

Obama halts new coal leases on federal land

Associated Press

WASHINGTON — The Obama administration is imposing a moratorium on new coal leases on federal lands, arguing that the \$1 billion-a-year program must be modernized to ensure a fair financial return to taxpayers and address climate change.

The program has remained largely unchanged for more than 30 years and requires a comprehensive review, Interior Secretary Sally Jewell said Friday in announcing the halt. The move drew praise from environmental groups and Democrats, but condemnation from Republicans who called it another volley in what they assert is a “war on coal” being waged by President Barack Obama.

“It is abundantly clear that times are different than they were 30 years ago, and the time for review (of the coal leasing program) is now,” Jewell told reporters in a conference call.

She called the moratorium, effective immediately and expected to last through the remainder of Obama’s final year in office, a “prudent step to hit pause.”

At least 30 mining applications in nine states would be blocked under the directive, according to a Bureau of Land Management list obtained by The Associated Press. Some of the largest projects are in the Powder River Basin of Wyoming and Montana, the nation’s top coal-producing region.

The federal program to lease coal-mining rights to a single bidder has remained largely unchanged for decades, despite complaints that low royalty rates and a near-total lack of competition



AP Photo/Matthew Brown

In this 2013 photo, coal is loaded onto hopper cars at the Spring Creek Mine near Decker, Mont.

have cost the government hundreds of millions of dollars a year.

More than 40 percent of U.S. coal production, or about 450 million tons a year, comes from public lands in Wyoming, Montana and other Western states, bringing in more than \$1 billion in annual revenue.

Nearly 90 percent of coal tracts leased by the Interior Department receive just a single bid, and royalty rates have remained unchanged since 1976.

The lack of competition and other problems in the program have cost the government as much as \$200 million a year in lost revenue, according to a 2014 report by the Government Accountability Office.

Coal reserves already under lease can continue to be mined, and a limited number of sales will be

allowed, Jewell said.

It’s unclear what impact the moratorium will have on overall U.S. coal production, given declining domestic demand and the closure of numerous coal-fired power plants around the country. Coal companies have already stockpiled billions of tons of coal on existing leases in Wyoming, Montana, Colorado, Utah and New Mexico.

Even so, environmental groups cheered the announcement. The groups have long said the government’s 12.5 percent royalty rate for coal mining on federal land encouraged production of a “dirty” fuel that contributes to global warming.

Sen. Maria Cantwell, D-Wash., said taxpayers are being shortchanged on royalties that do not reflect the true costs of mining, both in terms of its economic value to mining companies and its

impact on the environment. Getting royalty rates right is especially important “given how much coal comes off federal land,” said Cantwell, the top Democrat on the Senate Energy and Natural Resources Committee.

“I’m glad to see the president take this action. We need to stop the sweet deal (mining companies) have been getting,” Cantwell said.

But Senate Majority Leader Mitch McConnell, R-Ky., called the announcement “just the latest front in an ideological war on coal” that has contributed to the loss of thousands of jobs in coal-producing states.

“Americans want this administration to focus on building opportunity for them, not advancing some regressive war that attacks middle-class jobs and punishes the poor,” McConnell said.

Stock market slides; worst ever start to a year

By ALEX VEIGA
AP Business Writer

Never before has Wall Street gotten off to a worse start to a year.

The stock market capped the first two weeks of 2016 with a steep slide Friday that sent the Dow Jones industrial average down nearly 400 points.

All three major stock indexes — the Dow, the Nasdaq composite and the Standard & Poor’s 500 — are now in what’s known as a correction, or a drop of 10 percent or more from their recent peaks.

The market has been on a stomach-churning ride since the start of the year, wrenched up — but mostly down — because of alarm over a slowdown in China and the plunging price of oil to its lowest level in 12 years. Investors are already seeing damage to U.S. corporate profits, particularly at energy companies.

The Dow slid 390.97 points, or 2.4 percent, to 15,988.08. The average had been down more than 500 points early in the afternoon. The S&P 500 ended down 41.51 points, or 2.2 percent, at 1,880.33. The Nasdaq dropped 126.59 points, or 2.7 percent, to 4,488.42.

The Dow and S&P 500 have now fallen about 8 percent this year, while the Nasdaq is off about 10 percent.

“Oil is the root cause of today,” said Dan Farley, regional investment strategist at the Private Client Reserve at U.S. Bank. “People are uncertain, and

when they’re uncertain they’re scared.”

Crude oil has dropped below \$30 a barrel from a high of over \$100 during the summer of 2014, eviscerating energy company profits. On Friday, Williams Cos. led a slide among oil, gas and mining companies, falling \$2.19, or 12 percent, to \$16.10.

Investors also got some discouraging economic news on Friday: The Federal Reserve said U.S. industrial production, which includes manufacturing, mining and utilities, dropped in December for the third month in a row. And another government report indicated U.S. retail sales dipped last month.

Many investors had welcomed the new year with fairly high hopes. They expected oil prices would stabilize. After a market correction in August, few forecast it would happen again so soon. And the Federal Reserve’s move in December to raise interest rates for the first time in nearly 10 years signaled to many that the U.S. economy was healthy.

“The hope was global growth would stabilize, and early in 2016 here, that has been a disappointment, too,” said David Chalupnik, head of equities at Nuveen Asset Management.

Despite the rough start to the year, Wall Street watchers are not ready to say the bull market is over.

“We don’t believe we’re going into a bear market,” Chalupnik said. “The reason for that is the U.S. economy is sound.”

Wal-Mart to shutter 269 stores

Closures hit Portland, Lake Oswego

NEW YORK (AP) — Wal-Mart is doing some rare pruning.

The world’s largest retailer is closing 269 stores, including 154 in the U.S. that includes all of its locations under its smallest-format concept store called Wal-Mart Express. The other big chunk is in its challenging Brazilian market.

The stores being shuttered account for a fraction of the company’s 11,000 stores worldwide and less than 1 percent of its global revenue. Wal-Mart Stores Inc. said the store closures will affect 16,000 workers, 10,000 of them in the U.S. Its global workforce is 2.2 million, 1.4 million in the U.S. alone.

The store closures will start at the end of the month.

The announcement comes three months after Wal-Mart Stores Inc. CEO Doug McMillon told investors that the world’s largest retailer would review its fleet of stores with the goal of becoming more nimble in the face of increased competition from all fronts, including from online rival Amazon.com.

“Actively managing our portfolio of assets is essential to maintaining a healthy business,” McMillon said in a statement. “Closing stores is never an easy decision. But it is necessary to keep the company strong and positioned for the future.”



Andy Jacobs/oh/The Dallas Morning News via AP

Richard Gutierrez loads groceries after shopping with his mother at Wal-Mart in Dallas, Friday.

Michael Exstein, an analyst at Credit Suisse, described the moves as “baby steps” in his report published Friday, but he believes they are positive ones. He noted that this is the first mass closing that Wal-Mart has announced in at least two decades.

“It is a sign that Wal-Mart has begun the process of dealing with unproductive locations in a much more tangible and coherent way,” he wrote. “But we continue to believe that Wal-Mart needs a much larger restructuring of its store base in order to narrow its focus as it seeks to improve its sales and returns, especially internationally.”

Wal-Mart has seen sales perk up for a key revenue measure for the last few quarters in its U.S. business. But it warned last October that its earnings for the fiscal year starting next month will be down as much as 12 percent as it invests further in online operations and pours money into improving

customers’ experience in the stores. The company has been building bigger fulfillment centers devoted to e-commerce orders and expanding online services.

Of the 154 store closures in the U.S., 102 of them are under the Wal-Mart Express name, which were opened as a test in 2011. The company operates more than 5,000 stores overall in the U.S.

Wal-Mart Express marked the retailer’s first entry into the convenience store arena. The stores, which sold essentials like toothpaste, were meant to be a solution to the threat of the fast-growing dollar stores. Wal-Mart Express intended to be a two-pronged strategy: stores in small towns that aren’t big enough to support a full-size Wal-Mart and stores in big cities where building a supercenter was impractical. But the concept never caught on as the stores served the same purpose as Wal-Mart’s larger Neighborhood Markets.

Burkina Faso hotel attacked by al-Qaida

OUAGADOUGOU, Burkina Faso (AP) — Al-Qaida militants struck an upscale hotel and nearby cafe late Friday that are popular with Westerners in Burkina Faso’s capital, taking an unknown number of hostages and forcing others to hide for their lives as gunfire and explosions rang out. Commandos used explosives to storm the building five hours later, accidentally setting fire to the hotel.

Burkina Faso’s communications minister says about 30 hostages have been freed from the upscale hotel.

The hostages were freed by Burkina Faso security forces backed by French troops who are trying to secure the four-story hotel.

It was not immediately known how many people may have been killed during the siege, though one survivor estimated as many as 20 people were dead inside, according to hospital officials.

It was not immediately known how many people may have been killed during the siege, though a survivor told hospital director Robert Sangare he estimated the toll could be as high as 20. At least 15 other people were

seriously wounded by bullets and undergoing treatment at the Yalgado Ouedraogo hospital, he said.

The local al-Qaida affiliate known as AQIM claimed responsibility online as the attack was ongoing, according to SITE Intelligence Group.

In a message posted in Arabic on the militants’ “Muslim Africa” Telegram account, it said fighters had “broke into a restaurant of one of the biggest hotels in the capital of Burkina Faso, and are now entrenched and the clashes are continuing with the enemies of the religion.” Fighters who spoke by phone later “asserted the fall of many dead Crusaders,” AQIM said, according to SITE.

Witness Vital Nounagnon told the AP that he saw four men wearing turbans attack the hotel and neighboring Cappuccino Cafe about 7:30 p.m. Another witness who gave only his first name, Gilbert, said that when Burkinabe security forces first arrived, they turned around rather than confront the attackers.

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