Oil is a fungible global commodity.

This means that there are many inputs and outputs all contributing and withdrawing from a global "pool". The price is global. If a country were to - hypothetically - have more oil being transported through a pipeline traveling through it, rather than that same oil traveling via trains to different ports, the price of oil in that country would remain exactly the same. It's set by a fungible global market.

The oil market has an extremely low price elasticity of both demand and supply.

That means that regardless of price, neither demand nor supply will change dramatically or quickly. It's a balancing act. Making investment in new production will take 12-18 months. So companies REALLY don't like to make new investments based on what they see as short term factors... because by the time those new investments begin producing, the market could change dramatically, and if they are OVER-producing, then the price begins dropping - again without a significant change in demand or supply. If they over-invested, then they lose money on those investments, and in order to pay those investments (whether it be bonds or loans or whatnot), they cannot lower their production rate, they have to pump for all they are worth. So the supply/demand imbalance is only worsened, and the price continues to fall... until some government entity (usually OPEC) steps in and cuts their production to defend a price floor.

On the other end, however, when prices are high, there is often nothing that can be done at all. We can assume that current fields are probably producing at max capacity, but because of fear of oil shocks to come, many speculative interests are filling oil reserves. You can't blame them. It's market capitalism at its finest: Speculative traders believe that the war will push oil prices higher, and are therefore filling inventories (taking precious supply off the market). Again, the oil companies cannot increase their production quickly... it will take 12-18 months of increased investment for the most part, and increasing production from their current fields will only deplete them more rapidly - leaving a gap where their current infrastructure would be producing far less (impacting world supply) while their new investments were still being built out and brought online.

There is a solution, and as a supporter of the current American administration it irritates me beyond the ability of words to convey that this is not being exploited:

Governments around the world have "strategic petroleum reserves" (SPR). The US has the largest SPR - 714 million barrels (714 MMbbl), but every government has some large volume of oil in underground reservoirs that they are holding "strategically" for some unforeseen "strategic" reason.

That should be exploited now to break the cost inflation cycle.

If the US (and other countries) committed to releasing 4.4 MMbbl/d* over a three month span, it would allow much of the speculative commercial inventories to fill, and more than adequately supply the world's oil needs. Without spare inventory capacity, there is no further withdrawal from global supply from the speculators, which means the price of oil can re-stabilize back into sanity.

By emptying a reasonable percentage of the SPRs, the world governments also offer protection for current oil producers to increase their investments, as those SPRs would then have to be re-filled once all this is over. Also, incentives can be offered for the producers to tap their current fields faster and deplete them more rapidly, because the speculative inventories would be available if there is a short-term supply-demand gap due to more rapid current depletion.

It fixes everything, and there is no downside. So if you want - out of some deeply-held mindless partisan hatred - to criticize the American government... Please stop harping about the Keystone pipeline, which would have done exactly nothing to change global oil prices (merely cycled a few tens of millions of dollars per year through some oil refineries in Oklahoma, and a few million dollars a year through some ports in Texas and Louisiana), and start calling for America to lead the way in actually using our strategic reserves strategically - which WOULD lower the global price of oil and do significant harm to Russia right now.

*I had earlier mis-remembered the maximum draw rate from the SPR. I have adjusted the draw rate and time frame accordingly.