

finances and you

Sid Mittra

These partnerships are good tax shelters

Part of a series on tax shelters.

When most investors think about oil and gas limited partnerships, the first thing that comes to mind is tax shelter.

The increases in the price of oil during the Middle East oil embargo — especially after the Iranian revolution — raised returns to 20 percent or more for investors in existing shelters.

As part of this series on tax shelters, let's examine some of the basic limited partnership programs available.

• EXPLORATORY: An exploratory program is one whose major activity is the search for new petroleum reserves. That search is generally in untested areas.

Consequently, a typical exploratory program will probably drill more dry holes than productive wells. The income from these few productive wells may far exceed the cost of the dry holes. With high risk of failure comes high potential gain. The exploratory program is the least likely to develop an immediate cash flow.

• DEVELOPMENTAL: The developmental program is one whose principal activity is the development of existing petroleum reserves rather than the search for new reserves. Such programs are inclined to drill in areas about which there is a lot of geological information available.

The odds of having a successful well are substantially higher than those in an exploratory program. A significant advantage of developmental programs is their capability of creating cash flow quite rapidly.

• BALANCED: A balanced program is one which drills both exploratory and developmental projects. It diversifies the types of drilling prospects that it takes by risk category.

On the other hand, it attempts to create some underlying value for investors by drilling in relatively low-risk, low-reward areas. At the same time, it shoots for bigger reserves with another portion of its budget.

• INCOME: The income program is a different category of oil program. It does little drilling and primarily buys producing properties. It lacks the tax advantage of drilling oriented programs and appeals to a different market. At the same time it is obviously the most secure in predictability of results.

Before you decide to get a piece of the action, be certain to investigate thoroughly your selected program and the complicated provisions that guide it.

You should determine its attendant risk and try to play safe.

Finally, if possible, consult a financial planner, tax attorney or a CPA on the suitability of an oil or gas shelter.

Sid Mittra of Rochester is president of Coordinated Financial Planning and a professor of economics and management at Oakland University.

State's unemployment rate hits 17%

Unemployment levels continued to climb throughout Michigan during March.

The latest estimates released this week by the Michigan Employment Security Commission show unemployment increasing in all but two of Michigan's 13 major labor market areas, according to MESC Director S. Martin Taylor.

On the Benton Harbor and Lansing areas reported drops in their jobless rates during March. Both areas had moderate job growth in private non-manufacturing employment, as well as declines in the number of people receiving unemployment benefits.

The release of jobless estimates for the state's major labor market areas normally follows the release of statewide statistics by four weeks.

On April 2, the MESC reported Michigan's March jobless rate was 17.0

percent with 725,000 out of work. In February, the statewide unemployment rate was 16.1 percent with 684,000 jobless.

For the third straight month, the Flint area had the highest jobless rate among the labor market areas, as its March unemployment rate climbed to 23.5 percent from 22.8 percent in February. The Jackson area had the largest increase; its jobless rate rose from 14.5 percent in February to 16.8 percent in March.

The Ann Arbor area had the state's lowest jobless rate in March at 11.4 percent.

Taylor explained that unemployment climbed throughout much of the state in March following job losses in manufacturing industries and in government employment, especially at the state level.

business people



Fox



O'Connor



Vaughn



Beaubien



Aranki



Rosenthal

relations counselor for Robert E. Morellion Inc. in Detroit.

NIMBOD ROSENTHAL of Bloomfield Hills was named marketing director of Northland Center, Southfield. He will be responsible for implementing Northland's total marketing program.

EILEEN SOBIESIAK of Troy was appointed sales director of the independent field marketing organization for Mary Kay Cosmetics Inc. She achieved the position after developing a unit of 24 beauty consultants during a three-month period.

CAROL A. O'CONNOR of Southfield was named director of the management development department for the William Beaumont Hospital System. The department develops educational programs for the managers and supervisors of the multi-hospital corporation.

MICHELLE MacWILLIAMS of Southfield was appointed as a public

SHERRI HASSEL of West Bloomfield has joined McMaster Associates Public Relations as an account executive. She previously worked with The Dale Corp.

DONALD VAUGHN of Troy was promoted to vice president and senior systems officer of Manufacturers National Bank of Detroit. He has been with Manufacturers since 1964.

JOHN McCABE was named vice president and general merchandise manager of Kmart Apparel Co., a subsidiary of Kmart Corp. A 41-year veteran of Kmart, McCabe is responsible for men's and boys' clothing, infants' and children's wear and fashion accessories.

DAVID HEITMAN of Troy was named director of compensation and motivation at Blue Cross and Blue Shield of Michigan. He joined the corporation in 1971 and previously worked as director of claims operations.

KEITH SMITH of Bloomfield Hills

was appointed treasurer, assistant secretary and administrative manager of ASR Multi Construction Inc. in Troy.

EUGENE FLEGM of Troy, was appointed deputy assistant comptroller of General Motors. Flegm will be responsible for GM's financial accounting and reporting activities — the financial accounting and reporting section, staff accounting services and the government business and reporting section.

Southfield resident DAVID CASAI was promoted to corporate planning officer at Manufacturers National Corp.

ROBERT KOVAL has joined the Birmingham office of Dennis J. Flynn Agency and Massachusetts Mutual in a new general agent program. He was with Price Waterhouse as director of manpower and administration.

ROB OLIN of Orchard Lake was named account executive at WRRF-FM radio in Southfield. He was an account executive at WCXI-AM for three years.

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The meeting is Friday at the Southfield Sheraton.

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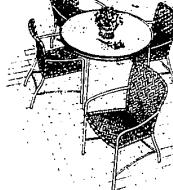
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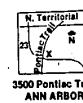
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