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What did NAM do to get a social licence to operate? The social impact history of the Schoonebeek oilfield in the Netherlands

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ABSTRACT

From 1943 to 1996, the small rural community of Schoonebeek in the eastern Netherlands hosted the largest onshore oilfield in western Europe. Some 250 million barrels of oil were produced, bringing prosperity to the municipality and local community. With generous compensation paid by NAM (Nederlandse Aardolie Maatschappij, a partnership between Shell and ExxonMobil), local people greatly benefited from oil extraction. However, there were also negative social impacts, including: an influx of outsiders; changes to social structure, social fabric, social cohesion, and community identity; disruption to the peaceful rural setting; and industrialisation of the landscape. Nevertheless, the oil pumping installations (‘jaknikkers’ or nodding donkeys) ultimately became positive symbols of local place identity. Despite the negative social impacts, oil production came to be viewed positively by most local people, and a high level of trust developed between the host community and NAM because of the social performance strategies that were implemented: NAM employed many local people; minimised physical displacement; provided generous compensation for economic displacement; respected the social, cultural and religious wishes of the host community; and quickly addressed any social or environmental issues that developed. These actions meant that NAM gained a strong social licence to operate and grow.

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1. Introduction

The Nederlandse Aardolie Maatschappij (NAM, i.e. the Dutch Petroleum Company) is a partnership between Shell and ExxonMobil. It has been much in the news over the last 10 years or so, particularly because of the induced earthquakes caused by the extraction of gas from the Groningen gasfield in the north of the Netherlands (van der Voort and Vanclay, 2015; Bakema et al., 2018). However, before the Groningen ‘gasquakes’ (Kester, 2017) started getting significant media attention (around 2012), the view of most people about NAM was neutral or even positive (van der Voort and Vanclay, 2015; NTR, 2017). NAM now has a very poor reputation among local people in Groningen Province, and there is much distrust (van der Voort and Vanclay, 2015; Simon et al., 2016; Perlaviciute et al., 2017). The social consequences of the induced earthquakes and local opposition to NAM and gas extraction led to the Dutch government to first restrict the volume of gas NAM was permitted to extract and then to a plan to phase gas extraction out completely by 2022 (Government of the Netherlands, 2018), even though there was a considerable remaining gas deposit. In effect, the loss of social licence directly led to the loss of NAM’s legal licence to operate.

NAM was originally founded in 1947, not to develop the Groningen gasfield (which only started production in 1963), but to exploit the Schoonebeek oilfield in the Province of Drenthe in the east of The Netherlands. Unlike the situation that developed in Groningen, NAM had a very good relationship with local people in Schoonebeek and a very positive reputation. With little information about Schoonebeek previously available in English, this paper is partly a local history of Schoonebeek and partly a discussion about the events that happened with oil extraction and the actions NAM took that influenced community approval and led to it getting a social licence to operate and grow in Schoonebeek. Although it is now too late for NAM to change what happened in Groningen, there are lessons from Schoonebeek about how projects and companies might obtain a social licence to operate and grow that are likely to be applicable to most other organisations, especially in the extractive industries.

Schoonebeek is a small rural village on the border between The Netherlands and Germany. Oil was discovered there in 1943, with production initially commencing in 1944, although full-scale commercial production only started around 1947. With a total reserve of approximately 1 billion barrels, for some decades Schoonebeek was the
largest onshore oilfield in Western Europe. When production stopped in 1996, some 250,000 barrels had been extracted. The relatively low price of oil in the early 1990s and the high viscosity of the oil being extracted meant that continued operation was not economically feasible with existing technology. However, with new pumping technology becoming available and the higher world oil price in the 2000s, production recommenced in 2011 and was expected to continue for about 25 years, although this might change over time with the energy transition in The Netherlands.

2. Gaining and maintaining a social licence to operate (and grow)

The expression ‘social licence to operate’ arose in the late 1990s and rapidly became popular in industry circles (Joyce and Thomson, 2000; Prinno and Siolcombe, 2012; Moffat et al., 2016; Cooney, 2017), gaining significant levels of academic attention from about 2014 (Santiago et al., 2021). It simply refers to the extent of acceptance or approval that a project, company or industry has from local people and other stakeholders (Boutilier, 2014; Dare et al., 2014). Although originating in the extractive industries, it is now widely applied across most industries and contexts. The concept has typically been used in relation to the activities of private companies, but in principle it could and arguably should be applied to all types of organisation, including government organisations, non-government organisations (NGOs), and public good institutions like universities (Iijelava and Vanclay, 2014; Vanclay, 2017a; Chen et al., 2021).

Although there have been some criticisms of the concept (Owen and Kemp, 2013; Harvey and Bice, 2014; Owen, 2016; Meesters and Behagel, 2017) and a suggestion that it is meaningless (van de Biezenbos, 2018) or confusing (Collins and Kumral, 2020), various advocates have rebuked these criticisms (Boutilier, 2014, 2020; Gunster and Neubauer, 2019). Like many other writers (e.g. Bice and Moffat, 2014; Moffat and Zhang, 2014; Mononen and Sairinen, 2020; Parsons and Moffat, 2014; Parsons and Luke, 2020), we believe that the expression, social licence to operate, is a useful rhetorical device, a metaphor, to encourage thinking about what is required for a project or organisation to gain acceptance or approval from local communities.

There is a continuum of social licence, with different stages being discernible: none (withdrawn or withheld); acceptability (when a project is deemed legitimate); approval (when a project is deemed credible and beneficial); and ultimately (albeit rare) psychological identification in highly visible activities, has long time horizons, high exposure to

3. Methodology

This paper might be described as an industry case study and/or as a local history, although the theoretical context to which this paper connects is the applied field of social impact assessment or social performance (Vanclay, 2002, 2003, 2012, 2017b, 2020; Esteves et al., 2012; Vanclay et al., 2015; Smyth and Vanclay, 2017), and specifically the discourse of social licence to operate (Dare et al., 2014; Iijelava and Vanclay, 2017, 2018; Vanclay and Hanna, 2019). As with all case studies and local histories, a multi-methods approach was used, including document analysis, media analysis, site visits, ethnography, and a key informant interview with the local historian, Andre Lambers. However, it is to be noted that Andre Lambers is a former NAM employee, which may have influenced his perception on the matters discussed, something we have taken into consideration. He gave permission to be identified in this paper.

The local museum (https://zandstroofboerderij.nl/), which specialises in the history of Schoonebeek, oil drilling and NAM, was contacted and provided several documents of interest. NAM was contacted and it provided various documents and photos. NAM also responded to all specific queries we had as the research progressed. We also examined all available books about the history of Schoonebeek, with de Jong (1986) being especially useful. We were able to locate Herman de Jong, and he provided clarification of some specific questions we had.

We note that the lead author was born, raised and continues to live in the vicinity of Schoonebeek. His personal contacts (family members, relatives and friends) also contributed to our research by sharing stories, and his own life experience has provided background information and understanding, and has also perhaps influenced his perception of the issues considered.

Considerable internet searching was done, using Scopus, Google Scholar, and Google to find relevant information, whether in Dutch or English. With ‘Schoonebeek’ being a unique and rarely-used word, it was very easy to conduct searches. LexisNexis Academic was used to search various Dutch newspapers for stories about Schoonebeek. Furthermore, the websites of Shell and NAM were scrutinised several times over 2020. We also searched YouTube and Vimeo for videos about Schoonebeek finding that many historical videos were available on YouTube, mostly originating as news reports or as early home movies that have been digitally converted and uploaded.

We searched all issues of the Dutch language company magazine, Nammogram, from the first issue in April 1960 through to the last issue in December 1995 (about 550 issues and over 10,000 pages in total). Although a company-wide staff magazine, many stories related to Schoonebeek. All issues have been digitised and are available on the internet (https://werkenindeoffshore.nl/nammogrammen/). We also browsed the 1600 page, multi-volume, centennial history of Shell (Jonker and van Zanden, 2007; Howarth and Jonker, 2007; Sluyterman, 2007; van Zanden, 2007), although this had minimal discussion of Schoonebeek.

We note that there is minor inconsistency between sources in relation to some issues. In some ways this is normal, and partly due to sanitising the past (don’t mention the war!), as well as to the different disciplinary
orientations of writers and therefore different views about what is relevant and/or how much detail to provide, especially about contentious issues. We tried to triangulate and validate information as much as possible, but ultimately we had to make reasoned decisions about what was appropriate for us to include in our paper. We are very conscious that much of our information derives from NAM sources and/or from historians who have been supported by NAM and/or Shell, and we are aware that getting a truly independent perspective is difficult, especially given the passage of time. We discounted any obvious biases or distortions, and attempted to validate all information by triangulation of sources.

4. A short history of NAM and the Schoonebeek oilfield

NAM (the Nederlandse Aardolie Maatschappij) is a formal partnership established in September 1947 between an entity called the Bataafsche Petroleum Maatschappij (which was part of Royal Dutch Shell) with what was then called the Standard Oil Company of New Jersey (also known as ‘Jersey Standard’ and Esso), which is now called ExxonMobil. In 1947, Royal Dutch Shell PLC was (and still is) an oil and gas supermajor, and one of the largest companies in the world. Royal Dutch Shell was formed in 1907 through the amalgamation of the Royal Dutch Petroleum Company (Koninklijke Nederlandse Petroleum Maatschappij) and the Shell Transport and Trading Company of the United Kingdom, and for many years was a combined Anglo-Dutch entity. Partly because of the separation of the origins of these two companies, along with the formation of Royal Dutch Shell (or just Shell), two holding companies were also established, one for production and refining (called the Bataafsche Petroleum Maatschappij after the oil activities of the Royal Dutch Petroleum Company in the Dutch East Indies, where it started) and the other for transport and storage, the Anglo-Saxon Petroleum Company. The holding companies continued to exist until a corporate restructuring of Shell in 2005 (Jonker and van Zanden, 2007).

In the early 20th century, Shell primarily operated in Indonesia (although interrupted by the Japanese occupation in 1942), Russia (until the 1917 revolution), Romania (until 1939), and Mexico (until the nationalisation of oil in 1938). Subsequently, Shell expanded all around the world to become a truly global company (van Zanden, 2007). With the Dutch government anxious to promote mineral exploration in The Netherlands, in 1933 it granted exclusive rights to the Bataafsche Petroleum Maatschappij to drill exploratory wells across much of the eastern and northern Netherlands (van Hulten, 2009). Because of various discoveries in neighbouring Germany and increasing geological knowledge about the Netherlands, it was thought that prospects for the presence of oil and/or gas in The Netherlands were good. Between 1935 and 1943, about 25 test wells were drilled, but with little success. However, in February 1943, small quantities of oil were discovered at the Coevorden-2 well (Jager, 2020a). In March 1944, significant deposits of oil were confirmed at the Coevorden-3 well and oil production gradually started, although full-scale commercial production did not commence until 1947 (van Hulten, 2009). In August 1946, at the request of the Schoonebeek community, the field that had previously been called ‘Coevorden-East’ was changed to the ‘Schoonebeek field’ (Reimering, 1948, cited by van Hulten, 2009).

With the start of World War 2, and the occupation of The Netherlands by the Nazis in 1940, exploration activities were somewhat disrupted. However, the Nazis also wanted oil, and ensured continued exploration. With Shell having moved its headquarters to Curaçao in 1940, the Nazis appointed an airforce major (Eckhard von Klatt) to be the Feindvermogenverwalter (enemy asset manager) to manage all Shell companies in The Netherlands. From 1942 to 1945, there was a forced partnership with a Germany company, Gewerkschaft Elwcras Erdölwerke Hannover, forming an entity called Erdöl Niederlande to progress oil exploration and extraction (Jager and van ’t Wel, 2020). Thus, oil and gas exploration continued during the occupation years (1940 to 1945), although there was much foot-dragging or slowdown by most Dutch employees (NAM, 1963). There were a few attacks on the oil installations by the Dutch resistance, and the installations were targeted by Allied bombing, but no major damage was done (Jager and van ’t Wel, 2020).

After the war ended in May 1945, the Bataafsche Petroleum Maatschappij continued to develop the oilfield with the intention of scaling-up to full production. However, Shell and Jersey Standard had an existing (albeit dormant) cooperation agreement going back to 1933 (Howarth and Jonker, 2007; Inken et al., 2017). As also happened when gas was discovered in Groningen in 1959 (Stewart and Madsen, 2019), when news of the oil discovery at Schoonebeek gained the attention of Jersey Standard, it firmly reminded Shell that it had to honour the 1933 agreement, something that was accepted by Shell in 1946 (Howarth and Jonker, 2007). Consequently, the Nederlandse Aardolie Maatschappij was founded in September 1947 as a partnership between Shell (or to be precise the Bataafsche Petroleum Maatschappij) and Jersey Standard. NAM was given a production licence to develop the Schoonebeek field by the Dutch Government on 3 May 1948 (Kingdom of the Netherlands, 1948). Output from the Schoonebeek field increased over several years, peaking at 4000 m³ per day (about 25,160 barrels per day) in 1956 (Nammogram, 1979; de Jong, 1986).

At the very beginning of production, the oil was taken by tankers to the Coevorden railway station, and then transported by rail to Pernis in the Rotterdam port area (where Shell had and still has a refinery). Transport by boat was also attempted, but there were too many bridges to make this feasible. In 1946, together with the Dutch railway company, a 6 km branchline was built to connect Schoonebeek to the village of Nieuw-Amsterdam, which was on the main railway line between Zwolle and Emmen. Trains ran along this branchline (and then on existing mainlines to Pernis) until oil production stopped in 1996. The branchline was officially closed in 2000, and the tracks were removed in 2016, something about which there was much nostalgia (RTV Drenthe, 2016).

The viscosity of the oil in the Schoonebeek field was high, making extraction difficult. Since commencement of production, NAM engaged in much research to improve extraction methods. In the 1950s, this included experiments with hot water. In the 1960s, there were experiments using steam injection. An initial pilot project with steam injection commenced in 1972, resulting in some success. This led to the RW-2 project being developed, and a firm decision to change production methods to steam injection being taken in 1976, with the expanded project commencing production in 1981 (Troost, 1981).

Oil production was stopped in 1996 because of the low world oil price in the early 1990s, the limited success of the techniques being used, and the high cost of production. On 4 September 1996, the last oil train left Schoonebeek, marking the end of oil extraction in Schoonebeek. The closure was not especially drastic for Schoonebeek, partly because of the ageing of the workforce, and because many former employees found other work, for example in gas extraction, demolition of the site, or rehabilitation of the landscape (ANP, 1997). However, many farmers who had received annual compensation payments from NAM were affected.

Within 10 years of closure, circumstances had changed. The world price of oil had increased significantly, Dutch company tax policy had changed, the prescribed amount of compensation required to be paid had been reduced (even if not observed), and new technology (high efficiency long stroke rod pumps) was available to extract highly-viscous oil (Whaley, 2006). Consequently the decision was made to re-open the oilfield, and after some years of planning and construction, production recommenced in January 2011. Some 40 rod pumps were placed in 18 locations, and a pipeline network of 54 kms was built. Because the railway branchline had been closed-down and sold off, this included a 22 km export pipeline to transport the oil to the Lingen Refinery, which is operated by BP, just across the border in Germany. When oil production recommenced, it was expected to continue for about 25 years (i.e. to 2036) yielding another 100 million barrels (NAM, 2006). However, this may change with the energy transition in The Netherlands.
5. A historical social profile of the Schoonebeek community

Schoonebeek is a small rural town, now with around 4000 residents (Alle Cijfers, 2020). In 1947 it had about 4500 inhabitants (CBS, 1949). Since about 1950, its identity has primarily related to oil extraction activities, although it previously was an agricultural community. Schoonebeek is in the south-east part of the Dutch province of Drenthe, directly adjacent the Dutch-German border. There is a brook (Dutch: beek) that separates the two countries, which was perceived to be beautiful or clean (Dutch: schoon), hence the name, Schoonebeek (Schafsma and Kocks, 2003).

The first mention of Schoonebeek in historical documents was in 1435 (Oud-Schoonebeek, 1966). However, settlement of the area was likely to have started in the late 1200s, following the construction of a monastery in the nearby settlement of Coevorden (Sassen, 1953). As Schoonebeek developed, it remained somewhat isolated because it was surrounded by peat swamps. This isolation resulted in an insular religious farming community with its own culture and language (Sassen, 1953; de Jong, 1986). In 1884, Schoonebeek and its neighbouring village, Nieuw-Schoonebeek, split from the municipality of Dalen to form a new municipality called Schoonebeek. The reason given for the split was that Schoonebeek and Nieuw-Schoonebeek were the most secluded of all secluded villages in the Netherlands (Oud-Schoonebeek, 1966). The municipality of Schoonebeek lasted until 1998 when it merged with Emmen, a small city about 15 kms to the north.

Before the discovery of oil, the people in Schoonebeek primarily lived off beef cattle, dairying, agriculture and peat (DETL, 1954; Oud-Schoonebeek, 1966). Schoonebeek has always been a very religious community. In 1947, around 99% were religious, approximately 45% Hervormd (Dutch reformed), 40% Roman Catholic, and 15% Ger-eformeerd (conservative/Calvinist Dutch reformed) (de Jong, 1986). In the 1937 and 1946 elections, over 70% of the Schoonebeek population voted for the religious-conservative parties. At that time, all social-cultural activities and groups were directly linked to the church, and sports activities were non-existent (de Jong, 1986).

Compared to the Netherlands as a whole, Schoonebeek has consistently had a high birth rate, especially between the late 1800s and 1945, with every 100 marriages resulting in 405 children compared to 327 for the province of Drenthe and 287 for the Netherlands (de Jong, 1986). With the death rate declining from 16.7 deaths per 1000 inhabitants in 1895 to 8.7 deaths per 1000 inhabitants in 1945, there was a doubling of the population in 50 years, from 2074 inhabitants in 1900 to 4588 in 1947 (PPD, 1956). There was a high average size of households: 6.2 persons per household, compared to 4.86 for Drenthe and 4.47 for the Netherlands (PPD, 1956). It is worth noting that, compared to many other locations in The Netherlands, only a few local people were killed during the Nazi occupation, with a local memorial listing only 8 people (Gedenksteen aan de Europaweg, 2020). Around the time oil production commenced, the average per capita income in Schoonebeek was around half of the Dutch average income. Some 80% of the population only had primary school education, and 6% were illiterate (DETI, 1954).

When oil production commenced in 1944, The Netherlands was under German control. The occupation and associated chaos meant that most sections of the local government were dysfunctional, including those normally responsible for ensuring communication between stakeholders. Some key individuals in Schoonebeek were Nazi sympathisers and members of the Dutch National Socialist Movement (Nationale Socialistische Beweging in Nederland, NSB). In July 1943, the NSB Mayor of Schoonebeek, Geert Bisschop, was assassinated by the local resistance for the help he had given to the Nazis, especially for handing over members of the resistance. The replacement Mayor, Verbeek, was also a member of the NSB (Minderhoud, 1980; Timmerman, 1983). On liberation day (6 May 1945), Verbeek was arrested for being a collaborator, and Hans van EK, who had been in office before the occupation, returned as Mayor (Minderhoud, 1980). The occupation meant that there was deep-seated conflict between (suspected) former collaborators and resistance supporters, and thus there was much distrust in the community in general (de Jong, 1986).

At the end of World War 2, Schoonebeek faced several major problems. First, there was a housing crisis. Before World War 2, a survey revealed that of Schoonebeek’s 798 houses, 118 were unfit for habitation, and many others were in a poor state (de Jong, 1986). During the occupation years, this did not change. With the commencement of oil production immediately after the war, there was a large influx of ‘oil people’, exacerbating the housing shortage. Another major problem was the state of local roads. Characteristic of an isolated municipality, most roads were narrow sand tracks, and were impassable for heavy machinery. This would be problematic for the oil production traffic. A third problem was a lack of employment opportunities. With peat nearing depletion and local agricultural production being outcompeted by more-mechanised farms elsewhere, there was a shortage of work and considerable poverty. The final problem facing Schoonebeek was a lack of basic services, such as an adequate water supply network, healthcare facilities, and schools (de Jong, 1986).

Although the Municipality of Schoonebeek was attempting to address these issues, in 1945 it was over 1 million guilders in debt and hence had to limit its plans (de Jong, 1986). All of these issues positioned Schoonebeek as a community eager to host an industry that would bring economic benefits and development, especially if it would be respectful of local culture and religion.

6. The early years of oil production

Although a small amount of oil production did occur in 1944 and early 1945, the German surrender and the end of World War 2 in May 1945 enabled rapid development of oil production, which increased from 6000 m³ for the whole of 1945, to 235,000 m³ in 1947, and then to maximum production of 4000 m³ per day in 1956 (de Jong, 1986). In the immediate post-war years, a labour-intensive drilling process was used, with automation increasing over time. At first, the number of employees increased rapidly, and slowly reduced over time (de Jong, 1986). Of some interest is that oil production was underway for several years before the granting of a formal production licence to NAM on 3 May 1948 (Kingdom of the Netherlands, 1948). As indicated above, NAM was only formally established in September 1947. Since Standard Oil did not intervene in how oil production was done in Schoonebeek, there was no fundamental change in practice from what was done by the Bataafse Petroleum Maatschappij before 1947 to afterwards by NAM. However, NAM did reflect on its production and social performance practices and improved them over time (NAM, 1980).

Oil production was governed by the Mining Law of 1903 (Overheid, 1903) and also by the Napoleonic Mining Act of 1810 (Bulletin des Lois no. 285). Article 43 of the Mining Act of 1810 specified that compensation to landowners should be twice the value of the productive capacity of the land (Overheid, 2003). NAM made the decision to pay 2.5 times the value of land for the small amount of land it purchased, for any land it rented, and in compensating farmers for lost production (De Jong, 1986). To maximise benefit to local people and to minimise disruption, NAM preferred to avoid purchasing land when this was consistent with the landowner’s wishes. Primarily it gained access to land by compensating landowners for lost income (paying 2.5 times the amount of loss) (De Jong, 1986).

Given that formal environmental impact assessment was only introduced in 1969 (first in the United States, quickly followed by many other countries), and was not a requirement in Europe until after 1985 (Vanclay, 2014,2020), there was no formal consideration of environmental or social impacts, although arguably some of NAM’s actions were about reducing harm. However, in a radio speech in 1946, one resident (Kars, 1946) stated that people were very aware of the financial benefits of oil production to the nation, but no one was considering the social changes oil production would have on the municipality and the community of Schoonebeek.

A major immediate change that came with oil production was
substantial improvement in the road network to allow increased traffic and heavy transport (Oud-Schoonebeek, 1966). New residential areas for NAM employees were constructed (de Jong, 1986). The designated payments of NAM to the local municipality solved Schoonebeek’s financial problems and allowed it to address the key issues it faced. Therefore, although NAM initially only had minimal communication with the local council, there was little opposition from the council about what NAM did because of the strongly-held view that what was good for NAM was good for the municipality (de Jong, 1986).

Initially, the Bataafsche Petroleum Maatschappij viewed Schoonebeek as a backward community (NTR, 2017). There was little communication from them to Schoonebeek’s citizens or to the local council, causing citizens to refrain from having contact with the oil workers and not understanding what NAM was doing. Schoonebeek’s inhabitants referred to them dismissively as ‘the oil people’ (de Jong, 1986). However, this faded over time, especially when NAM started improving the way it interacted with the local community (de Jong, 1986).

An important aspect of the positive view of NAM that developed over time was the major economic contribution NAM made to the local community and the municipality. From 1951 onwards, the municipality of Schoonebeek annually received a considerable amount of money in taxes from NAM. This led to Schoonebeek being able to address most of its problems, such as housing, schooling, and to an improved water supply network in 1954. This increase in wealth was very evident in newspaper headlines at the time. Before 1950, newspaper headlines generally noted the deplorable state of roads, the shortage of housing, and the poor state of things in Schoonebeek generally, whereas headlines in the late 1950s tended to note how the discovery of oil had created an upheaval in Schoonebeek. By the end of the 1950s, Schoonebeek had become a modern wealthy municipality (de Jong, 1986).

Within the Schoonebeek community, initially there were concerns about changes to the landscape, and a fear about the loss of farmland and nature areas. Despite these concerns, most people saw the job opportunities, the high level of compensation being paid to landowners, the income to the municipality, and other benefits, as being a blessing. However, fears arose about changes to Schoonebeek’s social structure, the loss of tranquility, and expected lifestyle changes due to the influence of the different lifestyles of the oil people (Karst, 1946; de Jong, 1986).

7. Significant issues in terms of NAM getting a social licence

7.1. Getting access, land acquisition and compensation

In 1945 there were 16 wells, by 1950 there were over 100 (Oud-Schoonebeek, 1950), and later there were over 300 (Trouw, 1996). The wells were mostly on land belonging to farmers. In order to access the wellsites and bring in heavy machinery, NAM improved the roads, which also benefitted the local population (de Jong, 1986). By 1952, NAM had paved over 64 kms of local roads, with 25 km primarily of wellsites and bringing in heavy machinery, NAM improved the roads, and the poor state of things in Schoonebeek generally, whereas headlines in the late 1950s tended to note how the discovery of oil had created an upheaval in Schoonebeek. By the end of the 1950s, Schoonebeek had become a modern wealthy municipality (de Jong, 1986). The value of the loss was determined by an independent agency. With the Mining Law of 1810 not being repealed until 2003 (Roggenkamp, 2020), NAM paid these generous compensation payments consistently throughout the first period of operation (1947 to 1996), and again when production recommenced in 2011. Just to give a sense of the amounts paid, in 1956 NAM paid compensation of 1500 guilders per hectare, and in the early 1980s NAM paid 5000 guilders per hectare (de Jong, 1986). Given these high levels of compensation, most locals were very happy to allow NAM to come on their property, and they were disappointed if they were left out (Lambers, 2020).

For any activities that damaged property, e.g. the laying of underground pipes, NAM provided ample additional compensation (Lambers, 2020). Schoonebeek’s inhabitants sometimes exploited the compensation possibilities, for example by asking for compensation for damage not caused by NAM, or by exaggerating the extent of damage. Although NAM was aware of this distortion, it generally accepted it should pay the compensation regardless, because NAM did not want landowners to turn against them, and the amounts were generally small compared to the consequence of not gaining a social licence to operate (Lambers, 2020).

In 1951, of the 5736 hectares in the municipality, only 100 hectares were owned by NAM (de Jong, 1986). This strategy of not buying land and ensuring that the local community remained intact continued for the whole period of operations. Consequently, instead of a loss of livelihood for farmers, nearly all farmers could continue to operate their farms. However, farmers who owned more land generally had more wells, and thus reaped more compensation, leading to some inequality and possibly resentment between locals (Lambers, 2020). De Jong (1986) mentioned a farmer who said that he received so much compensation from NAM that he “could leave his shovel against the wall”, by which he meant that he no longer had to work if he didn’t feel like it. However, most farmers who received compensation continued farming, as it was part of their identity, work ethic and lifestyle. Given that many of the farms were not commercially viable, the compensation enabled them to continue to survive. The farmers were well aware of this, and therefore most farmers were very positive about NAM, no matter how much oil production affected their farming operations (Lambers, 2020).

7.2. The workforce and local employment opportunities

With the scaling-up of oil production, the number of employees increased ten-fold, from 47 in 1945 to 485 in 1947 (NAM, 1955). By 1952, NAM’s workforce had increased to 561, some 355 of whom were from the local area, including 73 from the village of Schoonebeek itself (de Jong, 1986). Most local employees were former peat-cutters or farmers, all with limited education. The reason NAM recruited these people was because much of the oil work required physical strength and practical skills. People who previously were farmers found that working for NAM gave them higher incomes and better working conditions than they were used to. The employment of local people was an important feature in the positive perception of NAM by the local community. Although oil extraction work was more ‘industrial’ than farming, the fact that it was outdoors work and not too different to some of their previous tasks meant that they quickly adjusted (Lambers, 2020). The integration of local people into NAM helped the remainder of Schoonebeek’s inhabitants to see the benefits of oil production, and to accept and embrace NAM’s presence (Boer, 1975).

NAM made a direct contribution to the local economy in the form of wages to employees, and compensation payments to farmers. There was also a contribution in the form of payments to various companies (and thus wages to their employees) from whom NAM sourced inputs. The 73 Schoonebeek residents who worked for NAM in 1952 each earned around 4000 guilders a year, which was roughly the same as the national average. By 1955, the average annual income in Schoonebeek had risen to over 1000 guilders, up from 400 guilders in 1945. This was a significant increase, but still well below the national average (DETI, 1954).

NAM outsourced many activities to local businesses, which increased employment in the municipality and stimulated secondary economic
effects (de Jong, 1986). Many local companies, some existing before NAM’s arrival and others being established afterwards, ended up working solely for NAM. In 1980, 11 local companies worked for NAM, employing 569 of Schoonebeek’s inhabitants (in addition to the people directly employed by NAM). In 1956, at the height of oil production, around one third of Schoonebeek worked directly or indirectly for NAM (de Jong, 1986). The presence of NAM resulted in many people visiting Schoonebeek. To accommodate them, a hotel ‘De Wolfshoeve’ was built in 1954 (in 2019 it was renamed Herberg De Witte Olifant, or White Elephant Inn).

Over the 50 years of oil production, NAM employed (directly or indirectly) many local people, ensuring that benefits flowed into the municipality. Although citizens without ties to NAM did not receive any direct monetary benefit, the money the municipality received benefited all local people. All this positioned NAM as a major benefactor to the community (Lambers, 2020).

7.3. Housing and social divides

Because of the local housing shortage before and after the war, NAM had to build housing for employees coming from elsewhere, as well as offices and other facilities. Construction of housing for employees coming from elsewhere started in 1946. By 1950, over 110 houses had been constructed. It was intended that the new housing would be near operations, so that personnel could arrive on site quickly should any technical problems arise. However, the houses were built wherever there were available empty allotments, resulting in most new houses being built on the outskirts of town. This led to a lack of integration with the local community. Furthermore, management and blue collar workers were separated, creating a class divide that did not previously exist in Schoonebeek (de Jong, 1986).

Although the housing was primarily intended for NAM personnel, over time it came to be available to all local families. This was because the number of staff fluctuated, and with increasing automation there was a gradual reduction in the number of staff. In 1965, the houses built by NAM came under the management of the two local housing associations and were available to everyone (de Jong, 1986).

7.4. Payments to the local municipality

The municipality received annual taxes from NAM, which before 1949 were about 2000 guilders annually. In 1949, this increased to 46,000 guilders and to 150,000 guilders in 1950, which represented a doubling of the municipality’s budget. From 1951 on, the amount increased annually, reaching 1.2 million guilders in 1960 (de Jong, 1986). Consequently, by the late 1950s, Schoonebeek became one of the most prosperous municipalities in The Netherlands, in stark comparison to before 1950 when it was one of the poorest. In 1961, the municipality named a street, ‘Dr. Ir. H.A. Schieammenstraat’, after the CEO of NAM at the time, in honour of NAM’s contribution to its prosperity (Nammogram, 1961).

With the discovery of gas in the Province of Groningen in 1959, and following a discussion about how the income from exploitation of the natural resources of The Netherlands (notably oil and gas) should be shared (Taverne, 2001; Correljé et al., 2003), the national government changed the rules, shifting the payment that previously went to the municipalities to the national government (NTR, 2017). This resulted in Schoonebeek losing the tax revenue it previously received from NAM. By 1971, Schoonebeek was again in a financial crisis, and could not pay for many of the various community projects it had started in the earlier heydays. NAM was also experiencing production difficulties with the viscosity of the oil, and began planning for closure, although this was averted by the massive increase in the world oil price in the early 1970s. Nevertheless, NAM reduced the number of employees from 650 in 1965 to 375 by 1975 (de Jong, 1986). To address its financial crisis, the municipality started taxing NAM for whatever it could, including land and road rates, resulting in NAM’s annual payments to the municipality rising from 20,000 guilders at the beginning of the 1970s to 800,000 guilders by 1980. This resulted in Schoonebeek becoming a wealthy municipality again in the 1980s (de Jong, 1986).

7.5. Symbols of progress and social identity: ‘jaknikkers’ in the landscape

Oil production had a significant impact on Schoonebeek in many ways, but especially because of the presence of ‘jaknikkers’ (de Jong, 1986). The technical terms for this device in English are ‘nodding donkey’, ‘pumpjack’, or ‘walking beam’, but can also include broader terms, such as ‘oil derrick’, or ‘oil horse’. In the mid 1950s, these installations completely surrounded Schoonebeek, with over 300 in operation (Trouw, 1996).

In the 1970s, NAM established an environment department and started various projects to reduce pollution. NAM also surrounded their drilling sites by greenery, reducing the intrusiveness of operations. The installations that remained visible generally came to be seen as an acceptable part of the landscape, and even regarded as beautiful by some people. This was especially the case for the jaknikkers, as their characteristic slow movement evoked a sense of tranquillity (de Jong, 1986). The jaknikkers evidently became symbolically important, as evidenced by the fact that NAM would frequently give a model jaknikker as a present to dignitaries, for example to a retiring mayor (Nammogram, 1966). When oil production eventually slowed down, the jaknikkers started being removed. However, a few jaknikkers have been retained as reminders of the role of oil production in Schoonebeek, with one placed, at the request of the local community, in the very centre of Schoonebeek (Nammogram, 1987).

When production restarted in 2011, oil extraction was performed by long stroke rod pumps, which resemble metal silos. Most local people consider these rod pumps to be awful, intrusive and unfit for Schoonebeek’s landscape, unlike the jaknikkers, which were considered very acceptable (Lambers, 2020). This sentiment about jaknikkers exemplifies how attached locals became to oil production in the first phase of oil production.

7.6. Church on Sundays

In the beginning, the rapid rate of construction created much nuisance for local citizens, especially noise, smell, and aesthetic impacts they were not used to. The equipment NAM used and the proximity of drilling to houses meant that there was quite a bit of noise. Because of the widespread perception of benefits from oil production, NAM received only a few complaints. The complaints it received, however, were not about noise, but originated from the churches and were about the fact that work was happening on Sundays. After some discussion, NAM agreed to stop all non-essential work on Sundays (de Jong, 1986).

By 1955, NAM actively sought ways to improve its relationship with Schoonebeek’s citizens. One way it did this was by using company vehicles to provide transport for people who had difficulty walking to church. NAM also gave grants of 50,000 guilders to each of the churches (de Jong, 1986).

7.7. Religion and the recreation centre

NAM facilitated changes in the local community, including by the recreation activities and associations it supported. Due to the highly religious nature of the local society, previously there had been very little formal recreation apart from church-related activities. As Schoonebeek was a rather isolated community relatively far from other towns, NAM wanted to construct a recreational facility for its employees, especially those from elsewhere (de Jong, 1986). In 1949, construction of a recreational facility, ‘De Boo’, started on land that belonged to one of the churches. The plans for the complex included many facilities and activities that were alien to local residents, including a football field,
training ground, tennis courts, squash courts, bowling alleys, outdoor swimming pool, and other facilities. Disputes about the plans arose within the community, and between the churches and NAM, and consequently construction was delayed with the centre only being finished in 1951. The ‘De Bo’ complex was designed by the now noted Dutch architect, Arno Nicolai. Of some interest is that Arno Nicolai was married to Cora Chaillet, the daughter of Jean Louis Chaillet, the CEO of NAM at the time (Kruidenier, 2010).

The swimming pool was a particular matter of concern, most likely because of religious concern about indecency. In the plans, NAM attempted to avoid confrontation by referring to the swimming pool as a ‘pond’ (de Jong, 1986). Many negotiations took place, and the churches eventually accepted ‘De Bo’ in exchange for financial support from NAM. However, the churches imposed restrictions. At first, NAM intended that ‘De Bo’ would be accessible to all local people as well as NAM employees (de Jong, 1986). However, because of opposition to the centre from the churches, it was agreed that only NAM employees would use the facility (de Jong, 1986). An unfortunate outcome of the ‘De Bo’ was that the discussions around the construction of this facility increased conflict within the community, and after it was built, there was a strong social divide between locals and the oil people in terms of whether they had access to the facility.

After some years of operation, it was decided that non-NAM people would be allowed into ‘De Bo’, but only if they were introduced by NAM employees. However, this created another social divide among Schoonebeek’s inhabitants, between those who knew NAM employees well enough to get access, and those who did not. In the longer term, the ‘De Bo’ brought local people and oil people closer together in that it housed the ‘OSV Association’, which provided various recreational activities in Schoonebeek generally. Also, the football association held free-to-watch matches on Saturdays, allowing local residents to become familiar with modern forms of recreation. Eventually, all the sporting associations allowed non-NAM employees to join, boosting the recreational activities undertaken by locals (de Jong, 1986). As the municipality increased in wealth, it started constructing additional recreational facilities, further popularising recreation. However, this increase in recreational facilities did not increase social cohesion, rather it increased social division, because each religious group formed its own exclusive association (SOD, 1972). This was not necessarily perceived as a problem by locals, because they thought that this was just the way things were. This also reflected the religious structuring (pillarisation) of Dutch society at the time (Bryant, 1981). Over time, religion reduced in importance, and this social division dissipated (Lambers, 2020).

7.8. Education and modernisation

By 1952, NAM’s payments to the local municipality had been used to address all the immediate issues Schoonebeek faced. It was then able to embark on several additional plans. For example, the municipality wanted to reduce the possibility of the future unemployment of its citizens, so it decided to promote high school education. A major deterrent was that there was no secondary education in the municipality, and going to another municipality was costly and inconvenient. Hence, the local council set up a fund to support local families in covering the cost of transport. This resulted in a substantial increase in children receiving secondary education: from 27 in 1939 to over 200 in 1947. Most followed technical courses, perhaps inspired by the presence of NAM (de Jong, 1986). The local council also invested in building local primary schools. At the end of the 1950s, the municipality had five kindergartens and many primary schools (Minderhoud, 1980).

People working for NAM had opportunities to do leadership and other training courses. For many, this led to greater knowledge, new skills and over time to a change in their values, attitudes and opinions, especially amongst those who were able to work elsewhere in the Netherlands or abroad (PPD, 1956). This influenced many community associations, with the proportion of NAM employees in the association and/or on the committees increasing, some being completely led by NAM employees (SOD, 1972). Many locals considered NAM employees to be particularly fit for leadership positions (de Jong, 1986). Working for NAM required people to develop new work rhythms, especially regarding shiftwork. Contact with employees from elsewhere also influenced their views and ultimately the views of their families (de Jong, 1986). However, as most of Schoonebeek’s inhabitants did not work for NAM and remained secluded from outside influences, at least during the early years of oil production, social and religious life in the village remained largely the same (de Jong, 1986).

Between 1946 and 1955, there was a large increase in the quality of life and standard of living for most people in Schoonebeek. This came not only from the increased income, but also from the availability of new appliances (at least in terms of being new to Schoonebeek). For example, having an internal hot water system (boiler) or a vacuum cleaner, both of which previously were a novelty, became commonplace and significantly improved people’s lives. The oil people introduced modern foods and new fashions, which also became accepted amongst locals (de Jong, 1986). Over the years, the village centre started developing, eventually hosting a shopping centre, bakery, multiple restaurants and many shops (Lambers, 2020). Interaction between NAM personnel and local people increased, especially as people started to work for NAM and met each other in public places.

The development created by NAM reduced the seclusion. With increased disposable income and inhabitants warming-up to technology, things such as automobiles, radio and television became common. Consequently, Schoonebeek became increasingly connected to the outside world (de Jong, 1986). This modernisation led to religion losing its importance, and as a result young people did not experience problems in socialising with NAM employees, breaking down the barriers between locals and the oil people (Lambers, 2020). When NAM left in 1996, Schoonebeek was well connected to the outside world, which was seen as something positive by older residents and as being ‘normal’ by others (Jager, 2020b). According to Lambers (2020), those who were young or born after oil production started tended to perceive the presence of NAM as a normal and integral part of the Schoonebeek community.

7.9. The blowout (‘de Spuiter’)

In the 50 years of operation, only one major accident occurred in Schoonebeek. On Monday 8 November 1976, an experimental steam pipe seal gave way, resulting in high-pressure steam mixed with sand and oil particles being projected 30 metres into the air. This blowout lasted for 40 h covering the entire town of Schoonebeek in a film of oil and sand (Netherlands Institute for Sound and Vision 1976; KRO, 2008; de Jong, 1986; NTR, 2017). The incident became highly significant in a positive way, and has gone done in local history as ‘de Spuiter’ (i.e. blowout) (van Gool, 2016).

From the moment it happened, NAM kept local people informed about its actions, consequently most local people were not worried (KRO, 2008). At this time, trust between NAM and Schoonebeek was very high, and most inhabitants were certain that NAM would fix any damage caused, resulting in the population not being particularly bothered by the incident (NTR, 2017; Lambers, 2020). NAM quickly organised a clean-up, restoring any damage caused, and providing additional compensation. To ensure everything went well, every single inhabitant of the town was personally contacted (KRO, 2008). The NAM CEO at the time, Jean Marie Hubert van Engelschoven, was on site to ensure the problem was solved. This incident revealed the close connection between NAM and Schoonebeek (KRO, 2008).

The significance of the event has led to many reflections about it, including in various documentary films (e.g. KRO, 2008). The CEO, van Engelschoven, stated that the inhabitants of Schoonebeek had responded surprisingly well to the ordeal, and even sympathised with the problem that NAM had to deal with. According to him, this was a consequence of the mutual trust that had developed, a trust, so strong, that not even an
accident of this magnitude could break it (Nammogram, 1976).

7.10. The RW-2 project and winding down

In the 1970s, oil production started to decline due to Schoonebeek’s oil being highly viscous and increasingly difficult to extract. Experiments to explore steam injection methods had commenced, first in the 1960s, and were expanded in the 1970s, with the RW-2 project becoming fully operational in January 1981 (later called RW-2E) (Troost, 1981). With a decision to proceed with the RW-2 project being made in 1976, NAM commissioned an environmental impact assessment (Boekhorst et al., 1977). NAM invited the local council to contribute to the report and to help decide on locations for the project, and as a result some planned activities were relocated (de Jong, 1986).

By the mid 1980s, the number of NAM employees had grown back to over 600 due to the implementation of the RW-2 project (up from 375 in 1975). Of these, only 83 were born in Schoonebeek and around 180 employees lived in the town (de Jong, 1986). The RW-2 project required qualified, highly-skilled technicians, thus the proportion of local employees diminished. This was generally accepted because preparations for the RW-2 project also resulted in many local companies getting contracts for various activities (Lambers, 2020).

The RW-2 project and the pilots that proceeded it, brought new problems. The injection of high-pressure steam into old pipelines frequently led to minor ruptures. For example in 1976, there were 377 minor accidents, and over 1.5 million guilders was paid out in compensation (de Jong, 1986). NAM ensured that any location with damage was restored to its original state (Lambers, 2020).

After the mid 1980s, oil production slowly wound down, resulting in loss of work for some NAM employees and local companies. Many companies and farms disappeared after production fully stopped in 1996. The small farms, which had survived because of the presence of NAM (compensation payments and off-farm work), were not financially viable without NAM (Lambers, 2020), and the average income of Schoonebeek fell back to being in the bottom 20% of the Netherlands (Alle Cijfers, 2020). However, employees who lost their job because of the production stoppage in 1996 continued to receive 90% of their salary until retirement, after which they received their normal pension entitlements. NAM was well respected for its good working conditions (Lambers, 2020).

8. The restart of production in 2011

When first announced in 2004, the decision to recommence production was warmly welcomed by the Schoonebeek community (Eindhovens Dagblad, 2006), primarily because of the positive experience they had with NAM previously (Kuiken, 2009). The actual recommencement of production in January 2011 was also well received. The restart has meant extra income for about 40 farmers, 15 of whom have an extraction site on their land, with others being compensated for pipelines traversing their land (Brummelaar, 2011). Although the Mining Act of 1810 (which meant that compensation had to be at least twice the amount of loss) was repealed in 2003, NAM made the decision to continue to pay compensation at the same rate as before, i.e. 2.5 times the amount of loss as determined by an independent agency.

Despite the support for the restart of production, there have also been some criticisms. As a consequence of the previous extraction and the expansion of some farms, many farms were not contiguous. After the 1996 closure of oil extraction, farmers attempted to re-organise the ownership of land parcels to increase the contiguousness of their farms. Apparently, NAM did not assist in this process, to the disappointment of the farmers. One farmer stated that if NAM had helped with this restructuring, it would have increased their current approval. Among Schoonebeek’s residents, opinions differed about the recommencement of production, with many long time residents being generally positive about NAM’s return. However, some newcomers felt betrayed because they had come to Schoonebeek for its peace and quiet (Brummelaar, 2011).

9. Discussion: what did NAM do to get a social licence to operate?

In the early years of oil production (1946 to the early 1950s), the residents of Schoonebeek expected that there would be some negative social impacts. Their primary concerns at that time were the impact of oil production on social relations, religious life, their livelihoods, the green landscape, and Schoonebeek’s peaceful atmosphere. Fear, anxiety and uncertainty about the future were also a concern. NAM did not undertake any structured analysis of social issues, and did not really seek to manage people’s fears. Given the residual distrust that was present in the community following the Nazi occupation during World War 2, at first there was little engagement of local people in decision making. NAM informed the local council about its plans, but there was little meaningful engagement.

During the initial construction phase, many of the fears of local people did eventuate. Oil production changed the landscape, created noise and odour, and changed the livelihoods of many farmers. Nevertheless, there were only a few complaints, primarily because of the many benefits to affected citizens and the municipality as a whole. Although the lives of farmers were affected, they were able to continue to farm because of the generous compensation. NAM hired local people whenever it could, leading to a major increase in median income in the community. There was major improvement in the road network, which increased accessibility for all, and facilitated modernisation. Although the initial years of oil production brought many negative impacts, they were well managed by NAM.

Until the blowout in 1976 (the ‘de Spuiter’ incident), the direct environmental impacts from NAM’s activities were negligible because of NAM’s environmental management actions. The few impacts that did occur included some small oil spills from minor pipeline failures, which were quickly fixed, the environment restored, and financial compensation paid to any affected landowners. The large financial payments to the municipality were an important benefit sharing action. Overall, most indirect impacts from operations were positive, such as the modernisation of the region. However, there were also some indirect negative social impacts that were inconsistently managed. NAM gave financial support to the local churches in an attempt to improve the strained relationship it had with them. However, other issues remained a point of tension with the churches, given their strict religious-conservative beliefs. For example, the construction of recreation facilities resulted in a social divide between the modern NAM employees and the more traditional long-term citizens of Schoonebeek. NAM did not actively address this issue, which caused a social divide that continued to exist until the end of the oil production (although diminishing over time). A more direct addressing of this issue by NAM may have resulted in mutual trust developing earlier.

NAM’s effective response to the ‘de Spuiter’ incident is a good example of NAM’s approach to compensation and their view that no one should be made worse off as a result of their activities. Local residents genuinely believed that NAM would solve any problems that might be created, and NAM largely did. This sentiment exemplifies the trust that existed between NAM and the residents of Schoonebeek. It came about by NAM ensuring that anything it did would not have any lasting negative impact. The trust was so strong that the RW-2 project proceeded largely uncontested, and even the ‘de Spuiter’ incident was not a major concern to the community, and may have even solidified the trust.

In its actions, NAM did more than ensure no loss, it also ensured that it provided direct benefits to affected people and to the municipality as a whole. This benefit sharing approach was a major factor in NAM overcoming the three key challenges to achieving a social licence to operate described by Dare et al., (2014): gaining trust; engaging stakeholders; and responding to changing expectations. NAM built trust with the local
community mainly by employing local workers and companies, treating employees well, and involving landowners, churches and the local council in decision-making. This had a flow-on effect to other citizens in the municipality and overcame the distrust that was present in the beginning (de Jong, 1986).

Over the 50 years of oil production, NAM observed many of the principles of social performance (Vanclay et al., 2015; Vanclay, 2017a, 2017b; Vanclay and Hanna, 2019). Some key principles that NAM evidently observed were: avoid physical displacement (resettlement); never forcibly evict people; avoid economic displacement by properly compensating people for any loss; have an effective community engagement process; and have a benefit sharing program. Observance of these principles ensured a good relationship and the development of high level of trust with local people. This was exemplified by one inhabitant, who stated that “no one could deny that everything went better than expected” (de Jong, 1986).

Immediately after the ‘de Spuit’ incident in 1976, there were suggestions that reporters had tried to find citizens who would say something negative about NAM, allegedly even offering to pay them to do so, but no one did (KRO, 2008). NAM’s CEO at the time, Jean Marie Hubert van Engelsboven, stated in 2008 that he never received a single complaint from Schoonebeek about the ‘de Spuit’ incident (KRO, 2008). The progressively more participatory attitude of NAM towards Schoonebeek helped grow the trust over time, and NAM and Schoonebeek became inseparable. It is recommended that other companies – and, given that NAM’s reputation in Groningen is not ideal, also NAM itself – should follow and improve upon the example of NAM’s involvement with Schoonebeek, especially in terms of listening to and respecting the wishes of stakeholders, mitigating negative impacts, and ensuring benefits to local communities.

10. Conclusion

NAM clearly gained a social licence to operate in Schoonebeek, at least for most of the first period of oil production (1947 to 1996). Given the extent of trust that developed, it could be argued that Schoonebeek was at the top of the pyramid of social licence (psychological identification). The comments of residents in documentary films about Schoonebeek reveal that they trusted NAM to do the right thing. Even when there was a major incident (a blowout), the community trusted NAM that there was no health concern, no further safety risk to the community, that NAM would clean up the mess, and that NAM would pay compensation for any damage and inconvenience the villagers incurred.

Another way in which the social licence was evident was that the symbols of oil production in the landscape, the jaknikkers (noodling donkeys), were regarded very positively by almost all people in Schoonebeek. When they were removed, there was much nostalgia and sadness. If there had been tension or unrest in the community, the jaknikkers would not have been viewed positively, rather they would have been seen as instruments of oppression. The lack of vandalism, graffiti, or protest of any form (Hanna et al., 2016) supports that argument that NAM had a strong social licence.

Although the social and economic context at the end of the Second World War meant that Schoonebeek was receptive to development, the getting of a social licence did not happen automatically, but was a consequence of the actions NAM took and of NAM’s general approach to the local community, one of treating them with respect. Drawing on a range of sources (United Nations, 2011; Esteves et al., 2017; Vanclay, 2017a,2017b; Vanclay and Hanna, 2019) and the social licence to operate literature, it is possible to outline in generality what projects should do to gain, maintain and grow a social licence. Arguably, NAM observed many of these principles in Schoonebeek. Essentially, amongst other things, all projects should:

- observe national law and international standards;
- ensure there is a valid justification for the project and for all major activities that affect local communities;
- implement a meaningful, inclusive, ongoing stakeholder engagement process;
- utilize all opportunities to involve local communities in decision-making;
- avoid displacing people;
- fully disclose all relevant information in appropriate formats to local communities;
- empower communities by providing training and capacity building;
- have local content and/or local procurement policies and procedures;
- negotiate and implement benefit sharing arrangements with local communities;
- be technically competent to be able to ensure safety and to avoid social and environmental harm;
- ensure there is an ongoing process for assessing and managing the social, environmental, health and human rights issues;
- implement an effective grievance redress mechanism;
- ensure there are adequate numbers of appropriately qualified and experienced social performance staff who are adequately resourced;
- treat communities with respect;
- understand and be respectful of local culture;
- act with full transparency and accountability, for example, by encouraging and supporting community-led monitoring and evaluation of potential impacts, mitigation measures, and the adequacy of benefit sharing programs; and
- ensure that the broad community support of local people is gained before proceeding with any project, and that this support is maintained throughout the life of the project.

Many of these principles were applied by NAM in Schoonebeek. Some things that were particularly evident in Schoonebeek were the positive contribution NAM made to local social and economic development; the generous compensation NAM paid to local landowners (at 2.5 times the value of loss); and the respect that was shown towards local culture and religion.

Given the success NAM had in getting a social licence in Schoonebeek, it is somewhat surprising that the outcome was so different in the Groningen context, at least after the gasquakes started happening (van der Voort and Vanclay, 2015; Simon et al., 2016; Perlaviciute et al., 2017). A key difference perhaps was that oil production in Schoonebeek was centred on a fairly specific discrete location, and it was very evident who the local community was. In contrast, gas extraction in the Province of Groningen was diffuse, with many extraction points scattered across the Province, making the host community less obvious. Another difference was that Schoonebeek desperately needed development, and NAM arguably brought Schoonebeek out of the 19th century and into the 20th century. Even though gas extraction in Groningen was an important energy transition (Correlj et al., 2003; Geluk, 2012), there was no major leap forward in social or development terms that was directly attributable to gas extraction (at the local level at least). Furthermore, although NAM’s operations in Groningen made a major financial contribution to The Netherlands as a nation, there was very little provision of local benefits, at least as perceived by local people (van der Voort and Vanclay, 2015). Consequently, local people felt that they were experiencing all the negative impacts (especially in health and safety terms) but were receiving none of the benefits, despite being at the coalface of gas extraction. The lesson here is very evident: in all industries, but especially renewable energy (Langbroek and Vanclay, 2012) and the extractive industries (as seen in Schoonebeek and Groningen), there must be greater awareness and consideration of the social impacts that are experienced by local people. We believe that the concept of social licence to operate (and grow) is a useful framing to use in order to reflect on what is needed to gain community approval and to improve social performance.
Conflict of interest

Neither Ramon Veenker nor Frank Vanclay have any connection to NAM or Shell that would unduly affect their interpretation of events in Schoonebeek. However, it should be noted that Ramon Veenker was born and bred in the vicinity of Schoonebeek.

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