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Illegal Oil and Gas Exploitation and Its Impact on Sustainable Development in East Aceh Regency

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Abstract

East Aceh Regency is one of the regions in Aceh Province with considerable oil and natural gas resources. However, the management of these resources continues to face challenges due to the widespread practice of illegal oil and gas exploitation, which has generated various economic, social, and environmental consequences. This phenomenon reflects a gap between natural resource utilization and the achievement of sustainable regional development. The novelty of this study lies in integrating the analysis of the economic and social impacts of illegal oil and gas exploitation with the perspective of sustainable development as the basis for formulating development strategies in underdeveloped regions. This study aims to analyze the economic and social impacts of illegal oil and gas exploitation on local communities in East Aceh Regency and to formulate contextual sustainable development strategies. A qualitative descriptive approach was employed in this research. Data were collected through field observations, in-depth interviews, and document analysis involving local government officials, community leaders, academics, business actors, and communities living around illegal oil extraction sites. Data were analyzed using the interactive model of Miles, Huberman, and Saldaña, consisting of data reduction, data display, and conclusion drawing, supported by source and technique triangulation to ensure data credibility. The findings indicate that illegal oil and gas exploitation provides short-term economic benefits by increasing household income and creating informal employment opportunities. Nevertheless, it also causes significant negative impacts, including the loss of regional revenue, increased social conflicts, occupational safety risks, and environmental degradation. Therefore, sustainable development requires strengthening natural resource governance, improving law enforcement, empowering local communities, and promoting local economic

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diversification to ensure that natural resource management contributes to equitable, inclusive, and sustainable regional development.

Keywords: Illegal Oil and Gas Exploitation; Sustainable Development; Regional Economy; Social Impact; East Aceh

INTRODUCTION

Sustainability-based development is a development paradigm that emphasizes the balance between economic growth, environmental preservation, and social welfare to ensure the continuity of community life for present and future generations (Amsari et al., 2024). This concept aligns with the *Sustainable Development Goals* (SDGs), which encourage every region to manage natural resources responsibly through governance that is effective, inclusive, and oriented toward community welfare. In its implementation, sustainable development is measured not only by improvements in economic indicators, but also by the government's capacity to preserve environmental sustainability, strengthen institutions, and create social justice (Usman et al., 2024).

East Aceh Regency is one of the regions in Aceh Province with considerable oil and natural gas resource potential. However, the utilization of this potential has not yet fully benefited the community. In recent years, illegal oil-well exploitation activities have developed in several areas and become an alternative source of livelihood for part of the community. These activities take place outside the legal oil and gas management system, so they do not contribute to state or regional revenue and do not meet occupational safety or environmental protection standards. This condition shows that high natural resource potential is not always followed by governance capable of driving sustainable regional development (Fauzi, 2025).

Economically, illegal oil and gas exploitation does provide additional income for part of the community directly involved in drilling, transportation, and crude oil trading activities. However, these economic benefits are short-term and tend to be enjoyed only by certain groups, so they have not been able to improve community welfare evenly. On the other hand, these activities also give rise to various social problems, such as increasing conflicts of interest, weak labor protection, high risk of work accidents, and the emergence of informal worker exploitation practices in which workers operate without wage certainty, safety guarantees, or social protection (Sholikin, 2024). In addition, illegal oil and gas exploitation has the potential to cause soil and water pollution, ecosystem

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damage, and a decline in environmental quality, which ultimately hinders the achievement of sustainable development goals (Alberth et al., 2025).

This phenomenon is becoming increasingly important given that East Aceh Regency still faces various development problems. Data from the Central Statistics Agency (BPS) show that the poverty rate in East Aceh Regency remains above the national average, accompanied by low human development quality and limited formal employment opportunities (Priseptian & Primandhana, 2022). This condition indicates that the presence of oil and gas resources has not yet become an effective instrument of development, as it is still dominated by informal economic activity and weak natural resource governance. From a development economics perspective, this phenomenon illustrates a resource paradox *(resource curse)*, a condition in which a region rich in natural resources instead experiences delayed development due to weak institutions, low governance quality, and high levels of illegal economic activity (Safuridar & Putri, 2019).

A number of previous studies have focused more on illegal oil and gas exploitation from legal, security, or environmental impact perspectives. Other studies examine the effect of natural resource management on economic growth and community welfare in general (Putri et al., 2025). However, relatively few studies have integrated the analysis of the economic and social impacts of illegal oil and gas exploitation with the perspective of sustainability-based development, particularly in underdeveloped regions such as East Aceh Regency. This limitation indicates a research gap *(research gap)* that needs to be addressed through more comprehensive study.

The novelty *(novelty)* of this study lies in an analytical approach that links illegal oil and gas exploitation to three main dimensions of sustainable development, namely the economic, social, and development-governance dimensions in underdeveloped regions. This study not only identifies the economic and social impacts caused by illegal oil and gas activities, but also formulates sustainability-based development strategies that are contextual, participatory, and adaptive to the characteristics of the East Aceh region. This approach is expected to offer a new perspective in developing regional development policies that are not only oriented toward economic growth, but also consider social justice, environmental sustainability, and institutional strengthening.

Based on the above description, this study seeks to answer how the economic and social impacts caused by illegal oil-well exploitation affect the community in East Aceh Regency, and how a sustainability-based development strategy can be formulated to support more inclusive, equitable, and sustainable natural resource management. The findings are expected to provide input for local governments and stakeholders in

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formulating natural resource management policies that can drive regional economic development while sustainably improving community welfare.

LITERATURE REVIEW

Sustainable development is a development concept that integrates economic, social, and environmental aspects to meet the needs of the present generation without compromising the ability of future generations to meet their own needs (Maisyuri & Maisyarah, 2026). In the context of regional development, sustainability is measured not only by economic growth, but also by the equitable distribution of welfare, environmental protection, and sound natural resource governance (Maisyarah, Siti & Sufa, 2025). Therefore, the utilization of natural resources must be able to provide sustainable economic benefits while minimizing negative impacts on communities and the environment.

Natural resource management that is not supported by effective governance has the potential to give rise to the resource curse phenomenon, a condition in which a region with abundant natural resources instead experiences delayed development due to weak institutions, high levels of informal economic activity, and poor public policy quality (Amalia & Emalia, 2022). From a development economics perspective, illegal oil and gas exploitation is a form of governance failure that leads to the loss of state revenue, widening economic disparity, and low sustainability of regional development.

Illegal oil and gas exploitation activities produce a dual economic impact. On one hand, these activities create jobs and become an alternative source of income for the community. On the other hand, they increase the risk of work accidents, environmental damage, and social conflict, and reduce the effectiveness of natural resource management because they operate outside the formal economic system (Sefina et al., 2024). This condition shows that short-term economic benefits are often followed by greater social and environmental costs in the long run.

Several previous studies show that illegal natural resource exploitation has a significant relationship with increased social vulnerability, poor environmental quality, and suboptimal regional development (Haeril & Rifai, 2024; Daaris, 2024). Therefore, sustainability-based development requires strengthening governance, law enforcement, community empowerment, and optimizing natural resource management so that the resulting economic benefits can be felt equitably by all levels of society.

The conceptual framework of this study was developed based on the relationship between the concept of sustainable development and the phenomenon of illegal oil and

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gas exploitation in East Aceh Regency. Illegal oil and gas exploitation activities are viewed as a factor that influences the economic and social conditions of the community and has implications for the sustainability of regional development. Based on theoretical foundations and the results of previous research, this study develops a conceptual flow that illustrates the relationship between the phenomenon of illegal oil and gas exploitation, its resulting impacts, and sustainability-based development strategies as an effort to achieve development that is inclusive, equitable, and sustainability-oriented. The conceptual framework of the study is presented in Figure 1.



Figure 1. Conceptual Framework

METHODS

This study uses a qualitative approach with a descriptive research design to analyze the impact of illegal oil and gas exploitation on the economic and social conditions of the community in East Aceh Regency. The qualitative approach was chosen because it can provide an in-depth understanding of the phenomenon of illegal oil and gas exploitation based on the experiences, perceptions, and interactions of stakeholders within the context of sustainability-based regional development.

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The research was conducted in several areas of East Aceh Regency that have illegal oil and gas exploitation activities. Research informants were determined using a purposive sampling technique, namely selecting informants considered to have knowledge and experience regarding the phenomenon under study. Informants consisted of local government officials, community leaders, illegal oil and gas business actors, communities around the exploitation sites, academics, and community organizations concerned with natural resource management issues.

Data collection was carried out through field observation, in-depth interviews, and documentation study (Siti Maisyarah & Rahmat Asri Sufa, 2026). Observation was used to obtain a picture of the socioeconomic conditions of the community and the illegal oil and gas exploitation activities at the research locations. In-depth interviews were conducted in a semi-structured manner to explore information regarding the economic and social impacts, as well as the mitigation efforts that have been carried out by various parties. Meanwhile, the documentation study was carried out by examining various official documents, such as publications from the Central Statistics Agency (BPS), reports from the East Aceh Regency Government, documents from the Regional Development Planning Agency (BAPPEDA), the Aceh Energy and Mineral Resources Office, as well as various scientific articles relevant to the research topic.

Data analysis was carried out using the interactive analysis model, which includes three stages, namely data reduction, data display, and conclusion drawing and verification. Data reduction was carried out by selecting and grouping information relevant to the research focus (Siti Maisyarah & Rahmat Asri Sufa, 2026). Subsequently, the data were presented in the form of descriptive narrative to facilitate the identification of relationship patterns between illegal oil and gas exploitation and the economic and social impacts on the community. The final stage was carried out by drawing conclusions based on the relationships among the findings obtained during the research process.

To ensure the credibility of the research results, source triangulation and technique triangulation were carried out. Source triangulation was carried out by comparing information obtained from various groups of informants, while technique triangulation was carried out by comparing the results of observation, interviews, and documentation. In addition, the researcher also conducted member checking with several key informants to ensure that the interpretation results corresponded to actual conditions, so that the research findings have a level of validity that can be scientifically accounted for.

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DISCUSSION

Negotiation leads to solving disputes and arguments in the business setup which may, in turn, worsen the working atmosphere, if it is unsolved. Negotiators are expected to explore numerous alternatives in solving a problem. To ease the task of finding numerous alternatives, negotiators have to excel in better communication. Negotiation skill is the key for getting on in the workplace setup and it further aids in resolving conflicts. In the lieu of maintaining relationships, it is highly essential to resolve conflict. Negotiation skills can be categorized under soft skills. The sub-skills associated with negotiation include communication skills, persuasive skills, planning skills, strategizing skills, and cooperating skills.

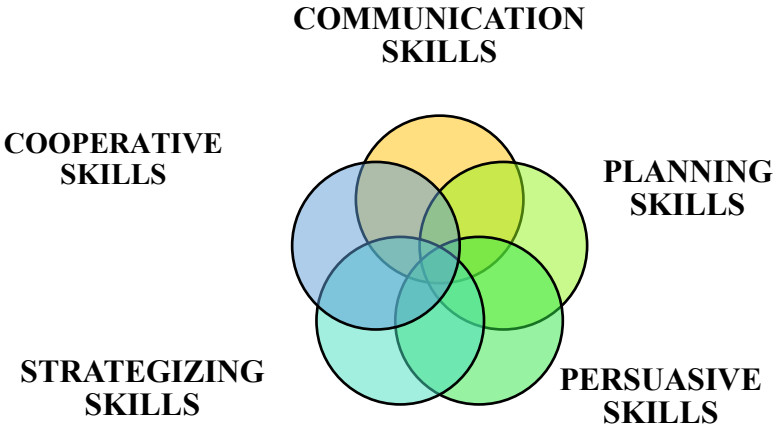


Figure 2: Sub-Skills of Negotiation

A person with negotiation skills is a great asset to a company. Finding an alternative way for the conflicts that arise in the business setup is the most crucial need for the successful conduct of a business scenario. Good negotiation technique contributes on a large scale to the success of the business because it always aims for mutual benefits. In the view of understanding others and their deal in the business scenario, we may need to ask questions to build negotiation roots. Good communication skills promote better negotiation roots.

Certain key skills to become a better negotiator includes the following.

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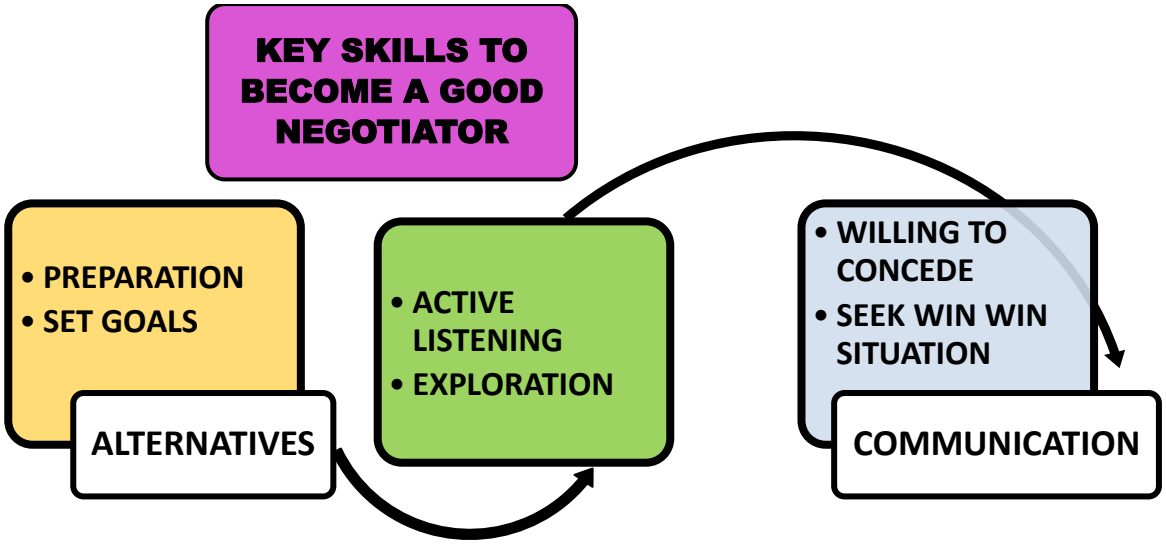


Figure 3: Key skills to become a good negotiator

Successful negotiation strategies imbibe certain skills. The preparation technique is the key skill in the negotiation technique. Complete understanding will pave for a better solution. Analyzing all possible scenarios will enhance the better relationship in the workplace. Knowing set goals prior to negotiation is yet another skill for reinforcing better relationships. Always approach any issue or conflict with alternative plans. It is advised to have the best alternative backup plans in approaching any conflict in the workplace. Try to heed others' points of view before drawing a conclusion. To enhance negotiation proper communication is a vital element. Claude Alavoine and others (2014, p. 35) put forth their view on negotiation skills in their research article as,

Negotiation is a specific form of interaction based on communication in which the parties enter into deliberately, each with clear but different interests and goals and a mutual dependency towards a decision due to be taken at the end of the confrontation. Consequently, negotiation is a complex activity involving many different disciplines from the strategic aspects and the decision making process to the evaluation of alternatives or outcomes and the exchange of information.

Good communication establishes the trust factor. Build a rapport to connect people by maintaining professionalism in approaching a problem. Listening to others' points of view may result in an alternative solution which in turn can benefit the business.

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The technique of exploration will pave way for satisfactory outcomes. Conceding is the most essential parameter for negotiation in the workplace. This may enhance our perception in approaching the problem with a different perspective. Always look for a win-win situation in approaching a conflict. These key elements help in better negotiation with successful maintenance of the relationship.

Negotiation tactics will yield better results in workplace scenarios. Kathleen Kelley Reardon and Robert E. Spekman (2014, p. 71) rightly comment as, “whether or not you’re “going global,” good negotiation skills are the first essential step towards the successful management of inter-company alliances”. Conflict is bound to arise, whenever people are together. The reason for this could be numerous. To mention a few, individual needs and wants, different aims, beliefs, etc. could be the possibilities. To find a common ground and to resolve the problem, negotiation techniques come in handy in many business scenarios. Negotiation helps in reaching an agreement by avoiding dissatisfaction and arguments.

The key to a successful business is effective negotiation. It consists of a five-step process namely

1. Preparation and planning
2. Defining
3. Clarification
4. Problem-solving
5. Implementation

Logical thinking is the most essential skill required for effective negotiation. The art of negotiation gives the confidence to pave the way out of any problematic situation. The strong-rooted negotiation skills will yield the best results.

Tips for strengthening effective negotiation strategy are

1. Understanding the difference between argument and agreement
2. The ultimate goal in negotiation is to reach an agreement
3. Learn to argue appropriately
4. Reason out correctly
5. Understanding the purpose of the argument
6. Arriving a common ground with mutual respect
7. Learn the difference between bending and breaking the rules
8. Learn to alter the implications for an advantageous outcome

Be aware of the conflicts before negotiating. Clarity on the nature of the issue or problem is the next stage of the negotiation process. The essential part of negotiation

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takes place during the stage of problem-solving. This stage comprises of mutual agreement which will undoubtedly solve the conflict. The last and final stage requires proper formalization of the agreement from both parties. Preparation and planning are the key elements to avoid common mistakes in the process of negotiation.

RESULTS AND DISCUSSION

Results

East Aceh Regency is one of the regencies in Aceh Province with considerable oil and gas resource potential. In addition to the officially managed oil and gas working areas, there are also illegal oil-well exploitation activities spread across several sub-districts. These activities have developed as an alternative source of livelihood for the community due to limited formal employment opportunities and high poverty rates. This condition has led part of the community to choose to work in the illegal oil and gas sector despite the high occupational safety risks and the lack of legal protection.

Based on field observations and interviews with various informants, illegal oil and gas exploitation activities are generally carried out traditionally using simple equipment. The process of production through distribution of the oil takes place outside government oversight, so it does not contribute to regional or state revenue. In addition to providing short-term economic benefits for part of the community, these activities also give rise to various social and environmental problems that pose challenges to achieving sustainable development.

Table 1. Characteristics of Research Informants

No	Informant Group	Number (People)	Percentage (%)
1	Local Government	4	18,18
2	Community Leaders	5	22,73
3	Community Around the Wells	8	36,36
4	Academics	2	9,09
5	Environmental Activists	3	13,64
	Total	22	100

Source: Processed Primary Data, 2026.

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The results in Table 1 show that most informants come from communities living around illegal oil and gas exploitation sites. This composition was chosen because the community group is the party most affected by the economic and social impacts of illegal oil exploitation activities, so it can provide more comprehensive information relevant to the research focus.

Based on the results of interviews and field observations, illegal oil and gas exploitation has a paradoxical effect on the community's economic conditions. On one hand, these activities can increase household income through the creation of informal employment. On the other hand, they cause the loss of potential regional revenue, low formal investment, and create economic dependence on an unsustainable sector.

Table 2. Economic Impacts of Illegal Oil and Gas Exploitation

No	Research Finding	Impact
1	Community income increases	Positive
2	Informal employment opportunities increase	Positive
3	Regional revenue does not increase	Negative
4	Formal investment declines	Negative
5	Economic activity goes unrecorded	Negative
6	Dependence on illegal oil and gas increases	Negative

Source: Processed Primary Data, 2026.

The research results show that the community obtains direct economic benefits through increased daily income. However, this benefit is only felt by certain groups and is short-term in nature. Conversely, the local government loses potential tax and levy revenue because all production activities take place outside the formal economic system.

This finding supports the *Resource Curse* theory put forward by (Haeril & Rifai, 2024), which states that a region rich in natural resources does not necessarily experience economic development if resource governance remains weak. This condition is also consistent with (Putri et al., 2025), who state that illegal mining activities tend to

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increase community income in the short term but hinder formal investment and expand the *shadow economy*.

In addition to affecting economic aspects, illegal oil and gas exploitation also has an impact on the social conditions of the community. Based on the interview results, most informants stated that these activities increase the risk of work accidents, land ownership conflicts, and weaken social cohesion within the community.

Table 3. Social Impacts of Illegal Oil and Gas Exploitation

No	Social Impact	Impact Level
1	Risk of work accidents	High
2	Land ownership conflicts	High
3	Environmental damage	High
4	Labor exploitation	Moderate
5	Criminality	Moderate
6	Community economic dependence	High

Source: Processed Primary Data, 2026.

The research findings show that occupational safety issues are the most dominant concern. Some workers carry out drilling activities without operational standards or personal protective equipment, creating the potential for fatal accidents. In addition, illegal oil and gas exploitation also increases the potential for conflict among community members related to land control and the distribution of production results.

To clarify the relationship between illegal oil and gas exploitation and the three dimensions of sustainable development, a summary of the research results is presented below.

Table 4. Impacts of Illegal Oil and Gas Exploitation on Sustainable Development Dimensions

Dimension	Positive Impact	Negative Impact
Economic	Community income increases	Regional revenue decreases
Social	Employment opportunities increase	Social conflict and work accidents

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Dimension	Positive Impact	Negative Impact
Environmental	-	Soil and water pollution, ecosystem damage

Source: Processed Primary Data, 2026.

These findings show that the economic dimension gains short-term benefits, while the social and environmental dimensions actually experience a decline in quality. This indicates that illegal oil and gas exploitation activities have not yet fulfilled the principles of sustainable development, which require a balance between economic growth, social equity, and environmental sustainability (Amalia & Emalia, 2022).

Based on the research results, the recommended development strategies include strengthening natural resource governance, community empowerment, improving government oversight, and diversifying the local economy so that community dependence on illegal oil and gas activities can be reduced.

Table 5. Sustainability-Based Development Strategies

Problem	Strategy
Illegal oil and gas exploitation	Law enforcement and legalization of community wells that meet standards
Low community welfare	Livelihood diversification and MSME development
Environmental damage	Land reclamation and environmental rehabilitation
Weak governance	Collaboration between government, community, and the private sector
Social conflict	Strengthening community institutions and conflict mediation

Source: Researcher's Analysis, 2026.

DISCUSSION

The research results show that illegal oil and gas exploitation in East Aceh Regency has paradoxical economic and social impacts. On one hand, these activities are able to increase community income and provide employment for groups with limited access to the formal sector. Additional income from drilling, transportation, and illegal oil trading activities becomes one source of livelihood for households around the exploitation

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sites. However, these economic benefits are only short-term because they are not supported by a legal, productive, and sustainable management system. This condition causes the contribution of the illegal oil and gas sector to regional development to be very limited, and it even has the potential to hinder economic growth in the long term.

This finding is consistent with the resource curse theory, which explains that natural resource wealth does not always generate welfare unless accompanied by good governance, strong institutions, and effective public policy (Haeril & Rifai, 2024). In the context of East Aceh, weak oversight, low institutional capacity, and limited formal employment opportunities have driven the community to exploit natural resources through activities that do not comply with legal provisions. As a result, the economic benefits obtained by the community cannot be converted into a sustainable improvement in the quality of regional development.

From a social perspective, this study finds that illegal oil and gas exploitation gives rise to various problems that affect community life. High risk of work accidents, land ownership conflicts, labor exploitation, and declining environmental quality are consequences of drilling activities carried out without operational standards or government oversight. This condition shows that the economic gains obtained by the community must be paid for with increased social and environmental risks. This finding supports the view of (Daaris, 2024), who states that sustainable development is not only oriented toward economic growth, but must also maintain a balance between social welfare, environmental sustainability, and responsible governance.

The research results also show that illegal oil and gas activities have not yet made an optimal contribution to improving overall community welfare. Most of the economic benefits are enjoyed only by groups directly involved in the exploitation activities, while other members of the community still face limited access to formal employment, education, health services, and basic infrastructure. This condition indicates that the distribution of natural resource benefits has not yet been equitable.

When viewed from the perspective of sustainability-based development, the research results show that the management of illegal oil and gas in East Aceh has not yet fulfilled the principles of sustainability, as it remains dominated by short-term economic profit orientation. In fact, the concept of sustainable development emphasizes the need for balance among the economic, social, and environmental dimensions so that the benefits of development can be sustainably felt by both present and future generations. Therefore, natural resource management should not be oriented solely toward increasing community income, but must also consider occupational safety,

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environmental protection, equitable distribution of economic benefits, and the strengthening of local institutions.

This study offers novelty compared to previous research because it not only identifies the impact of illegal oil and gas exploitation on the community's economic and social conditions, but also integrates this analysis within a sustainable development perspective as the basis for formulating policy strategies. This approach provides a more comprehensive picture of the relationship between natural resource management, community welfare, and development governance in underdeveloped regions. Thus, the results of this study can serve as a basis for local governments in formulating more adaptive policies through strengthening regulations, community empowerment, local economic diversification, and more transparent, participatory, and sustainable natural resource management.

The implications of this study confirm that the success of development in regions with natural resource potential is determined not only by the size of the oil and gas reserves held, but also by the quality of governance, institutional capacity, and the level of community participation in the development process. Therefore, collaboration among the government, community, private sector, academics, and civil society organizations is an important prerequisite for achieving sustainability-based development in East Aceh Regency. This collaborative approach is expected to reduce community dependence on illegal oil and gas activities while creating more inclusive, equitable, and sustainable economic development.

CONCLUSION

This study shows that illegal oil and gas exploitation in East Aceh Regency has paradoxical impacts on regional development. On one hand, these activities are able to increase community income and create employment opportunities for some groups with limited access to the formal sector. On the other hand, illegal oil and gas exploitation causes various negative impacts, including the loss of potential regional revenue, increased risk of work accidents, environmental damage, social conflict, and weakened natural resource governance. This condition shows that the economic benefits obtained are still short-term in nature and have not yet been able to drive sustainable development.

Based on the research findings, sustainability-based development in East Aceh Regency requires strengthening natural resource governance through regulatory enforcement, increased oversight of oil and gas activities, community empowerment, and the development of more productive and sustainable alternative livelihoods. This strategy

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is expected to create a balance between economic growth, social welfare, and environmental preservation so that the use of natural resources can provide more equitable benefits for the community.

The implications of this study confirm that natural resource management in underdeveloped regions should not be oriented solely toward increasing economic income, but must be supported by transparent, participatory, and sustainable governance. The results of this study are expected to serve as a consideration for local governments in formulating more effective oil and gas management policies, as well as a reference for future research examining sustainable development with a broader regional scope, approach, or set of variables.

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