

TABLE B21. Summary of per acre costs and returns for a 480 acre farm with above average management, Lea County, 2001.

|  | ALFALFA<br>ESTABLISHMENT | ALFALFA<br>HAY<br>-----SPRINKLER----- | WHEAT     | STRIPPER<br>COTTON |
|--|--------------------------|---------------------------------------|-----------|--------------------|
|  |                          | TONS                                  | BU        | LBS                |
| PRIMARY YIELD                          |                          | 6.00                                  | 60.00     | 650.00             |
| PRIMARY PRICE                          |                          | 126.00                                | 2.60      | 0.27               |
| GOVERNMENT PAYMENTS                    |                          | 0.00                                  | 28.44     | 64.94              |
| SECOND INCOME                          |                          | 0.00                                  | 50.00     | 65.00              |
| GROSS RETURN                           |                          | \$756.00                              | \$234.44  | \$303.49           |
| CASH OPERATING EXPENSES                |                          |                                       |           |                    |
| SEED                                   | \$87.00                  |                                       | \$14.40   | \$14.00            |
| FERTILIZER                             | \$59.60                  | \$27.00                               | \$51.00   | \$22.24            |
| CHEMICALS                              |                          | \$26.25                               |           | \$29.56            |
| CROP INSURANCE                         |                          |                                       | \$0.47    | \$0.35             |
| OTHER PURCHASED INPUTS                 |                          | \$19.10                               |           |                    |
| CANAL WATER                            |                          |                                       |           |                    |
| FUEL, OIL & LUBRICANTS-EQUIPMENT       | \$10.39                  | \$23.24                               | \$7.19    | \$23.31            |
| FUEL-IRRIGATION                        | \$8.03                   | \$56.24                               | \$26.78   | \$26.78            |
| REPAIRS                                | \$15.15                  | \$36.06                               | \$13.78   | \$40.08            |
| CUSTOM CHARGES                         |                          |                                       | \$24.55   | \$126.08           |
| LAND TAXES                             |                          | \$0.78                                | \$0.78    | \$0.78             |
| OTHER EXPENSES                         | \$0.22                   | \$50.83                               | \$50.46   | \$50.69            |
| TOTAL CASH EXPENSES                    | \$180.39                 | \$239.50                              | \$189.41  | \$333.87           |
| RETURN OVER CASH EXPENSES              | (\$180.39)               | \$516.50                              | \$45.03   | (\$30.39)          |
| FIXED EXPENSES                         | \$28.47                  | \$166.13                              | \$41.76   | \$80.97            |
| TOTAL EXPENSES                         | \$208.86                 | \$405.62                              | \$231.16  | \$414.84           |
| RETURNS TO CAPITAL, LABOR, LAND & RISK | (\$208.86)               | \$350.38                              | \$3.28    | (\$111.36)         |
| LABOR AND MANAGEMENT COSTS             | \$31.39                  | \$100.49                              | \$36.54   | \$59.36            |
| RETURNS TO CAPITAL, LAND & RISK        | (\$240.25)               | \$249.89                              | (\$33.27) | (\$170.72)         |
| CAPITAL COSTS                          |                          |                                       |           |                    |
| INTEREST ON OPERATING CAPITAL          |                          | \$4.94                                | \$4.08    | \$5.20             |
| INTEREST ON EQUIPMENT INVESTMENT       |                          | \$26.89                               | \$6.72    | \$18.01            |
| TOTAL CAPITAL COSTS                    | \$0.00                   | \$31.83                               | \$10.80   | \$23.21            |
| RETURN TO LAND AND RISK                | (\$240.25)               | \$218.06                              | (\$44.06) | (\$193.93)         |

TABLE C21. Whole farm summary, Lea County, 2001.

|                                  |           |                  |
|----------------------------------|-----------|------------------|
| GROSS RETURNS                    |           |                  |
| ALFALFA HAY                      | 125 ACRES |                  |
| CROP                             |           | \$94,500         |
| WHEAT                            | 106 ACRES |                  |
| CROP                             |           | \$16,575         |
| GRAZING                          |           | \$5,313          |
| ASCS DEFICIENCY                  |           | \$1,955          |
| ASCS DIVERSION                   |           | \$0              |
| COTTON                           | 144 ACRES |                  |
| LINT                             |           | \$24,948         |
| SEED                             |           | \$9,344          |
| ASCS DEFICIENCY                  |           | \$5,597          |
| ASCS DIVERSION                   |           | \$3,738          |
| GROSS RETURN                     |           | <u>\$161,969</u> |
| CASH OPERATING EXPENSES          |           |                  |
| SEED                             |           | \$5,370          |
| FERTILIZER                       |           | \$13,242         |
| CHEMICALS                        |           | \$7,531          |
| CROP INSURANCE                   |           | \$100            |
| OTHER PURCHASED INPUTS           |           | \$2,388          |
| CANAL WATER                      |           | \$0              |
| FUEL, OIL & LUBRICANTS-EQUIPMENT |           | \$7,238          |
| FUEL-IRRIGATION                  |           | \$13,893         |
| REPAIRS                          |           | \$12,051         |
| CUSTOM CHARGES                   |           | \$20,732         |
| LAND TAXES                       |           | \$293            |
| OTHER EXPENSES                   |           | \$19,006         |
| TOTAL CASH EXPENSES              |           | <u>\$101,844</u> |
| RETURN OVER CASH EXPENSES        |           | \$60,125         |
| FIXED EXPENSES                   |           | \$32,434         |
| TOTAL EXPENSES                   |           | \$134,278        |
| NET FARM INCOME                  |           | \$27,691         |
| LABOR AND MANAGEMENT COSTS       |           | \$25,637         |
| NET OPERATING PROFIT             |           | \$2,054          |
| CAPITAL COSTS                    |           |                  |
| INTEREST ON OPERATING CAPITAL    |           | \$1,799          |
| INTEREST ON EQUIPMENT INVESTMENT |           | \$6,664          |
| TOTAL CAPITAL COSTS              |           | <u>\$8,463</u>   |
| RETURN TO LAND AND RISK          |           | <u>(\$6,408)</u> |

| LAND VALUE    | RETURN<br>TO RISK* | RETURN ON<br>INVESTMENT** |
|---------------|--------------------|---------------------------|
| \$500 /ACRE   | (\$16,008)         | 0.42%                     |
| \$700 /ACRE   | (\$19,848)         | 0.35%                     |
| \$900 /ACRE   | (\$23,688)         | 0.30%                     |
| \$1,100 /ACRE | (\$27,528)         | 0.27%                     |
| \$1,300 /ACRE | (\$31,368)         | 0.24%                     |
| \$1,500 /ACRE | (\$35,208)         | 0.21%                     |

\* RETURN TO LAND AND RISK MINUS (INTEREST RATE TIMES LAND VALUE TIMES ACREAGE)

\*\* NET OPERATING PROFIT DIVIDED BY (MACHINERY AND EQUIPMENT VALUE PLUS LAND VALUE)