

THE BATTLE FOR OIL IN THE DUTCH EAST INDIES: PLADJOE, THE PEARL IN THE CROWN OF THE BATAAFSCHE PETROLEUM MAATSCHAPPIJ (SHELL), IN THE TURMOIL OF THE 1940s

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Abstract

Oilfields can easily turn into battlefields. This happened more than once in the colony of the Dutch East Indies (Indonesia) in the 1940s, where Japanese, Dutch, Allied and Indonesian forces fought fierce battles over the control of the local oil facilities. With good reasons, because in those days the Netherlands East Indies was one of the world's biggest oil exporters.

It all started in Telaga Said I, in northern Sumatra, in the Mid-1880s, where the first oil was discovered in the thick jungle. Shortly afterwards, in the Mid-1890s, in the swampy south of Sumatra oil of a better quality was found. As a result, nearby Palembang, an ancient city with harbour facilities, quickly mushroomed into a vibrant oil industry city, and the small kampoeng Pladjoeⁱ (Plaju), about eight kilometers further along the River Moesi (Musi), became a spider in an enormous petroleum infrastructure. The *Koninklijke Nederlandsche Maatschappij tot Exploitatie van Petroleumbronnen in Nederlands-Indië* (1890) formed in 1907 a subsidiary named the *Bataafsche Petroleum Maatschappij* (BPM/Shell) and built at Pladjoe the largest, most productive and modern refinery of Southeast Asia of its time. The scale of operations grew over time and the BPM planned a comprehensive company town with administration buildings, refineries and jetties for mooring tankers, pipelines, (rail) roads, and designed living quarters for its employees along a rectangular grid, including modern bungalows with shady gardens, shops, schools, sports fields and a church etc. Eventually, the BPM and the municipality of Palembang as the main oil actors created together a *petroleumscape*ⁱⁱ: a coherent network of spaces around the psychical and financial flows and interests of petroleum in the urban environment.

These times of prosperity and peace all suddenly came to an end when war and revolution broke out in the colony of the Dutch East Indies in the 1940s. As a result, the oil empire of the BPM was at risk. Based on both archival research and secondary sources, this paper elaborates on how the BPM spatially and economically planned its huge industrial oil-footprint at Pladjoe and safeguarded these oil facilities against all kinds of brutal intrusions and destructions during the Pacific War (1942-1945) and Indonesia's struggle for independence (1945-1949). Remarkably, in reaching this goal and in their effort to restore the pre-war situation of peace and prosperity, the BPM's captains of industry, Dutch Army commanders and politicians in the government seats of both Batavia and The Hague worked closely together. Constantly using oil as an economical weapon.

Keywords:

Petroleum, urban history, 1940s, battle for oil, Dutch East Indies, Palembang, Pladjoe, BPM, Royal Dutch Shell.

Introduction

At the beginning of the oil production in the Dutch East Indies stood the Dutch farmer's son Aeilko Jans Zijlker, who went to the Indies to find his luck after an unhappy love. Zijlker, administrator of the *East-Sumatra Tobacco Company*, discovered oil in North Sumatra. It was a kind of oil seep, still of rather poor quality. After negotiations over royalties with the owner, the Sultan of Langkat, Zijlker in 1883 got the concession of the area and the permission to drill.ⁱⁱⁱ After quickly assessing its potential, the Dutch King William III gave the company the name the *Koninklijke Nederlandsche Maatschappij tot Exploitatie van Petroleumbronnen in Nederlands-Indië*.^{iv} This freestanding company was officially established on 16 June 1890 with a financial back up of about 360.000 dollars.^v Due to this amazing success, Zijlker was sent out to do some more pioneering exploration and drilling around his *oil kampoeng*, but his luck was not eternal as he suddenly died in December of the same year. Nevertheless, this site would eventually become the birthplace of one of the biggest multinationals of the world today: the Royal Dutch/Shell Group.

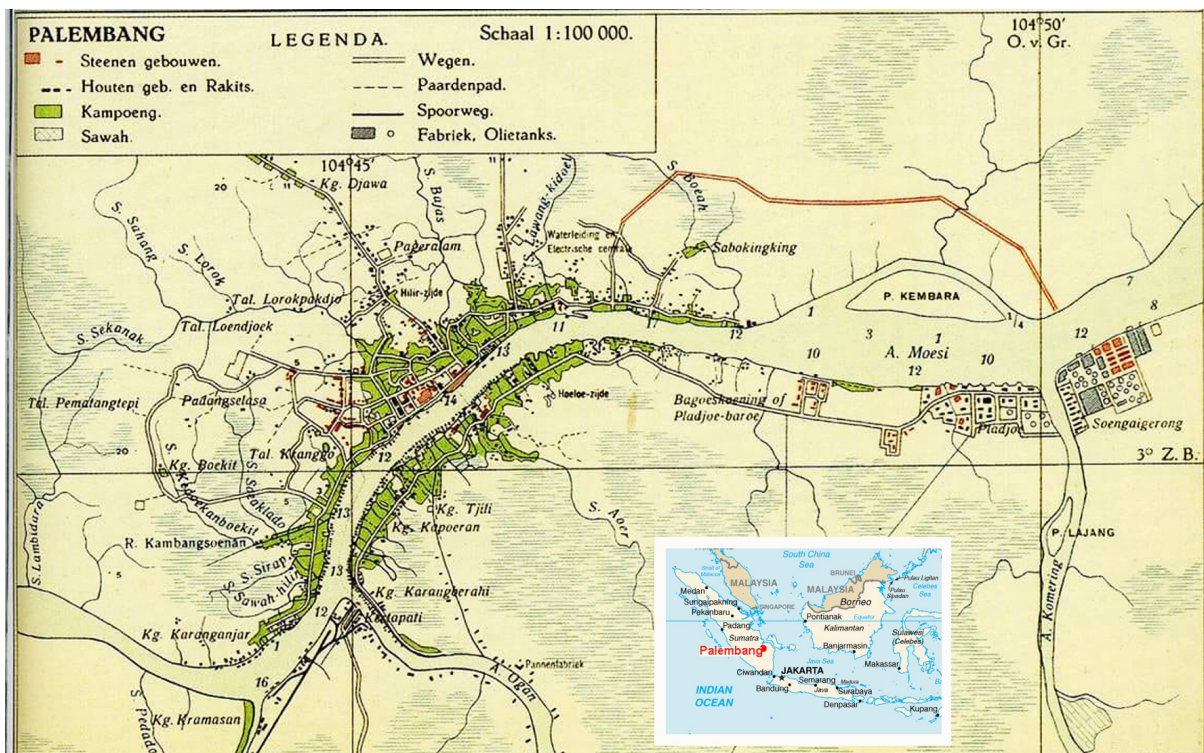


Figure 1. General map, oriented to the northwest, of Palembang and environs, in 1938, with Kartapati (left / down), Pladjoe and Soengei Gerong (right/middle), and Bagoes Koenig (middle). Source: *Comprehensive atlas of the Netherlands East Indies*.

Pladjoe: the pearl in the crown of the BPM

When oil was found in the southern parts of Sumatra, it was the experienced Jan Willem IJzerman, head of the *Moeara Enim Petroleum Maatschappij*, who stepped in first and invested near the ancient city of Palembang, the capital of the province South Sumatra.^{vi} Palembang, an important exporter of pepper and tin, was a major river transport hub, strategically located along the Malacca Straits and nearby Singapore and Batavia. All around the world at that time, oil production and transportation relied on water.^{vii} From Palembang harbour to the open waters of the Bangka Straits was about 50 miles. The waterfront city stretched along both sides of the 750 kilometers long muddy River Moesi (Figure 1). The main economic and political parts of town, like the Kraton,

the former sultanates' fortified palace and its surroundings, were lying on the eastern bank, called the Ilir or Hilir ('downstream'). At the western riverbank, called the Oeloe ('upstream') or Hoeloe (Ulu), about eight kilometers from the centre of Palembang, IJzerman established an oil refinery in 1897. At that time, this place was nothing more than a small kampoeng carrying the local name Pladjoe. There was no overland transport between the city centre and Pladjoe, as there were no bridges yet. People had to take the regular ferry. Hence, Pladjoe was lying across the river in relative isolation geographically and was transformed steadily into a well-organized western



enclave; a symbol of modernity and European might.^{viii}

Figure 2. Bungalow in Pladjoe of a BPM-employee, around 1947. Source: Mieke Huijsman-Engelberts.

The facility had been built by the BPM in 1907 on the west bank of the mouth of the tributary Komerling and produced marketable secondary

products which could be efficiently transported by oil tankers from the refinery's jetty to Java, Singapore, United States or Japan. The refinery received crude oil from the rich oil fields of Talang Djimar, Praboe Moelih and Moeara Enim.^{ix} Half of the Indies' oil production was produced in this refinery, especially aviation crude, and it supplied mostly the Airforce in the Pacific.

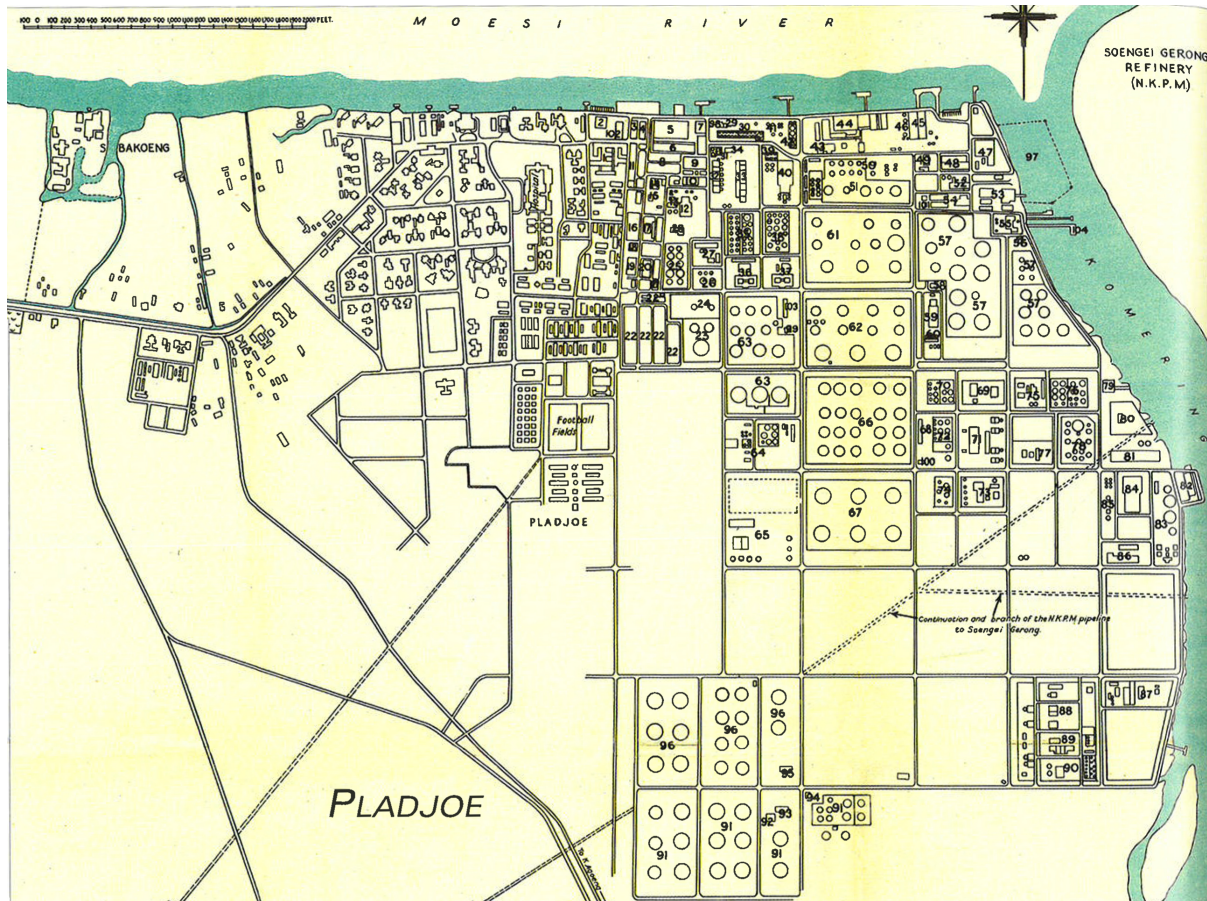


Figure 3. Sports field Pladjoe compound is still in use, now as volleyball field, 2015. Source: Author.

Right next to the spread-out production refinery of in total about 1,500 x 2,000 meters, the BPM created on the west side an ancillary petroleumscapes by building a compact compound with houses for its staff, employees and workers (Figure 2). Most of these stand-alone villas were grouped in blocks of eight or

ten and were almost identical in colonial design, depending on the rank of the employee.^x The European employees' houses were situated along palm-bordered avenues and impeccable manicured lawns, suited for private cars to arrive. Constantly, this area was extended to the south and southwest. The streets had no names, only numbers. The address was for example: 'House 122'. The compound with its almost rectangular grid plan of about 500 x 1,000 meters was fully equipped with all kinds of facilities. The BPM had its own administration building, hospital, hotel, shop and pasar, bakery, European primary school including library, church, clubhouse, 'soos' with cinema and theatre, sporting fields for hockey and tennis, and of course, a swimming pool.^{xi} To this very day, one can see the green and spacious compounds and enjoy the striking tropical modernity of the

architecture, despite the fact that some colonial buildings are dilapidated (Figure 3). Most of the original buildings are still in (the same) function.



REFERENCE

- | | |
|---|--|
| 1. Main office | 53. Lumber factory |
| 2. Technical office | 54. Carpenter shops |
| 3. Garage | 55. Waterpumping station No.II |
| 4. Car shop | 56. Transformer house |
| 5. Main warehouse | 57. Tanks - finished motor spirit |
| 6. Bulk storage | 58. Pump house 'D' |
| 7. Customs office and storage yard | 59. Gas compressors |
| 8. Storage yard | 60. Stabilizers |
| 9. Boiler house } Not in use | 61. Tanks - intake Edeleanu plants |
| 10. Power house } | 62. Tanks - intermediate products |
| 11. Movable stones | 63. Tanks - fuel oil |
| 12. Pump house 'B' | 64. Treating installations |
| 13. Wastewatering | 65. Sulphuric acid plant |
| 14. Sheds | 66. Tanks - reforming plant intermediate |
| 15. Foundry | 67. Tanks - cracking plant intermediate prod |
| 16. Mail shop | 68. Central pump house |
| 17. Fire shop | 69. Reforming unit No.I |
| 18. Forge | 70. Rundown tanks of reforming unit No.I |
| 19. Construction shop | 71. Cracking units Nos.I and II |
| 20. Welding shops | 72. Rundown tanks of cracking units |
| 21. Sandblasting | 73. Reforming unit No.II |
| 22. Material storage | 74. Rundown tanks of reforming unit No.II |
| 23. Tanks - gas oil | 75. Redistilling unit |
| 24. Tanks - crude oil | 76. Rundown tanks of redistilling unit |
| 25. Tanks - gas oil | 77. Distilling unit No.VI |
| 26. Rundown tanks for distilling unit No.II | 78. Rundown tanks of distilling unit No.VI |
| 27. Distilling unit No.II | 79. Oil catcher |
| 28. Aircompressors | 80. Sump |
| 29. Shipping office | 81. Storage for acid drums |
| 30. Tanks | 82. Water pumping station No.III |
| 31. Tanks | 83. Water treating |
| 32. Bench stills | 84. Main boiler house and power house |
| 33. Old and new continuous battery | 85. Tanks rundown |
| 34. Tailhouse | 86. Laboratory |
| 35. Rundown tanks of distilling unit No.IV | 87. Alkylation plant |
| 36. Distilling unit No.IV | 88. Polymerization plant |
| 37. Distilling unit No.III | 89. Hydrogenation plant |
| 38. Rundown tanks of distilling unit No.III | 90. Hydrogen and inert gas factory |
| 39. Tanks | 91. Tanks - aviation gas and components |
| 40. Pump house 'A' | 92. T. E. L. installations |
| 41. Agitators | 93. Pump house E - motor spirit |
| 42. Tanks - kerosine intermediate | 94. Transformer house |
| 43. Refinery office and laboratory | 95. Crude oil pump house |
| 44. Can factory filling and cleaning | 96. Tanks crude oil |
| 45. Drum filling and cleaning | 97. Lumber harbour |
| 46. Tanks - coming | 98. Water pumping station No.VII |
| 47. Edeleanu factory for motor spirit | 99. Transformer house |
| 48. Edeleanu factory for kerosines | 100. Transformer house |
| 49. Edeleanu treating facilities | 101. Transformer house |
| 50. Tanks | 102. Radio station |
| 51. Tanks - intermediate motor spirit | 103. Pump house 'C' |
| 52. Boiler house | 104. Water pumping station No.I |

Figure 4. Pladjoe-complex, July 1945. The living quarters are on the west side. Map was based on BPM maps of 1936 and 1940. The reference shows only the technical installations. Source: *Comprehensive atlas of the Nederlands East Indies*.

Outside these white-collar communities of gloriously shaded streets and lots, the urban space of the colonial society was more differentiated, divided by multi-ethnic differences and from race-to-class-segregated. In the company town Pladjoe lived about 250 European and 4,500 local Asian workers.^{xiii} Europeans were also accommodated in another BPM housing complex called Bagoes Koenig (or Pladjoe-baroe: new Pladjoe), a little west from Pladjoe (Figure 4).

In order to facilitate the steadily growing petroleum industry and to improve the rather low standard of living, the municipality of Palembang started to construct new ancillary structures and assets, like asphalted public roads, railways, ports and airfields. Above all, the municipal Traffic Commission implemented a new town plan in 1935 designed by the Dutch architect Thomas Karsten.

Land was reclaimed from rivers and new public housing, inland transport systems, a ring road and several bridges over the Moesi were built, including the Wilhelmina Bridge (1939) over the Ogan River, replacing the river ferry. This arch bridge connected both oil refineries from the eastern to the western bank, where the new Kartapati railway station (1939), and the coal harbour, were located. On a regular basis ocean steamers navigated the river in the late 1920s. Meanwhile, the new and continuously extending oil (rubber and coal) industry led to the rapid influx of newcomers and a subsequent population increase.^{xiii} Also in Palembang a ‘European’ quarter was built, called Talang Semut.

As such, the booming oil industry not only had an enormous influence on the socioeconomic structure of the city, but on the whole region as well. More than thirty-five oil-mining concessions in the area needed a complete network of iron pipelines in order to connect hundreds of drill towers, oil pumps and storage tanks, subsequently transforming the urban spatial landscape. In addition, the BPM built a road network, a vivid symbol of modernization, and forty-two schools throughout the southern province before the Pacific War.^{xiv} Such an extended petroleumscape with various oil actors required multiple headquarters for administration and supervision, like in Batavia, designed in a modernistic colonial style in 1938 by the Dutch architect Thomas Nix. Above all, a network of BPM-fuel stations was extended all over Sumatra. According to a BPM-roadmap of 1929 there were in total 185 fuel stations strategically positioned on the island; including 71 in the South Sumatra region; two in Palembang, one in Pladjoe and one in Djambi.

Monopoly of mighty BPM

Further north, around the Residence of Djambi in Central Sumatra, the oilfields and small distillation companies of Tempino, Kenali Asam, Badjoebang, Betoeng and Mangoendjadja were situated. The fields were owned by the *Nederlands Indische Aardolie Maatschappij* (NIAM), a public-private partnership between the BPM and the Dutch East Indies government, set up in 1921. This joint venture was an economic novelty. It was the first time the government became an actor through shares in the Sumatran oil-industry.

The actual refining process did not take place in Djambi, but in Pladjoe instead.^{xv} Starting in 1935, oil was transported from Tempino to Pladjoe through a pipeline over a distance of 270 kilometers through hilly country covered by dense forests, along ricefields, intersecting many watercourses. In 1938 Djambi had about 14 per cent of the total East Indies’ production in their hands.^{xvi} In addition, and partly with NIAM’s support, some roads and an airport were built in 1933 and the city was linked to a railroad. In 1936 a road was opened between Palembang and Padang by way of Djambi.

Naturally, the BPM feared the increasing competition from the American *Standard Vacuum Oil Co.* (henceforth *Stanvac*), working through an affiliate: the *Nederlandsche Koninklijke Petroleum Maatschappij* (NKPM). Although the Dutch Indies government tried to keep foreign oil companies outside the colony through the Mining Act, the Stanvac struggled to compete with the BPM. So, they started in 1912 to operate their own refinery at Soengei Gerong, directly opposite Pladjoe, on the east side of the River Komeri.^{xvii} It developed into the second largest oil facility in the Asian region, receiving 3,500 barrels of crude per day by pipelines from the fields of Talang Akar.^{xviii} The plant at Soengei Gerong really challenged BPM’s control of the global flows of oil as a strategically asset. In 1930, another serious rival emerged on stage: *Caltex*. They also worked through a subsidiary, called the *Netherlandsch Pacific Petroleum Maatschappij Company* (NPPM), and secured extensive exploration concessions in Central Sumatra and on the Riau-islands.^{xix}

In sum, the BPM had quite a strong position in the Dutch East Indies managing large export refineries and controlling an enormous distribution network spread over the Archipelago.^{xx} Around 1930, the BPM owned 85 per cent of the oil production, but in the end of the 1930s this percentage went down to 55 per cent due to the heavy oil competition with Stanvac, which owned already 30 per cent of the promising oil market. In 1938, oil and related products determined an output value of 23.6 per cent of the total export, a value of about 190 million dollars. The six million tons of oil produced yearly in the Netherlands Indies accounted for only 2.7 per cent of the world's total.^{xxi} Hence, the Dutch economy depended heavily on the revenues of the oil resources coming from its crown colony.

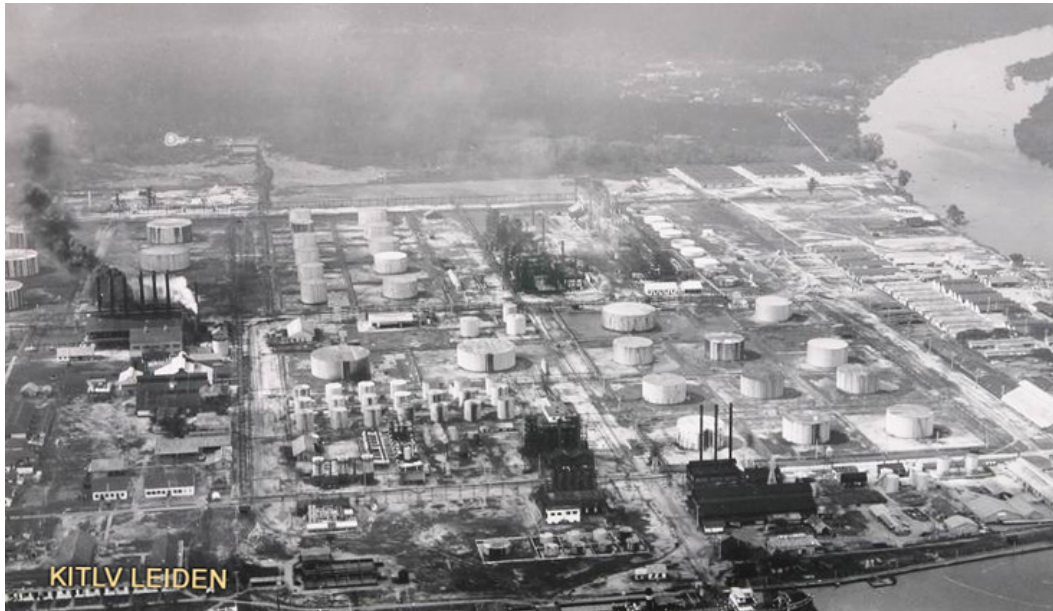


Figure 5. Aerial view of Pladjoe, around 1930. Source: KITLV, Leiden.

Epic battle for oil

For both Batavia and The Hague it was vital to keep a watchful eye on the emergence of Japan. In case of a war, The Netherlands, as one of the smaller European powers, was not able to defend its territory in Europe or its colossal colonial empire overseas. Silently, it trusted in the British military protection. After the German victory over the neutral Netherlands in May 1940, Japan stepped up pressure by sending two missions to Batavia demanding a bigger share of the East Indies' oil export.^{xxii} Without doubt, oil was the main quest of the armies of Japanese emperor and the reason for the invasion of the Dutch East Indies. Obviously, oil was vital for their war machine, but Japan had almost no experience and expertise in this branche. The weakness of her war potential lay chiefly in the fact that Japan's home production of natural and synthetic oil amounted to only some 10 per cent of her annual requirements. Of her oil imports in 1939, about 53 per cent came from the United States, 38 per cent from the East Indies and nine per cent from other countries.^{xxiii} Somehow, Japan had to ensure means of replenishing her storage tanks.^{xxiv} Tokyo needed yearly at least 7,9 million tons of oil to win their Greater East Asia War.^{xxv} Sumatra could deliver 5,3 million, so for a long drawn-out conflict the Sumatran oil was crucial (Figure 5). Therefore Japanese troops were instructed to put the most important oil centers in their hands quickly, without any loss or destruction (Figure 6). At the same time, Dutch troops were instructed to destroy the oil facilities before Japanese troops could get in. Authorities in Batavia had boasted that they had 500,000 tons of oil in storage in Palembang and that if the Japanese forces should start a river-ascending operation, they would

release 10,000 ton of oil per day into the Moesi and burn up the convoy coming up the river.^{xxvi} The Dutch colony was in peril.^{xxvii}

Meanwhile, after the fall of France, Japan occupied Air and Naval bases in French Indochina. Immediately, the American President Roosevelt announced in August 1941 the embargo on the export of oil, including a freeze of all bank transfers. Great Britain and the Dutch government in exile in London followed with the same measures instantly.^{xxviii} On 8 December, a day after the attack on the American Navy fleet in Pearl Harbor, Batavia declared war on Japan. One month later, on 11 January 1942, the Japanese Navy conquered the oil-island Tarakan and the oil centre Balikpapan on Borneo. One month later, on 14 February, at the time that the invincible British fortress in Singapore was about to fall, a Japanese invasion fleet of about 10,000 men was sailing toward South Sumatra. Their operational plan was to attack the oil refineries at Pladjoe and Soengei Gerong and seize the superior airdrome Talang Betoetoe near Palembang, where temporarily American B-17 Flying Fortress bombers were stationed.^{xxix} In order to secure these sites and halt the frustrating scorched-earth policy, Japan flew in almost 600 men of the 1st Paratroop Raiding Group by complete surprise.^{xxx}



Figure 6. Japan's need for Palembang's oil. Source: Johan Fabricius, *Brandende Aarde*.

To defend Palembang, there were about 2,000 Dutch troops, plus reinforcements of Australian units and British anti-aircraft sections. The Territorial Command of the Royal Netherlands Indies Army (KNIL) under Lieutenant Colonel L.N.W. Vogelesang, wanted to wait as long as possible before destructing the refineries. Influenced by the oil companies only a limited destruction was planned, keeping the main installation in tact.^{xxxi} Suddenly, in the middle of the night of 15 February, he received the order from Batavia that his military units had to demolish the refinery, at last. In the rush, the huge tanks with oil products were not damaged at all, neither the refinery. After this half-hearted action, they hastily retreated and quietly slipped away in the darkness.^{xxxii} Pladjoe was soon completely in Japanese

hands and they managed to put out the fire in the boilers, shut valves, turned cranks and disarm most of the demolition charges placed in the complex by the Dutch before they were driven out.^{xxxiii} From now on Pladjoe was called 'refinery no. 1' and managed by Nihon Sekiyu ('Nippon Oil').

The refinery of Soengei Gerong, on the contrary, was successfully defended by Dutch troops. After the order of Vogelesang, military units deliberately destroyed 80 per cent of the refinery, including the oil tanks, using a time-delayed demolition charge.^{xxxiv} Nevertheless, the damage done to the refineries and machineries were easily fixed by a group of Japanese drilling crewmen and oil-engineers, resuming the production after six months.^{xxxv}

Japanese occupation

At the start of the Japanese occupation the oilfields in Palembang fell directly under control of the Japanese military. They made use of about 150 oil-employees who were forced to work for them for almost one year, but later were sent to prisoner's camps. The Japanese could therefore only rely on the local oil personnel and they were hardly capable of maintaining the modern machineries.^{xxxvi} During the war this led to a considerable lack of investments and oil was unprofessionally distracted from the oilfields. As a result, the production went down drastically, as the annual reports of the 'Koninklijke' pointed out.

At the end of the Pacific War, massive Allied bombardments started on Palembang. First, the attack by American B-29s in August 1944 was launched, but with negligible effect. Plans were adapted and in January 1945 a more precise series of British air strikes was undertaken on the Japanese held twin refineries that were supplying at that time half their oil and three quarters of their aviation spirit. Next to these 'Palembang Raids' that diminished the oil production, Japanese oil tankers were attacked which had a tremendous effect on the capacity of transportation of oil to Japan. These collective Allied efforts made Japan's war machine eventually come to a halt.^{xxxvii}

Re-capturing the oil facilities

During the Japanese occupation, the Indonesian nationalist movement had gained in power. Nationalist leaders, pressed by fanatic Indonesian youth (*pemuda*), seized the opportunity created by the unexpected Japanese capitulation. Watched by the still unbeaten Japanese troops in Indonesia of over 250,000 men, Achmad Soekarno proclaimed the independent Republic of Indonesia unilaterally, on 17 August 1945, two days after the Japanese surrender. This revolutionary action prevented that the oil installations automatically fell back in Dutch hands. Especially the British supreme command, led by Sir Philip Christison, realized that the Indonesian people were fighting for their cause and issued a statement that implied a *de facto* recognition of the Republic.

Meanwhile, the situation on the oilfields was complicated. Upon request of the Allied forces the refineries at Pladjoe and Soengei Gerong were temporarily put under supervision of Japanese soldiers in September 1945. The Imperial Japanese Army had to occupy these oil installations, including the nearby oilfields and stop the oil production immediately. All the other oilfields in South Sumatra were taken over by the Indonesian forces. On sight, Indonesian (oil) freedom fighters (*lasjkar minyak*) quickly founded their own semi-militarized oil labour unit: *Persatoean Pagawai Minyak (PPM)*. This initiative came from Dr. Adnan Gani and Dr. Mohammad Isa, who both had a prominent seat in the regional government of the Republic in Palembang.^{xxxviii}

The CEO of the 'Koninklijke', Dr. Barthold van Hasselt, was watching the nationalist developments with displeased eyes. He was eager to start the reconstruction of the refineries and make money, like in the old days.^{xxxix} Therefore, he tried to convince the British and Dutch military command of the enormous interests that were involved in the oil business.^{xl} In his opinion the Japanese troops should be replaced by British troops. These were not available, because the spearhead of the military operation was on Java. The British were not inclined to help out the BPM.^{xli}

Then something remarkable happened. Dr. Gani, Governor of South Sumatra, proposed that the BPM itself should take over the Japanese control at the oil centers as quickly as possible.^{xlii} He really wanted two things in return. First, the BPM had to pay interests over the profits to the Republic.^{xliii} Secondly, all the Indonesian workers that were occupying the refineries at that moment should be hired by the BPM and paid in kind with

food, textiles and household items.^{xliv} A profitable oil deal, because through this peaceful consultation and smart oil diplomacy, at the end of September 1946, the Republic gained the international recognition they urgently needed, and the BPM succeeded in taking control again of their most valuable oil installations without any intervention of neither the Dutch government nor the Army.^{xlv} As a bonus, the ‘trade-soldier’ Gani hoped to consolidate his political base and improve his own economic position.^{xlvi}

Nevertheless, truce and peace were apparent. The situation escalated in the end of October after an inflammatory speech by the Republican General Soedirman. The Republican revolt was reverted and led on New Year’s Day 1947 to heavy bombing of Palembang by combined Dutch units of Navy and Airforce. This punitive strike was undertaken without any notice or warning, causing many civilian losses and it left the city in ruins.^{xlvii} After this ‘Battle of Five Days and Five Nights’ Republican troops were forced to withdraw in a radius of twenty kilometers around the petroleum city. Subsequently, their political leaders fled and joined the radical camp in the Djambi area.

Operation Product

Since the landings of Dutch troops in March 1946, the progressive Dutch Lieutenant Governor-General Hubertus van Mook in Batavia and several politicians from the then cabinet Beel in The Hague became more susceptible to the oil interest in South Sumatra, and they were increasingly inclined to intervene. The First Dutch Offensive (‘Eerste Politionele Actie’) soon followed in July 1947 and throned the appropriate name *Operation Product*. The main goal was to occupy the vital economic areas as soon as possible and restart the main companies. Moreover, there was plenty of work for the tens of thousands of people in the overcrowded areas. So they hoped in this way that an important recruitment basis for the Indonesian freedom fighters would disappear.

The Dutch Y-Brigade led by the hotheaded Colonel Frits Mollinger had to occupy the key oil centers around Palembang. From a military and economic point of view the invasion was a success. Mid-August a substantial recovery of the oil production was realized and the refineries received oil again from the oilfields and worked its way up to 2,5 million barrels per day.^{xlviii} The Second Dutch Offensive in December 1948 had hardly any effect on the oilproduction at Pladjoe. This crown jewel of the BPM turned at full speed. Ironically, the Dutch military successes were a pyrrhic victory, because they caused US support to shift to the Republic and forced the Dutch to negotiate the transfer of sovereignty to Indonesia. Interestingly, during both military operations small units of BPM-technicians closely followed the Dutch forces in order to reboot oil extraction in the recaptured areas.^{xlix}

Oil-diplomacy

The management of the BPM, amongst them Johan Frederik van Diermen, the headstrong administrator of Pladjoe, was exploring the possibilities to regain control of the oilfields near Djambi. In a secret report addressed to Prime Minister Louis Beel, the BPM did not show support of a military action against Djambi for fear of damage and sabotage to the oil installations. Instead, the BPM paid 5,000 dollars to Republican security forces of the oilfields and installations near Djambi, in order to prevent destruction.¹ The BPM pragmatically went even one step further and started in May 1948 direct negotiations with the moderate leaders, and ‘oil barons’, Isa, Gani and Pattiasina, who had fled to Djambi after the earlier battle around Palembang. As a result of these ‘peace talks’, the vital oil concessions fell back into the mother’s womb. The BPM staff was very relieved, but Van Diermen’s conduct led to great outrage with the headquarters of the ‘Koninklijke’ in The Hague and with

the staff of Stanvac, as they were not informed at all.^{li} This wasn't for the first time; it happened before with the Gani-deal at Pladjoe. The Minister on Overseas Territories, Lubbertus Götzen, informed the Prime Minister rightaway and told him that '*Van Diermen could not care less who has the authority, if only he gets oil*'.^{liii}

Directly after the landing of Dutch paratroopers on 29 December 1948 and again on 5 January 1949, rebels caused severe damage to the NIAM-oilfields near Rengat and Air Molek. The BPM staff had forecasted this sabotage in many conversations with Dutch politicians.^{liiii} However, both the BPM and Dutch politicians were in favor of recapturing this important oil center.^{liv} Not at least, because the American oil company Cowie & Co INC was eager to buy local concessions from the Republic for one million dollars.^{lv} During the military action small technical units of the BPM operated again as 'advanced parties' in the slipstream of the Dutch troops and were able to minimize the damage and start repairing works.^{lvi} Mid-1949 crude oil was being piped again at pre-war production level.

Conclusion

This history shows how the south Sumatran city of Palembang industrialized and urbanized enormously due to the booming oil industry of the BPM, and how the lay-out of the company town Pladjoe grew bigger and bigger by ambitious planning of the BPM. Also this paper shows what was at stake for the BPM in the political turmoil of the 1940s, what was lost, regained and kept for the future. As for Japan, Palembang and the refineries in Pladjoe, was a coveted military prize. Remarkably, in their effort to safeguard the oil business and restore the pre-war situation of peace and prosperity, BPM's captains of industry, Dutch Army commanders and politicians in both Batavia and The Hague worked closely together. Constantly using oil as an economical weapon.

With the advent of the Indonesian independence in December 1949 the balance was drawn up. It was clear that the BPM failed to arrange business according to the pre-war situation. Pladjoe and its infrastructure was indeed saved from total destruction, but Djambi was regained only in 1949 and the refinery in Pangkalan Brandan, the origin of the Royal Dutch Shell, was lost forever due to fierce local resistance in Atjeh. Despite this outcome, the post-war oil production would eventually triple, compared to the pre-war average situation.^{lvii}

Besides, in the beginning of the 1950s the urgency for road renovation and construction in Palembang was more apparent than ever, especially in the Ulu area, which was heavily damaged during the war and revolution. Therefore the municipality implemented in 1950 a reconstruction plan, designed by Dutch architect H. Lüning.

Furthermore, in the Mid-1950s when postcolonial Indonesia was under the spell of anti-Dutch sentiments, Jakarta did *not* nationalize the BPM, but declared the company indispensable for their national economy, instead.^{lviii} Finally, in December 1965, when the local political situation was rather unstable, the 'Koninklijke'/Shell pulled out by selling all the rights in exploration and production for 110 million dollars to the Indonesian state owned oil company Pertamina.^{lix} Again a smart oil-deal, but Shell would return soon.

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The author declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Notes

i The spelling of the geographical names is similar to the use during the Dutch East Indies.

ⁱⁱ Carola Hein, "Oil Spaces: The Global Petroleumscape in the Rotterdam/The Hague Area", in: *Journal of Urban History*, 13 February 2018.
ⁱⁱⁱ H. Gabriëls, *Koninklijke Olie: de eerste honderd jaar 1890-1990* (Shell, Den Haag, 1990), 9-18; Frederik Carel Gerretson, *Geschiedenis der Koninklijke*, Volume 1 (Leiden: Brill, 1973), 58-59; J. Ph. Poley, *Eroica, the quest for oil in Indonesia (1850-1898)* (Springer Netherlands, 2000), 82.

^{iv} In the Palembang area there were three petroleum companies, in 1900: the *Sumatra-Palembang Petroleum Company* (Sumpal); the French-owned *Moeara Enim Petroleum Company*, and the *Moesi Ilir Petroleum Company*. Soon, they were all assimilated into the Royal Dutch. Based hereupon the Royal Dutch and Shell established the BPM, the operating company of *Royal Dutch Shell* in 1907, that eventually became one of the largest multinationals in the world today: reflecting a 60:40 Dutch-British ownership structure. Woonkyung Yeo, *Palembang in the 1950s: The Making and Unmaking of a Region* (PhD. Diss., University of Washington, 2012), 79-80; Anderson G. Bartlett III et al, *Pertamina: Indonesian National Oil* (Jakarta: Amerisian Ltd, 1972), 48.

^v Joost Jonker, Jan Luiten van Zanden, *A History of Royal Dutch Shell. Vol. 1: From Challenger to Joint Industry Leader, 1890-1939* (New York: Oxford University Press, 2007), 23; Keetie E. Sluyterman, *Kerende kansen. Het Nederlandse bedrijfsleven in de twintigste eeuw* (Boom, 2003), 53-54.

^{vi} Frederik Carel Gerretson, *History of the Royal Dutch*, Volume 2 (Leiden: Brill Archive, 1958), 39-64.

^{vii} Carola Hein, "Between Oil and Water. The Logistical Petroleumscape," in: Neeraj Bhatia and Mary Casper, eds. *The Petropolis of Tomorrow* (New York: Actar/Architecture at Brown, 2013), 436-447.

^{viii} Ida Liana Tanjung, "The Indonesianization of the symbols of Modernity in Plaju (Palembang), 1930s-1960s", 302, in: Freek Colombijn & Joost Coté, *Cars, Conduits, and Kampongs: The Modernization of the Indonesian City, 1920-1960* (Leiden: Brill, 2015).

^{ix} Also from the more remote fields of Maroe, Limau and Kloelang.

^x Freek Colombijn, *Under Construction, The politics of urban space and housing during the decolonization of Indonesia, 1930-1960* (Leiden: KITLV Press, 2010), 80, 126; Idaliana Tanjung, "Plaju, Kota Minyak di Ulu Palembang simbol pribumi vs modernitas", 39. *Paper, Seminar on Street images: Decolonization and changing symbolism of Indonesian urban culture between 1930s and early 1960s*, Yogyakarta, 8-9 August 2005.

^{xi} Peter J.M. Nas, "Palembang: The Venice of the East," in: *Issues in Urban Development: Case Studies from Indonesia*, edited by Peter J.M. Nas (Leiden: CNWS, 1995), 133-134, 140.

^{xii} Johan Fabricius, *Brandende Aarde or East Indies Episode: An Account of the Demolitions Carried out and of some Experiences of the Staff in the East Indies Oil Areas of the Royal Dutch-Shell Group During 1941-1942* (London, Shell Petroleum Co., 1949), 98-99.

^{xiii} Statistics showed a rise from 50,703 people in 1905 to 73,726 in 1920 and again to 108,000 in 1930, of which 2,000 Europeans and 16,000 Chinese. In 1951 the population would almost double to 208,379: Pauline Milone, *Urban areas in Indonesia; Administrative and census concepts* (1966), 108-39; W. J. W. Wellan, "De Stad Palembang in 1935: Tweehonderdvijfenzeventig Jaar Geleden, als een Phoenix uit haar Asch Herrezen" in: *Koloniaal Tijdschrift* 24, no. 3 (1935), 232.

^{xiv} Ida Liana Tanjung, 306.

^{xv} Elsbeth Locher-Scholten, *Sumatran Sultanate and Colonial State Jambi and the Rise of Dutch Imperialism, 1830-1907* (Ithaca: Southeast Asia Program, Cornell University, 2004), 280-81, 309.

^{xvi} L.J. Touwen, "Voordeel van veelzijdigheid. De economische ontwikkeling van Palembang en Djambi tussen 1900 en 1938", in:

Economisch en Sociaal-Historisch Jaarboek, 54 (1991), 154-55, 177.

^{xvii} Agus Setiawan, *The Political and Economic Relationship of American-Dutch Colonial Administration in Southeast Asia: A Case Study of the Rivalry between Royal Dutch/Shell and Standard Oil in Netherlands Indies (1907-1928)* (PhD. Diss., SHSS Bremen, 2014), 3-4, 40-41.

^{xviii} Anderson G. Bartlett, *Pertamina: Indonesian National Oil* (Jakarta: Amerisian Ltd, 1972), 48-49.

^{xix} Hiroyoshi Kanō, *Indonesian Exports, Peasant Agriculture and the World Economy, 1850-2000* (NUS Press, 2007), 226-27, 230.

^{xx} Alex Hunter, "The Indonesian Oil Industry," in: *The Economy of Indonesia: Selected Writings*, ed. Bruce Glassburner (Ithaca and London: Cornell University Press, 1971), 256-257. Besides on Sumatra, there were refineries on Java in Tjepoe and Wonokromo. The island of Borneo (Kalimantan) had a huge refinery in Balikpapan, a few oil fields in Tandjoeng and a strategic oil enclave on the island of Tarakan. Besides, there were concessions on the Moluccan island of Ceram. Finally, the BPM had 40 per cent of the shares in the New Guinea's oil fields of Klamono and Wasian-Mogoi. The other 60 per cent were managed together by the *N.V. Nederlandsche Nieuw-Guinee Petroleum Maatschappij* (NNGPM), Stanvac and Caltex.

^{xxi} H. Baudet and M. Fennema, *Het Nederlandse belang bij Indië* (Utrecht-Antwerpen: Het Spectrum, 1983), 158.

^{xxii} Fabricius, 14; De Jong, 692; Stephen Howarth, Joost Jonker, *A History of Royal Dutch Shell. Vol. 2: Powering the Hydrocarbon Revolution, 1939-1973* (New York: Oxford University Press, 2007), 63; Gene Eric Salecker: *Blossoming Silk Against the Rising Sun: US and Japanese Paratroopers in the Pacific in World War II*.

^{xxiii} Loe de Jong, *Het Koninkrijk der Nederlanden in de Tweede Wereldoorlog*, Vol. 11a (1984-'86), first half, 507.

^{xxiv} C. van den Hoogenband and L. Schotborgh, *Nederlands-Indië Contra Japan, Deel VI: De Strijd Op Ambon, Timor En Sumatra*. Department Van Defensie, Hoofdkwartier Van De Generale Staf, Krijgsgeschiedkundige Afdeling (1959); Lionel Wigmore, *The Japanese Thrust. Australia In The War Of 1939-1945*, Vol. IV. Canberra: Australian War Memorial. 1957. The Japanese dilemma, part 1, 11, in: *The road to war, from Second World War Official Histories*.

^{xxv} De Jong, 11a, first half, 507; De Jong, 11a second half, 694-695.

^{xxvi} Willem Rummelink, *The Invasion of the Dutch East Indies*. Compiled by The War History Office of the National Defense College of Japan. Senshi Sōsho (War History Series), Vol. 3 (2015), 270.

^{xxvii} Herman Theodore Bussemaker, *Paradise in Peril. Western colonial power and Japanese expansion in South-East Asia, 1905-1941* (PhD. Diss., Amsterdam, 2001), 754.

^{xxviii} The authorities in Batavia published a set of measures that resulted in a freeze on all Japanese assets and placed an embargo on the export of oil, tin and rubber to Japan. *Japan's need for oil and the Embargo (1940-1941)* online article (accessed 6 April 2018); Fabricius, 16-18; De Jong 11a second half, 695-96, 702.

^{xxix} De Jong, 655; J.J. Nortier, "De gevechten bij Palembang in februari 1942", in: *Militaire Spectator* (1985), 312. There was also a secret military airfield 75 kilometers west of Palembang, near Praboe Moelih, called Palembang II (P2), which was not even completed in 1941. It was well camouflaged by the jungle and not known to the Japanese troops at the moment of the invasion. Loe de Jong, *The Collapse of a Colonial Society: The Dutch in Indonesian during the Second World War* (Leiden: KITLV Press, 2002), 286, 388-389.

^{xxx} Erwin Langewis, "Hoe de Japanners de Indische archipel veroverden, 75 jaar geleden: Java zit in de Japanse val", in: *Historiek.net*, 23 februari 2017; Johannes Jan Nortier, P. Kuijt, and Petra M.H. Groen, *De Japanse Aanval op Java: Maart 1942* (1994); Rummelink, 288-89, 316, 329; De Jong, 35.

^{xxxi} Howarth, Jonker, 65-66.

- xxxii Gene Eric Salecker, “Deadly Dash Forward, Japanese parachute forces mounted an assault on the island of Sumatra soon after Pearl Harbor”, in: *WWII History (October 2016)*, 49.
- xxxiii Rimmelink, 329-30.
- xxxiv Fabricius, 105-106, 120-125; Peter Keppy, *Sporen van Vernieling: Oorlogsschade, Roof en Rechtsherstel in Indonesië 1940-1957* (Amsterdam: Boom, 2006), 42-43; J.J. Nortier, “De aanval op Palembang in februari 1942”, in: *Militaire Spectator*, part 2 (1985), 361; Rimmelink, 344.
- xxxv De Jong, *Het Koninkrijk der Nederlanden in de Tweede Wereldoorlog*, Vol. 11a (1984-‘86), first half, 677; J.J. Nortier, “Japanse parachutisten, Samoerai van de Tweede Wereldoorlog”, in: *Militaire Spectator* (1983); 152, 519-523; Rimmelink, 284.
- xxxvi Jean Aden, *Oil and politics in Indonesia 1945 to 1980* (PhD. Diss., Cornell University, 1988), 40.
- xxxvii Howarth, Jonker, 69.
- xxxviii Bartlett, 71-73.
- xxxix Howarth, Jonker, 226-28.
- xl Archief Indonesië in overgangstijd. Overgekomen archieven uit Batavia. AS, 2e Afdeling, no. 3503, 12 April 1946. National Archives (NA).
- xli Collectie Nederlands-Indië 1945-1950, Sumatra, 207-I, 23 October 1946. Archive Netherlands Institute Military History (NIMH).
- xlii Collectie Nederlands-Indië 1945-1950, Sumatra, 207/A, nota situatie Palembang, ondertekend 27 August 1946. NIMH.
- xliiii Aden, 70-71.
- xliv Secretaris-generaal Overzeese Gebiedsdelen aan Lt. G-G, 24 August 1946. AS, nr. 3503. NA.
- xliv Bartlett, 73-74; Ida Liana Tanjung, 312-313; Woonkyung Yeo, 84-86.
- xlvi Bambang Purwanto, “Economic Decolonization and the Rise of Indonesian Military Business,” in: *Indonesian Economic Decolonization in Regional and International Perspective*, ed. J. Thomas Lindblad and Peter Post (Leiden: KITLV Press, 2009), 44-46.
- xlvi Anne-Lot Hoek, “De verzwegen moorden van Palembang. Geschonden oorlogsrecht”, in: *Vrij Nederland*, September 2017, 42-49; Mestika Zed, *Kepialangan, Politik, Dan Revolusi: Palembang 1900-1950* (Jakarta: Pustaka LP3ES Indonesia, 2003).
- xlvi Annual Report of the *Koninklijke*, 1947.
- xlix Collectie Nederlands-Indië 1945-1950, Sumatra, 207/4, December 1948, NIMH.
- ¹ Directeur van het kabinet G-G aan Lt.G-G, 2 August 1947, AS, no. 3505, NA; Locher-Scholten, 287.
- ⁱⁱ Götzen aan minister-president Beel, 26 May 1948. Rijks Geschiedkundige Publicatiën (RGP) XIII, no. 319.
- ⁱⁱⁱ Minister zonder portefeuille Götzen aan Beel, 7 June 1948. RGP XIV, no. 12.
- ⁱⁱⁱⁱ *Ibidem*; Locher-Scholten, 287-92.
- ^{lv} Notulen van vergadering gehouden ten huize van de legercommandant op 20 September 1948. RGP XV, 138.
- ^{lv} Chef directie Verre Oosten te Batavia (Elink Schuurman) aan ambassadeur te Washington Van Kleffens en minister van Buitenlandse Zaken Van Boetzelaer van Oosterhout, 1 May 1948, RGP XIII, no. 230.
- ^{lvi} Collectie Nederlands-Indië 1945-1950, Sumatra, 207/4, December 1948, ondertekend door algemeen commandant Operatie Ekster, NIMH; Petra M.H. Groen, *Marsroutes en dwaalsporen. Het Nederlands militair-strategisch beleid in Indonesië 1945-1950* (1991), 143.
- ^{lvii} W. Brand, “Heroriëntatie van vroeger in Indonesië werkende Nederlandse bedrijven”, in: H. Baudet, *Handelswereld en wereldhandel. Honderd jaren Internatio* (1963), 170.
- ^{lviii} Henk Biersteker, “Hoe Shell uit Indonesië verdween”, in: *Hervormd Nederland*, 29 July 1995, 51; Gabriëls, 171.
- ^{lix} Howarth, Jonker, 240; J. Thomas Lindblad, *Bridges to new business. The economic decolonization of Indonesia* (Leiden: KITLV Press, 2008), 159; Khong Cho Oon, *The politics of oil in Indonesia: Foreign company-host government relations* (Cambridge University Press, 1986), 138-39; Sluyterman, 219.