The socio-economic impact of national and foreign oil mining companies existences and activities in Tjepu 1967-2004

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Abstract. The aim of this paper is to analyze programs and policies run by national and foreign oil companies that affect the level of the economy of the people in Tjepu. While historical research usually focuses on events that are presented in chronological order, this study will add to the study of linkages between historical agencies/actors and the environment relating to the quality of the economy from generation to generation in the exploration and exploitation of national and foreign oil companies in Tjepu. This study uses historical methods, especially in collecting literature and field data including interviewing a number of people related to oil mining activities. The results of this study indicate that there are positive and negative sides of the existence of national and foreign oil companies operating in Tjepu. The existence of oil companies is opening up employment opportunities for local residents although the number is limited. In addition, the existence of oil companies also encourages the emergence of small businesses such as restaurants and other service businesses. But on the other hand, pollution due to mining activities also affects the health level of the community and pollutes the ground water in Tjepu.

Keywords: Tjepu, oil mining, company, pollution

1. Introduction
The name of Tjepu, which is located near the border of Central and East Java until the mid-19th century, was initially unknown in the course of the history of Indonesian mining. However, along with the discovery of large amounts of oil by a Dutch scientist, Adriaan Stoop, in 1893, Tjepu gradually emerged as a city that is always called when talking about the history of oil mining in Indonesia. The development of the city of Tjepu itself is inseparable from the arrival of both foreign and domestic investors who want to try their luck with the oil mining business.

The dynamics of Tjepu as an oil city have ups and downs along with political changes and changes in government. Tjepu witnessed a number of important events in the course of the history of politics and mining in Indonesia, including being a refuge for leaders of the Indonesian Communist Party (PKI) who had failed in carrying out power struggles. Remnants of the PKI forces in Tjepu were successfully crushed by the Army of the Republic of Indonesia from the Ronggolawe Division.

Since the New Order came to power, oil-rich regions in Indonesia accepted the arrival of foreign investors thanks to the implementation of Law No. 1 Regarding Foreign Investment in 1967. On the other hand, the status of land owned by residents in a number of areas in Tjepu is still not certified even though residents have arranged the conditions specified. This condition made residents in the Wonorejo area of Tjepu demonstrate to get justice. The Wonorejo area itself is divided into four regions, namely...
Wonorejo and Tegal Rejo in Tjepu Village, Sarirejo area in Ngelo Village and Jatirejo area in Karangboyo Village. Efforts to certify land that is the property of citizens are very important especially if an area has oil content which then becomes a targeted area to become part of the oil mining exploration area.

The status of lands that have not yet been certified to be the property rights of residents in some areas in Tjepu made repeated claims of residents after the change of the New Order government towards the Reformation era spread. In line with the decline in oil production in Tjepu after the Reformation, residents re-claim of uncertified land raised fears of greater mass demonstrations amid the efforts of national and private oil companies in Tjepu to play a greater role in community empowerment in Tjepu. Thus, there are at least two problems which, if it is left unchecked, will be the process of land certification in a number of areas in Tjepu that moves very slowly and national and private oil companies concerns on reclaim land that can lead to other problems including areas that are now exploration and exploitation oil mining areas. On the other hand, residents are worried about the compensation process for land containing oil because it is generally only paid cheaply by foreign private oil companies. This is what makes research on the existence and activities of foreign oil companies along with the socio-economic impact on the Tjepu community important to be done and to be written to understand the various problems that emerged until the reform era.

2. Related works

In addition to the various reports which are certainly made by foreign companies themselves, until now there have been no studies specifically explaining the contribution of foreign oil companies to the economy of the people in Tjepu and surrounding areas, especially in the period 1967-2004. Existing works such as 100 Years of Pertamina tend to explain the history of oil mining in Indonesia until 1985 in general, namely from the colonial period until the middle of the New Order government. In addition, oil concessions are also inseparable from political interests. The existence of foreign oil companies is because they get concessions from the central and regional governments but in the context of diplomatic relations between the two countries, issues surrounding bilateral relations and interests that bind the two countries cannot be separated. Related to that, the work of Francis Delaisi entitled Oil: Its Influence on Politics can be proposed as a comparison of how foreign oil companies finally succeeded in obtaining oil concessions including utilizing diplomatic channels to fulfill their interests.

To understand the history of oil mining in Indonesia, researchers have also investigated the mining laws that were issued during the colonial period, namely the regulations issued by Dienst van den Mijnbouw entitled Tekst van de Indische Mijnwet (Staatsblad 1899 No. 214 gewijzigd en aangevuld bij de Staatsbladen 1910 No. 588 en 1919 No. 4) en van de Mijnordonnante (Staatsblad 1906 No. 434 gewijzigd en aangevuld bij de op blz. 21 vermelde Staatsbladen). The Dutch East Indies Mining Law was first published by the Dutch Colonial Government in 1899 and underwent several revisions until 1938. Based on the law, permits to mine mainly coal and petroleum were issued by the government with a concession system. During the early development of the oil industry in the Indies, the government gave priority to Dutch oil companies, especially the Royal Dutch, to obtain concessions in almost all potential oil fields in the Dutch East Indies. This has drawn protests from several countries, especially the United States.

One other work that also needs to be mentioned is From Challenger to Joint Industry Leader 1890-1939. The book that was written by Joost Pieter Bastiaan Jonker specifically tells the story of the development of the Dutch oil company Royal Dutch. By following the history of the development of this company, researchers were able to find out the initial areas which were fields of oil exploration in the Dutch East Indies and later became places that are now the fields of foreign oil companies in Indonesia. The researcher attempted to conduct a comparative study between one area and another region related to the level of welfare of the communities around the oil mining area that were linked to any policies that had been taken and applied by foreign oil companies to contribute to the welfare of the community around their area of operation.
3. Methodology
This study, with a historical perspective, will use a structuralist methodology approach [1] as the occurrence of social change in society. The structuralist approach basically emphasizes the existence of interaction or the occurrence of dialectics between individuals (observable) and structures (unobservable) that result in social or historical changes. This methodology assumes ontologically that reality in history is a loosely structured social structure rather than a tightly structured social structure from Talcott Parsons [2]. The consequence that will be faced is the openness of social order that allows the emergence of agencies / actors of individuals or certain social groups who have a horizon and have different desires with society in general which is trying to change society. Efforts to change with social mobility vertically can be identified through 3 questions of this research strategic plan, namely how much human resources from local communities are professionally based; how to link and interwoven infrastructure with research facilities; and how collaboration will occur with existing industrial centers.

Methodologically the explanatory procedure that uses causality (causation) is equally found in structural and structuralist methodologies. But the structural methodology is more explosive determinist, with emphasis on causation derived from the strength of social structures. Whereas structuralist methodology uses humanistic cause and effect, namely the creation of interactions between humans and their social structures [3]. How can social change and continuity in history (society) be explained by structuralist methodology? Social change that occurs in history (society) can be found from action, historical actors and events. While continuity, can be seen from the role of human being as an agent/actor who is part of the social structure. On the other hand, those who have innovation and motivation want to change history (society) through order in their society, cannot escape from traditions which are essentially part of the social structure itself. So, a structuralist methodology is a bridge between social change and continuity. Because structure is more loosely structured, so it allows the community to take an active role in maintaining the continuity of the social structure (reproduction), or conversely the action taken is to change society (transformation). Individuals (agents/actors) or social groups who have the ability to reproduce and change society in a structuralist methodology known as agency. The success of the agency is due to the continuous dialectical results between agency and social structure [4].

4. Result and discussion
4.1. The dynamics of community socio-economic related to the existence of national and foreign oil companies in Tjepu until the New Order Era
According to data from the Department of Energy and Mineral Resources Republic of Indonesia, there are old oil wells that spread in various regions, including in East Kalimantan 3,143 wells, South Sumatra 3,623 wells, North Sumatra as many as 2,392 wells, Central Sumatra 1,633 wells, Central Java and Java East 2,496 wells, Seram 299 wells, Papua 228 wells, and South Kalimantan 100 wells, the total number of old wells is 13,824 wells and among them there are 745 wells which are declared still active [5].

The existence of oil fields in the area of Central Java and East Java originated from the findings of residents of black soil seepage which was easily flammable from the ground in 1880. This was the first oil discovery in the area which was later named the Tjepu Block. Local residents themselves named it as Latung. News of the discovery of the seepage of the land reached the Netherlands, and in 1887 they had drilled oil on Kuti and Kruka, south of Surabaya. The discovery of oil in the East Java region was initially discovered by Adriaan Stoop, a mining scholar who graduated from Delft Technical High School, the Netherlands in 1893 in Bojonegoro Regency, which later became the starting point of oil mining in the Java region. Later on, the company was established to take care of oil extraction in the Blora region by Adriaan Stoop which became the milestone of the first colonialist company engaged in oil mining in the Dutch East Indies region. The company was named Dordtsche Petroleum Maatschapij or abbreviated as DPM whose name was taken from his birthplace in the Netherlands. Over time, the name DPM then gradually changed to Bataafsche Petroleum Maatschapij (BPM).

The Tjepu block is a term for the oil and gas contract area which includes Bojonegoro Regency - East Java, Blora Regency - Central Java, and Tuban Regency - East Java. Before the latest discovery of large oil reserves in the Tjepu and surrounding areas, namely in Bojonegoro and Tuban districts, the
Tjepu oil field itself was only functioned as a vehicle for oil education with the presence of the Oil and Gas Academy in Tjepu.

Before World War II, the Tjepu area which was controlled by the Bataafsche Petroleum Mattshappij (BPM) developed around 24 fields. Exploration was carried out mainly by using surface geological mapping, test wells, and shallow drilling followed by drilling on a larger and deeper scale, this then continued until the Second World War raged where the Dutch East Indies were occupied by Japan. On October 5, 1945 based on the announcement of the minister of prosperity number 5, the petroleum area of Tjepu officially became a State Oil Mining Company (PTMN).

PTMN Tjepu is one company that can help the government in terms of fuel, especially the military which was then carrying out the war of independence with the Dutch colonial army. At that time at the beginning of independence, PTMRI in North Sumatra, Permiri in South Sumatra and Jambi, or PTMN in Tjepu were both suppliers of fuel and weapons for the community and the Armed Forces. This benefit was later acknowledged by the Indonesian delegates in holding the negotiations with the colonial state. Moving on in 1951, the Tjepu block was later transferred by the Indonesian military which later gave birth to the PTMRI, in 1961 the company later changed its name to PN Permigasan which was tasked with managing the Tjepu field. Furthermore, in 1973-1974 seismic surveys were carried out, this continued until Pertamina Unit III took over the Tjepu block in 1980.

On the other hand, Tjepu later became as a center for education and training (Pusdiklat) for petroleum workers in 1960, in 1984 the education and training center was renamed the Center for Oil and Gas Development or Oil and Gas PPT, which then shifted to with now the name of the Oil and Gas Academy (AKAMIGAS). This change itself is based on the depletion of oil reserves in the Tjepu oil field. With the depletion of the oilfield, the cost of production is greater than the profits obtained. Therefore, the heavy equipment that was used to carry out oil exploration then began to be functioned as a teaching aid in the Oil and Gas Academy. Only later in 1990 - 1998 when oil and gas content was found in large quantities in old locations, but deeper (1700-2000 meters) from the previous location. It is estimated that the new oil potential found in the Tjepu Block reaches 2.2 billion barrels, spread in Blora Regency (0.7 billion barrels) and Bojonegoro Regency (1.5 billion barrels) at the end making the oil exploration atmosphere in the Tjepu area become rampant and bounce back.

As an oil-producing region, the Tjepu region is an area where there are various oil and gas activities carried out by various agencies, both government and private institutions. We can observe these activities from oil and gas exploration and production carried out by PT Pertamina and oil and gas exploration by mobile Tjepu Ltd which is a subsidiary of Exxon Mobil, with the largest share held by a foreign private sector. The existence of oil and gas activities is no doubt in the end led to the emergence of economic activities carried out by residents who dwell around the Tjepu industrial area. The discovery of oil sources in Tjepu itself was an advantage for the economy of the community in Blora and its surroundings. The discovery of the oil fields in Tjepu is a breath of fresh air for the economy in the region, because the Tjepu oil field is in a row of large oil fields in the world. Economic activities arising from the emergence of various oil and gas activities include stalls/shops, food stalls and service sectors such as boarding houses and workshops, internet cafes, and various other things.

Economic activities are mostly carried out to support various existing activities, which are usually carried out by people in the area in general, from various regions in Indonesia, even those from abroad. This is because Tjepu is the only place to get a certificate in the field of drilling. The large number of migrants in this area ultimately provides economic benefits to its residents and participates in making Tjepu develop as a city with various roles and facilities [6]. It is clear in the statistics of the population that has increased from year to year, as a comparison in 1971, the Tjepu region had a city population of around 20,000 people, this then got a very sharp increase in 1987, as an oil city in the Tjepu sub-district being in the administration of Blora region is far more developed than the other regions, namely Kedungtuban and Sambong with a population of 66,399 (13,520 households), consisting of 33,784 women and 33,615 men. This is due to several factors, such as the number of migrants who later settled as residents of the city of Tjepu, as well as the number of migrants who also did not settle but lived in the Tjepu area, typically settlers like this usually settled and chose to live in boarding houses or hotels.
Therefore, in Tjepu there are many hotels and shelters. In addition, the development of the Tjepu area was also marked by the many facilities that supported the city, in the early 80s there were around 1000 shops and kiosks, 17 cooperatives and 6 markets were located in the oil-like region. This then makes Tjepu a unique small city, where there are many facilities that support the activities of the population in the area [7].

One of the countries that are partners of Indonesia's cooperation in supplying crude oil is the United States (US). To meet its oil needs, the United States has large-scale oil companies that operate globally. One of the United States companies that later became a partner for Pertamina was Exxon Mobile. Indonesia and the United States have negotiated in the field of bilateral energy cooperation since 1990. This then led to an agreement on the management of the Tjepu Block, where Exxon Mobile later became the operator in the region in collaboration with Pertamina [8].

What then becomes interesting is how the oil company impacts on the population around it. It follows a number of sectors that have become the foundation of society in the Tjepu region, of course the Oil and Gas Exploration, Processing and Management sector. Especially in the oil mining process, of course, it occupies an important position in the economic standard of the community, considering that Tjepu is a city of oil fields that is quite large, but in reality, if it is traced back to the community inside. So, the oil and gas wealth surrounding the region does not automatically improve living standards and prosperity for its citizens. This is itself because those who are able to mine with complete equipment are not indigenous people, but rather to migrants and foreigners who work in large oil companies in the region, such as Pertamina or Exxon Mobile. Indigenous people are only given the task of manual laborers or mining workers.

In the case study in Wonocolo village which is still part of the Tjepu area for example, one of the impacts of economic activities in mining exploration for the community was the creation of an oil exploration system by becoming a traditional miner, but in reality, this was then an economic inequality, between the owner of the well, which is usually the right of the village head to the traditional miners. This was further compounded by access to only those closest to certain officials, such as the Lurah who could take advantage of being a traditional miner in the area. Some of these factors which later made the economic activities of the community less helpful with the exploration activities that existed around their area.

This then emphasizes that with abundant natural resources, it cannot immediately make the living standards of the people around them rise and prosper. The economic impact seen from mining activities is not so prominent because most of the results obtained by residents as miners must be left to PT Pertamina at a price that follows Pertamina’s policy through work partners who are usually Village Unit Cooperatives (KUD), this is due to Pertamina is the official operator in the region.

4.2. The impact of the existence and mining activities of foreign oil companies in Tjepu in the New Order and the beginning of reformation

Located in the border region, Tjepu region became a struggle for regional governments in the two provinces, namely Central and East Java, each of which feels they have access to be able to take advantage of the investment of foreign oil companies that will operate in the Tjepu. This is because along with the development of science and technology, the Tjepu region and its surroundings, namely in Bojonegoro and Tuban Regencies, are known to have very large oil reserves so that the Tjepu area which was previously only functioned as an oil field education then again became an interesting exploration place for investors to come to Tjepu. In this case there are some government efforts, especially through Pertamina, to manage the area. This was seen by the establishment of several new facilities through Pertamina UEP III Lap. Tjepu and Pertamina UPPPDN IV Depot Tjepu. On the other hand, foreign companies that managed to get concessions from the government also established exploration support facilities such as those conducted by Mobile Tjepu Limited which is a subsidiary of Exxon Mobil from the United States. The emergence of mining exploration in the end also increased the economic sector and indirectly the population which ultimately drove the desire of companies in other sectors such as Telkom and Perhutani.
After the fall of the New Order, many regions wanted the implementation of a decentralized government system that manifested itself through regional autonomy. This makes the attraction between central and regional interests attractive. In the case of Tjepu itself this includes the distribution of oil mining concessions, both national and foreign companies. As a result, there have been many bargaining interests between the central government, regional governments and companies that act as mining operators.

In a number of cases later, this was realized by the phenomenon of issuing permits for exploration of oil mines in the Tjepu region to the US foreign company Exxon Mobil, after previously through a series of talks at both the central and regional levels and talks between the government and the DPR. This decision itself attracted a lot of controversy because the DPR had previously supported Pertamina as a national company as the main operator in managing oil fields in the Tjepu region. This decision was finally reviewed, especially so that Pertamina was also actively involved in the development of the Tjepu block.

After tough talks, the two parties finally agreed to develop their respective Tjepu Blocks through Pertamina's subsidiaries namely Pertamina EP Tjepu and its subsidiary Exxon Mobil namely Mobil Tjepu and Ampolex Tjepu. As for the distribution of results, 45 percent for Pertamina, 45 percent for ExxonMobil and 10 percent for regional-owned enterprises assuming the price of crude oil is equal to or above US $ 45 per barrel. It is planned that if Tjepu Block starts operating (end of 2008) it will produce 170,000 barrels of oil per day. While the income of the entire country is around 1 million barrels per day. The Tjepu block is estimated to contain oil between 600 million - 1.4 billion barrels and natural gas around 1.7 - 2 Trillion cubic feet. In addition to the Banyu Urip field, other production fields are Alas Dara/Kemuning, Jambaran, Sukowati, Cendana and Alas Tua.

Considering the large amount of oil and gas content found in the Tjepu and surrounding areas, it is only natural that the oil mining concessions contribute to the development of the surrounding communities. However, based on the observations of researchers, it does not appear that there is a significant relic of infrastructure for surrounding communities. Starting from public facilities such as roads, decent housing to oil mining facilities and infrastructure itself. It is precisely what is seen is the infrastructure gap carried out by the local community with mining management companies, especially in conducting oil exploitation.

5. Conclusion
In general, oil mining in Tjepu and surrounding areas has not provided welfare to the surrounding community. Based on interviews conducted with several respondents in some oil field, it is known that oil mining does not improve community welfare because there is no effective communication between interested parties related to oil exploration. This was later proven based on observations in the field and interviews with several resource persons who showed a gap between mining operators, the government and local residents who participated in mining activities. In contrast, private investors from outside the city of Tjepu actually benefit greatly from the existence of community mining.

Residents and investors generally use maps of the Dutch colonial period to be able to find old wells that had been closed by the Dutch colonial administration before the arrival of Japanese troops. Armed with the map, several wells were found and dug up again. For the purposes of these excavations, investors who come from rural areas usually have to sell a variety of property including livestock that are very valuable like cattle because of the enormous cost. Even large amounts of capital do not guarantee that the extracted oil will come out.

Based on observations, the area used as a mining area in fact turned out to be arid and unceasingly released smoke from the oil refining results. Groundwater in the mining area also becomes cloudy and oily and is not suitable for consumption. The pollution occurred not only when mining was managed by private private miners but also when it was still managed by the KUD. This situation also affects animals and insects that previously inhabited the mining area in Wonocolo Village. Many birds around the mine turned black and finally left the area. In addition to creatures that live on land, many fish die from river water pollution due to waste that continues to flow from the mining area. Pollution has even reached
rural areas around the mining area. With the increasing number of individual private miners, the level of air and water pollution around mining is estimated to be getting worse along with the increasing number of teak trees being cut down.

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