



When the World Shifts: Force Majeure in Texas Construction Contracts After the Iran Conflict

The war in Iran has reminded businesses across Texas and especially those in the construction industry that contracts are only as strong as the language they contain. Since the conflict began in February 2026, disruptions have cascaded through global supply chains. Qatar declared force majeure on gas exports after shutting down liquefaction facilities, the Strait of Hormuz has seen shipping grind to a near-halt, and energy prices have spiked to levels that make performance on existing contracts genuinely difficult. For contractors, subcontractors, and project owners in Texas, the question is no longer hypothetical. Does your force majeure clause actually protect you when the world shifts beneath your feet?

Under Texas law, force majeure is a contractual provision whose scope and effect are defined entirely by the parties' agreement. The Texas Supreme Court held in *Point Energy Partners Permian, LLC v. MRC Permian Company*, 669 S.W.3d 796 (2023), that "each clause must be construed according to its own terms because there is no 'one size fits all' construction." Texas courts strictly construe these clauses and will not rewrite them or imply protections the parties never agreed to. If your contract lists "acts of war," "government orders," or "embargoes" as triggering events, you likely have a viable path provided you can show actual prevention of performance, not just increased cost. But if you are relying on catchall language like "or other causes beyond a party's control," the bar is higher. Courts limit catchalls to events of the same general character as those specifically listed, and you must prove the event was unforeseeable at the time of contracting. Economic hardship alone, even dramatic cost escalation does not qualify.

Even with a qualifying event, procedural missteps can kill the defense. Texas courts have enforced notice requirements as conditions precedent, meaning a contractor who misses a ten-day notice window may forfeit the claim before the merits are ever considered. The "control" requirement matters, too. In *Qwercky Ltd. v. NeighborFavor, Inc.* (Tex. App.—Tyler 2025), a force majeure defense failed because the permit delay stemmed from its own decision to hire an unlicensed designer, a self-inflicted problem rather than an uncontrollable external event. Mitigation obligations are similarly contract-

dependent: Texas courts will not impose a duty to mitigate unless the clause expressly requires it, but in *Marathon Oil Co. v. Mercuria Energy America, LLC*, 2025 Tex. Bus. 39 (2025), the court honored language that expressly relieved the claiming party of any obligation to seek alternative supplies. The practical takeaway is that mitigation duties are a drafting lever parties can negotiate up or down, and the contract will govern.

The lesson from both the pandemic and the Iran conflict is the same. The time to address force majeure is before the crisis hits. Parties negotiating or renegotiating construction contracts today should define triggering events expressly, including armed conflict, sanctions, energy crisis, and geopolitical instability and should specify whether force majeure suspends performance, extends deadlines, or triggers termination, and whether payment obligations survive. Even where no force majeure clause exists, Texas recognizes common law defenses of impossibility, frustration of purpose, and commercial impracticability though courts construe them narrowly. With global uncertainty showing no signs of abating, a well-drafted force majeure clause is the first line of defense.

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