that?

Alex: Albusaidi's conclusion is that the greatest miscalculation wasn't tactical — it was strategic. He writes: 'Israel's leadership seems to have persuaded America that Iran had been so weakened by sanctions, internal divisions, and the bombings of its nuclear sites last June, that an unconditional surrender would swiftly follow.' And he adds — this is the brutal part — that for Israel to achieve its actual goal, the US would have to commit troops on the ground and open a new front in the forever wars. Which is exactly what Trump promised he would never do.

Mr. X: The IC's read has always been that regime change probability is effectively zero. Not low — zero. And yet here we are, burning through stockpiles we need for other theaters, deploying carriers that are now approaching record-length deployment, at \$200 billion in additional war spending the Pentagon is requesting. For an outcome that cannot happen. It's hard to look at this and not conclude that we got played.

Israel Goes Rogue: The South Pars Strike and What Comes

Alex: I have to address what happened today, because it changes the picture significantly. Earlier today, Israel struck Iran's South Pars gas field — the largest natural gas field in the world, shared between Iran and Qatar. Iran retaliated by hitting Qatar's Ras Laffan LNG hub, two refineries in Riyadh, energy facilities in the UAE and Kuwait. Brent hit \$110. Trump claimed the US 'knew nothing' about the Israeli strike, then threatened to 'massively blow up' South Pars if Iran kept hitting Qatar. Qatar — a US ally, home to Al Udeid Air Base — is now calling Iran's retaliation 'a dangerous escalation that threatens regional stability.' Saudi Arabia says it reserves the right to 'military actions if necessary.' Oman, the only neutral party in the region, has been struck multiple times despite trying to stay out of it. What the hell just happened?

Mr. X: Israel played its hand. This is what I've been worried about. Look at the Gaza precedent. Israel leveled an entire territory, killed tens of thousands of civilians, did it openly, and largely shrugged off international condemnation. They developed a political tolerance for doing what they believe is necessary regardless of what allies prefer. That same logic is now being applied in Iran. Their stated strategic objective is permanent destabilization of the Islamic Republic. The US's stated objective is much narrower — degrade military capabilities, then negotiate. Those are not the same objective, and we are discovering that the hard way.

Alex: An energy analyst I follow — Anas Alhajji — put it starkly. He says Israel is well aware of the basic equation: if it strikes Iranian energy infrastructure, Iran will retaliate against GCC energy facilities. That's not a bug — it's a feature. Either the GCC gets dragged into fighting Iran directly, which benefits Israel, or they suffer serious economic damage, which reduces their regional influence and economic power. **Israel wins either way.**

Mr. X: That's exactly right. And the South Pars situation is worse than most people understand. That field is shared with Qatar's North Field — it's the world's largest LNG hub. Qatar supplies LNG to Europe, Asia, everywhere. Qatar has already had to halt all gas production. The cascading effects of this aren't just regional — they're global. European gas is spiking. Japan, South Korea, the whole LNG import market is repricing. And if Iran hits Ras Laffan again, or the Saudis' East-West pipeline, we're talking about infrastructure damage that cannot be quickly repaired.

Alex: I've been thinking about the geography here, because I think maps are deceiving on the Strait. The way I've come to understand it: the shipping lanes don't run straight through — they bend around the Musandam peninsula, and that turn exposes vessels to roughly 270 degrees of Iranian fire control from Qeshm, the surrounding high ground, and further inland. Iran doesn't need to mine the entire strait or sink a ship every day. It just needs to make that turn lethal enough that no commercial operator will risk it. And the Red Sea precedent is worth remembering — the Houthis, a land power with effectively no navy, fought Operation Prosperity Guardian to a standstill against the most powerful naval force on earth. The Hormuz problem is harder than that.

Mr. X: That's right. You close the Strait with fear, not hardware. One RPG from a speedboat and the next tanker turns around. And we have spent roughly \$20+ billion in three weeks — primarily firing multi-million-dollar interceptors at twenty-thousand-dollar drones. That exchange ratio is unsustainable for everyone. We're pulling Patriot batteries from Asia, compromising those theaters. The USS Gerald Ford has been deployed for 268 days and will reportedly break the Vietnam-era record for longest carrier deployment if this continues another month. The US is burning through capacity it needs elsewhere.

Alex: So where does this leave us? The off-ramp scenario you described two weeks ago assumed the US would want out after about a month of degrading Iran's military infrastructure. But now Israel has just struck the world's largest gas field and dragged Qatar into this. Can the US still engineer an off-ramp while Israel is doing this?

Mr. X: That's the question I keep coming back to. And honestly, it's getting harder to answer optimistically. The US objected when Israel first hit oil depots in Tehran without asking. Then, reportedly, the South Pars strike was 'coordinated and approved' by the Trump administration — or wasn't, depending on which official is briefing which outlet on what day. That ambiguity is telling. Trump posted that the US 'knew nothing,' then threatened to blow up South Pars himself. That's not the behavior of a country in control of its own war.

Alex: Which is exactly what Albusaidi said.

Mr. X: Right. And here's what worries me most going forward: Israel's interest is not a ceasefire. Israel's interest is maximum degradation of the Iranian state, maximum isolation of Iran from its Gulf neighbors, and ideally an Iranian internal collapse that eliminates the threat permanently. The US's interest — or what should be its interest — is a quick off-ramp that doesn't destroy the global energy system, that doesn't push Iran into building nukes, and that doesn't turn every Muslim-majority country in the world into a recruiting poster for anti-American sentiment. These are not compatible objectives. And right now, one of those two countries has clear strategic vision and the other is improvising.

The GCC: From Safe Harbor to Target

Alex: Two weeks ago you said the GCC countries were not at serious risk of destabilization, that Iran's attacks would produce a rally-around-the-flag effect, and that some were even discussing offensive operations. Does that still hold?

Mr. X: It's more complicated now. The rally-around-the-flag effect is real — the GCC was never going to break with the US publicly after Iran lobbed missiles at them. But there's a difference between political solidarity and economic reality. Dubai has been described as a ghost town. Qatar has halted all LNG production. The airports were closed. The F1 race was cancelled. Abu Dhabi and Dubai spent decades building an economic model predicated on being the neutral, stable, safe hub of a dangerous region — sports diplomacy, global tourism, data centers, luxury real estate. That perception has been shattered.

Mr. X: The deeper problem is what Anas Alhajji identified: Israel has essentially made these countries pawns in its campaign. Strike Iranian energy, Iran hits GCC energy in retaliation. Israel gets cleaner hands while the Gulf states bear the economic cost. They can't publicly

condemn Israel without alienating Washington. They can't escalate against Iran without risking worse retaliation. They're trapped, and they know it.

Alex: I read a piece recently that framed this in an interesting way for me — a commodities trader who writes under the name Alyosha, titled 'A Timeline to Irreversibility and a Deflationary Cascade.' The numbers he laid out are worth sitting with. As of Day 18, roughly 200 million barrels are trapped aboard 400 loaded tankers in the Persian Gulf with nowhere to go. Gulf producers have already shut in 7 to 10 million barrels per day. Iraq's onshore storage was tapped out in the first week. Kuwait has maybe 14 to 18 days left. The UAE 21 days. Saudi Arabia, the most resilient, has about 36 days of capacity and it's filling fast and available floating storage is exhausted — forcing 15 to 17 million barrels per day into shut-in. The part that stuck with me most is that **shut-ins in these carbonate reservoirs aren't a pause. They cause permanent impairment.** Post-restart production in similar scenarios commonly settles at 60 to 85 percent of pre-shutdown levels. *Some wells never come back.* OPEC as a functioning pricing mechanism may already be dead.

Mr. X: The reservoir damage point is real and it's been almost completely absent from the public conversation. People are treating this like a temporary supply disruption — prices go up, strait opens, prices come back down. That's not what's happening. The productive capacity of the world's most important oil-producing region is being permanently degraded while we argue about ceasefires.

Alex: And then there's what Alyosha calls the deflationary cascade — which I think is the scenario markets haven't priced at all. When the strait does reopen, those 200 million trapped barrels hit the market simultaneously. Add restarted shut-in production, add the demand that's already been destroyed at \$95-plus oil — you have a supply wave crashing into a weakened demand environment. Prices could collapse as fast or faster than they went up. That forces spending cuts across GCC governments, debt-service stress, rating downgrades, forced liquidation of sovereign wealth fund holdings that are embedded in global equity and bond markets. **The front end of this crisis is inflationary. The back end could be deeply deflationary.** And there's no Federal Reserve that can print its way out of a real-economy supply-and-collateral shock the way it backstopped COVID.

Mr. X: Kuwait and Iraq are the weakest links and they get there first. Kuwait gets 40 percent of its power from Qatari LNG — which is now shut in. Their domestic refinery capacity has already been cut. Their fiscal breakeven oil price was already stretched before the war. If the strait stays closed through April, those aren't theoretical tail risks — that's a near-term solvency question for two sovereign governments. And because GCC sovereign debt and sovereign wealth funds are embedded in global portfolios everywhere, the contagion doesn't stay in the Gulf.

China, Taiwan, and the Franz Ferdinand Question

Alex: Let me pull back to the big picture, because I think this is where the conversation gets most important. We talked about this at the end of our last session — the question of whether historians twenty years from now will look back at this moment the way we look back at 1914. Is this a Franz Ferdinand moment?

Mr. X: The analogy is uncomfortable, but I can't dismiss it. What made World War I inevitable wasn't the assassination itself — it was the accumulated tension, the alliance systems, the miscalculations, the sense among major powers that the other side was getting too strong and needed to be checked now rather than later. *Everyone thought it would be short. Everyone was wrong.*

Mr. X: What I see right now: the US and China are in an undeclared cold war. Taiwan Semiconductor is the equivalent of the oil fields of 1941 — the resource chokepoint that shapes calculations about when and whether to act. Russia is a clear beneficiary of everything happening in the Middle East, bleeding American attention and stockpiles while its oil revenue soars and Ukraine receives less support. Iran, whatever emerges from this conflict, is going to come out more determined than ever to build a nuclear deterrent. And the US has just demonstrated to every country in the world that negotiating with us is a trap.

Alex: Let's stay on Taiwan for a minute because I think it deserves more than a passing mention. Walk me through the actual military picture — not the official wargaming talking points, but what you actually believe about China's capability and timing.

Mr. X: The honest answer is that the situation is more complicated than either side of the conventional debate wants to admit. The official US wargaming has us winning — I don't fully buy that framing. But the popular counter-argument, that China simply can't execute an invasion, undersells what Beijing has actually built. So let me try to be precise about where the real dangers lie.

Mr. X: China has constructed an enormous arsenal of ballistic missiles — somewhere around 20,000 by some estimates — specifically designed to saturate Taiwan's air and missile defenses in the opening hours of any conflict. The sheer volume is the point. You can have excellent interceptor systems and still run out of them when the salvos keep coming. In the opening phase, China doesn't need to win a clean military victory. It just needs to degrade Taiwan's ability to resist long enough to create facts on the ground.

Alex: But the invasion piece itself is where I keep hearing people say China is actually constrained — the anti-ship missiles, the geography, the narrow seasonal windows.

Mr. X: All of that is real. Taiwan's geography is genuinely defensible. You can only invade during two seasonal windows — roughly April and October when the strait waters are calmer. The eastern coast is essentially one continuous mountain range, which funnels any amphibious assault to the western approaches, where Taiwan can concentrate its anti-ship missiles. A frontal amphibious crossing would be extraordinarily costly for China in terms of ships and men. So here's my actual position: **neither a clean Chinese military victory nor a clean US defensive victory is the likely outcome.** The likely outcome — if deterrence fails — is a prolonged, catastrophic conflict that neither side can cleanly win but that both might stumble into anyway. That's actually the scariest scenario. Not a swift Chinese takeover. A grinding, destructive war that disrupts global trade, global technology supply chains, and potentially goes nuclear before anyone intended.

Alex: And the thing that makes miscalculation more likely right now is that China has been watching our wargames for twenty years.

Mr. X: Exactly. They're not going to fight the scenario we've been practicing against. My intuition — and I want to dedicate a full session to this — is that they do something unexpected first. A feint. Vietnam is one candidate; China has territorial grievances there and it would draw US carrier groups south and create genuine ambiguity about where the main effort is going. By the time we're repositioning, Taiwan is already under assault. The element of surprise matters enormously in the opening hours, and *we've essentially published our playbook.*

Alex: And our Pacific posture right now is about as weak as it's been in a decade.

Mr. X: That's the other piece people are underestimating. We've pulled Patriot batteries from South Korea and Japan for this conflict. The carrier groups that were forward-deployed as a deterrent signal to Beijing are now in the Middle East. The USS Gerald Ford has been at sea for 268 days and will reportedly break the Vietnam-era record for longest US carrier deployment if this drags on another month. Japan's Prime Minister is sitting in Washington right now asking pointed questions about why he wasn't informed about the Iran strikes in advance. *That's an ally auditing whether the security guarantee still means what it used to mean.* And Xi Jinping is reading every one of those signals.

Alex: The Taiwan Semiconductor angle is something I find myself coming back to constantly. TSMC produces the one and two nanometer chips that nobody else on earth can reliably make at scale. If China takes Taiwan and controls that production — or simply destroys it so nobody has it — the implications for AI, for defense systems, for the entire global technology economy are almost impossible to overstate.

Mr. X: It's the 1941 oil fields analogy. Japan went to war partly because the US was going to cut off its oil. The calculus was: if we're going to be strangled anyway, better to strike now while we still have the capability. China faces a version of that. The US is actively working to cut them off from advanced semiconductor access — export controls, ASML restrictions, the whole stack. At some point, Xi has to decide whether the window is closing. And if he decides the window is closing, the rational move is to act while American military capacity is overextended and the world is distracted.

Alex: There's a broader question here about what the US actually thinks Taiwan is worth. You've hinted at this before — say it plainly.

Mr. X: My personal read, and I want to be clear this is my opinion not an official assessment, is that the US military has quietly concluded that Taiwan is not a hill we want to die on. We're not going to fight a war over chips. The knowledge has already been dispersed — the engineers, the processes, a lot of the institutional knowledge has been moved to fabs being built in Arizona, Japan, South Korea. It won't replicate at scale quickly, but the strategic calculus may be: we can absorb the loss of Taiwan the island better than we can absorb a shooting war with China right now. Strategic ambiguity exists precisely so no one has to say that out loud.

Alex: I'll tell you what — this is a conversation that deserves its own full session. The China-Taiwan dynamic, the semiconductor war, what a Chinese move actually looks like militarily, and what it means for global markets and the broader world order. That's going to be our next deep dive. Let's do a full episode dedicated to it.

Mr. X: Agreed. And China potentially benefits from the Iran war in one more dimension before we move on — it deepens Iran's dependence on Chinese trade in ways that will persist for years. Iran's gold-for-oil pipeline to Africa has been disrupted. The Lebanon cash courier networks are shut down. China and India are the only buyers left for Iranian crude. China is going to extract favorable terms for every barrel — and for every arms sale, every diplomatic favor — for the foreseeable future. They're getting paid in leverage without firing a shot.

Alex: So when you step all the way back — is this the beginning of World War III?

Mr. X: I don't like that framing, but I understand it. I think what we're living through is the breakdown of the post-Cold War order happening at multiple points simultaneously — and the US is, for the first time in eighty years, not clearly controlling the direction of that breakdown. The Oman foreign minister's op-ed is significant not just for what it says about Iran — it's significant as a diplomatic signal. A Gulf state that has historically been one of the most careful, most neutral players in the region, a country that has itself been attacked by Iran in this war, just published in one of the world's most prominent publications that

America has lost control of its own foreign policy. That is not a statement any US ally makes lightly. That's a country trying to create daylight between itself and the trajectory of American foreign policy.

Base Case, Worst Case, and the Israeli Wild Card

Alex: Give me your updated probability framework. What are we looking at?

Mr. X: The off-ramp is still base case — I'd put it above 50 percent for some form of ceasefire within the next two to four weeks. Both sides have reasons to take it. Iran needs oil revenue to fund domestic stability. The US is burning through stockpiles and political capital it needs for other theaters. The Pentagon is asking for \$200 billion more. The MAGA base is not enthusiastic about this war.

Mr. X: But the South Pars strike has materially changed the calculus. Iran's Foreign Minister has warned of 'zero restraint' going forward. Iran is hitting Qatar — a US ally with a massive American air base. Trump is threatening to blow up South Pars himself. The ceasefire conversation is harder to have when Israel is launching strikes that drag in previously uninvolved parties. Every new escalation makes the off-ramp narrower.

Alex: The Oman FM's op-ed makes the key point: it may be difficult for America to return to bilateral negotiations, but it will be even more difficult for Iran to return to dialogue with an administration that twice switched abruptly from talks to bombing. If Iran was taught anything, it's that dealmaking with the US is a trap. The great irony of the man who sold himself as the world's greatest dealmaker is that he may have permanently discredited the art of negotiation with a major adversary.

Mr. X: That's the strategic hole we've dug ourselves into. And the worst case isn't just an IRGC rogue faction going after Bahrain — I've updated my thinking on that. The worst case now is Israel unilaterally escalating in ways that are presented to the US as faits accomplis, dragging us deeper into a conflict whose objectives we don't actually share, until either a GCC country makes good on its threat of military action against Iran, or Iran does something irreversible to Qatar or Saudi energy infrastructure that triggers a regional war we cannot quickly exit.

Mr. X: The probability of that scenario has gone up since we last spoke. I was at under 20 percent. I'd put it at 25 to 30 percent now. And it's moving in the wrong direction.

Mr. X is a former US intelligence officer with extensive operational experience in the Middle East. He spoke on background across two sessions on March 13 and 18, 2026. The Oman



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Foreign Minister op-ed cited is titled 'America's friends must help extricate it from an unlawful war,' published in The Economist, March 18, 2026. This is the follow-up to 'Iran in the Crosshairs: An Intelligence Assessment,' published March 6, 2026. This transcript has been condensed and edited for clarity.