

TABLE 1. Basic cost information for Dell City area, Otero County, 2003.

| Item                            |                              |  |          |
|---------------------------------|------------------------------|--|----------|
| <b>Labor Wage Rate:</b>         |                              |  |          |
| Equipment operators             | \$/hour                      |  | \$7.55   |
| General & Irrigators            | \$/hour                      |  | \$6.75   |
| <b>Purchased Inputs:</b>        |                              |  |          |
| Fertilizer:                     |                              |  |          |
| Nitrogen (N)                    | \$/pound                     |  | \$0.36   |
| Phosphate (P205)                | \$/pound                     |  | \$0.33   |
| Anhydrous Ammonia (NH3)         | \$/ton                       |  | \$310.00 |
| Seed:                           |                              |  |          |
| Alfalfa                         | \$/pound                     |  | \$3.00   |
| Wheat                           | \$/pound                     |  | \$0.13   |
| White Corn                      | \$/bag                       |  | \$89.75  |
| Cotton                          | \$/pound                     |  | \$0.56   |
| Diesel fuel                     | \$/gallon                    |  | \$1.30   |
| Gasoline                        | \$/gallon                    |  | \$1.35   |
| Electricity (Rio Grande Elec)   | cents/KwHr                   |  | 5.09     |
| LP Gas                          | \$/gallon                    |  | \$1.21   |
| Baling Wire                     | \$/pound                     |  | \$0.37   |
| Employee Liability Insurance    | \$/ \$1,000 wages            |  | \$20.00  |
| Employee Benefits               | percent/w ages               |  | 18.00%   |
| Labor Downtime                  | percent                      |  | 25.00%   |
| <b>Financial Rates:</b>         |                              |  |          |
| Operating Capital Interest Rate | percent                      |  | 8.00%    |
| Land Interest Rate              | percent                      |  | 7.00%    |
| Equipment Interest Rate         | percent                      |  | 8.00%    |
| Real Interest Rate              | percent                      |  | 4.00%    |
| Land Taxes                      | \$300.00 /acre (full value)  |  | \$3.08   |
| Personal Property Tax Rate - NR | \$/ \$1,000 (Assessed Value) |  | \$30.76  |
| - R                             |                              |  | \$24.62  |
| <b>Supervision Factors</b>      |                              |  |          |
| Field Crop-Irrigation           | \$/labor hour                |  | \$1.00   |
| Field Crop-Equipment & General  | \$/labor hour                |  | \$0.50   |
| Management Rate                 | percent                      |  | 7.00%    |

TABLE 1a. Overhead cost information for Dell City area, Otero County, 2003.

| ITEM                               |        |   |                               |                 |
|------------------------------------|--------|---|-------------------------------|-----------------|
| Electricity (Domestic & Shop)      |        |   | \$225.00 per month            | \$2,700         |
| Telephone                          |        |   | \$215.00 per month            | \$2,580         |
| Accounting & Legal                 |        |   |                               | \$1,660         |
| Misc. Supplies & Hand Tools        |        |   |                               | \$4,100         |
| Pickup and Auto                    |        |   |                               |                 |
| miles                              | 51,500 | @ | \$0.365 per mile              | \$18,798        |
| <b>Insurance</b>                   |        |   |                               |                 |
| - general liability (non-employee) |        |   |                               | \$1,780         |
| - fire/theft                       |        |   |                               | \$1,410         |
| <b>Property Taxes</b>              |        |   |                               |                 |
| - non-planted land                 |        |   |                               | \$176           |
| - other than land & machinery      |        |   |                               | \$630           |
| Building repairs and maintenance   |        |   |                               | \$1,345         |
| Dues, fees, publications           |        |   |                               | \$400           |
| Farmstead Equipment                |        |   |                               | \$175           |
|                                    |        |   | <b>Total</b>                  | <b>\$35,754</b> |
|                                    |        |   | <b>Total per planted acre</b> | <b>\$58.61</b>  |

TABLE 2. Pumping costs and data for irrigation wells, Otero County, 2003.

INPUT DATA

|                             |        |                        |     |
|-----------------------------|--------|------------------------|-----|
| DELIVERY PSI:               |        | DEPTH CHARACTERISTICS: |     |
| SPRINKLER...                | 40     | STATIC... ..           | 75  |
|                             |        | DRAW DOWN .....        | 50  |
|                             |        | TOTAL HEAD.....        | 125 |
|                             |        | CASING... ..           | 350 |
| GALLONS PER MINUTE (GPM)... | 1100   |                        |     |
| WORK HORSEPOWER... ..       | 60     |                        |     |
| EFFICIENCY FACTOR:          |        |                        |     |
| ELECTRICITY. ....           | 0.540  |                        |     |
| LP GAS..... ..              | 0.140  |                        |     |
| DIESEL..... ..              | 0.180  |                        |     |
| FUEL COST PER UNIT:         |        |                        |     |
| ELECTRICITY. ....           | 5.09   | CENTS/K                | wHr |
| LP GAS..... ..              | \$1.21 | \$/GAL                 |     |
| DIESEL..... ..              | \$1.30 | \$/GAL                 |     |

FUEL PUMPING COSTS

|                    |         |         |
|--------------------|---------|---------|
| ELECTRIC WELL:     |         |         |
| COST PER HOUR..... | .....\$ | \$4.28  |
| COST PER ACRE INCH | .....\$ | \$1.76  |
| LP GAS WELL:       |         |         |
| COST PER HOUR..... | .....\$ | \$14.49 |
| COST PER ACRE INCH | .....\$ | \$5.96  |
| DIESEL WELL:       |         |         |
| COST PER HOUR..... | .....\$ | \$7.87  |
| COST PER ACRE INCH | .....\$ | \$3.24  |

TABLE 3. Equipment summary for a 640 acre sprinkler-irrigated farm with above average management, Otero County, 2003.

| EQUIPMENT                |                     | VARIABLE COSTS |             |                    |                  |         |               | FIXED COSTS  |         |                |
|--------------------------|---------------------|----------------|-------------|--------------------|------------------|---------|---------------|--------------|---------|----------------|
| ITEM & SIZE              | ANNUAL HOURS OF USE | NUMBE          | TOTAL VALUE | FUEL AND LUBRICANT | FUEL,LUBE REPAIR | PER HR  | REPAIR PER HR | DEPRECIATION | TAXES   | TOTAL PER HOUR |
| TRACTOR 93 HP            | 857                 | 1              | \$19,240    | \$8,224            | \$7,505          | \$9.59  | \$8.75        | \$1,226      | \$220   | \$1.69         |
| TRACTOR 155 HP           | 328                 | 1              | \$31,290    | \$4,182            | \$1,541          | \$12.76 | \$4.70        | \$5,600      | \$431   | \$18.40        |
| COTTON STRIPPER 2-ROW    | 52                  | 1              | \$2,520     |                    | \$187            |         | \$3.57        | \$767        | \$59    | \$15.76        |
| SWATHER 16 FT            | 154                 | 1              | \$24,740    | \$750              | \$1,338          | \$4.87  | \$8.69        | \$3,621      | \$371   | \$25.92        |
| BALER                    | 238                 | 3              | \$12,300    |                    | \$288            |         | \$1.21        | \$1,650      | \$169   | \$7.64         |
| BALE WAGON               | 280                 | 1              | \$15,480    |                    | \$6,503          |         | \$23.23       | \$2,250      | \$231   | \$8.86         |
| PLANTER 6-ROW            | 27                  | 1              | \$4,250     |                    | \$164            |         | \$6.04        | \$850        | \$44    | \$32.85        |
| CHISEL 7 SHANK           | 26                  | 1              | \$1,200     |                    | \$6              |         | \$0.22        | \$160        | \$12    | \$6.60         |
| ROLLING CULTIVATOR 6-ROW | 73                  | 1              | \$3,000     |                    | \$134            |         | \$1.83        | \$400        | \$31    | \$5.87         |
| DISC 14 FT               | 131                 | 1              | \$3,000     |                    | \$220            |         | \$1.68        | \$400        | \$31    | \$3.29         |
| PLOW 4-BTM               | 67                  | 1              | \$4,000     |                    | \$166            |         | \$2.48        | \$533        | \$41    | \$8.58         |
| DRAG 14 FT               | 59                  | 1              | \$250       |                    | \$5              |         | \$0.08        | \$33         | \$3     | \$0.61         |
| FLOAT 14 FT              | 27                  | 1              | \$600       |                    | \$2              |         | \$0.08        | \$60         | \$5     | \$2.39         |
| DRILL 20 FT              | 27                  | 1              | \$3,600     |                    | \$138            |         | \$5.11        | \$720        | \$37    | \$28.03        |
| LISTER 4 ROW             | 19                  | 1              | \$1,600     |                    | \$24             |         | \$1.25        | \$213        | \$16    | \$11.97        |
| SPRAYER 30 FT            | 14                  | 1              | \$1,500     |                    | \$22             |         | \$1.53        | \$200        | \$15    | \$15.01        |
| SHREDDER 2 ROW           | 25                  | 1              | \$1,250     |                    | \$14             |         | \$0.58        | \$167        | \$13    | \$7.32         |
| COTTON TRAILER 8 BALE    | 85                  | 2              | \$2,400     |                    | \$26             |         | \$0.31        | \$320        | \$25    | \$4.08         |
| CENTER PIVOT SPRINKLER   | 4744                | 2              | \$30,000    | \$121              | \$759            | \$0.03  | \$0.16        | \$4,000      | \$308   | \$0.91         |
| ELECTRIC WELL            | 8900                | 5              | \$97,500    | \$38,077           | \$868            | \$4.28  | \$0.10        | \$10,263     | \$1,000 | \$1.27         |
|                          |                     |                | \$259,720   | \$51,354           | \$19,910         |         |               | \$33,433     | \$3,060 |                |

TABLE 4. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.  
Planting dates: August 1 - September 1

| ITEM                       | PRICE      | QUANTITY            | PURCHASED INPUTS |         |             |         |            | TOTAL    |
|----------------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| <u>PURCHASED INPUTS</u>    |            |                     |                  |         |             |         |            |          |
| SEED                       | \$3.00     | 30 LBS              |                  |         |             |         |            | \$90.00  |
| PUMP WATER*                |            | 6 AC. IN.           |                  |         |             |         |            |          |
| SUBTOTAL                   |            |                     |                  |         |             |         |            | \$90.00  |
| PREHARVEST OPERATIONS      | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
| DISC                       | 155 HP     | 0.14 HR             |                  | \$1.06  | \$1.79      | \$0.89  | \$3.04     | \$6.77   |
| CHISEL                     | 155 HP     | 0.20 HR             |                  | \$1.51  | \$2.55      | \$0.98  | \$5.00     | \$10.05  |
| PLOW                       | 155 HP     | 0.48 HR             |                  | \$3.62  | \$6.13      | \$3.45  | \$12.95    | \$26.15  |
| DISC (2X)                  | 155 HP     | 0.28 HR             |                  | \$2.11  | \$3.57      | \$1.79  | \$6.07     | \$13.55  |
| DRAG (2X)                  | 155 HP     | 0.30 HR             |                  | \$2.27  | \$3.83      | \$1.44  | \$5.71     | \$13.23  |
| DRILL                      | 93 HP      | 0.12 HR             |                  | \$0.91  | \$1.15      | \$1.66  | \$3.57     | \$7.29   |
| IRRIGATE (3X)              |            | 0.30 HR             |                  | \$2.03  | \$10.62     | \$0.64  | \$5.37     | \$18.65  |
| SUBTOTAL                   |            | 1.82 HR             |                  | \$13.50 | \$29.64     | \$10.85 | \$41.70    | \$95.69  |
| <u>OVERHEAD EXPENSES</u>   |            |                     |                  |         |             |         |            |          |
| DOWNTIME                   |            | 0.12 HR             |                  | \$0.87  |             |         |            | \$0.87   |
| EMPLOYEE BENEFITS          |            |                     |                  | \$2.43  |             |         |            | \$2.43   |
| INSURANCE                  |            |                     | \$0.27           |         |             |         |            | \$0.27   |
| SUPERVISION AND MANAGEMENT |            |                     |                  | \$13.53 |             |         |            | \$13.53  |
| SUBTOTAL                   |            | 0.12                | 0.27             | 16.83   |             |         |            | 17.10    |
| TOTAL OPERATING EXPENSES   |            | 1.94 HR             | \$90.27          | \$30.33 | \$29.64     | \$10.85 | \$41.70    | \$202.79 |

TABLE 5. Alfalfa hay, pivot sprinkler-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.  
Harvesting dates: June 1 - October 10

| ITEM                             | PRICE      | YIELD               |                  |                  |                 |                |                | TOTAL           |                 |
|----------------------------------|------------|---------------------|------------------|------------------|-----------------|----------------|----------------|-----------------|-----------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                  |                 |                |                |                 |                 |
| ALFALFA HAY                      | \$140.00   | 4.50                | TONS (STACKED)   |                  |                 |                |                | \$630.00        |                 |
| GRAZING                          | \$15.00    | 1                   | ACRE             |                  |                 |                |                | \$15.00         |                 |
| <b>TOTAL</b>                     |            |                     |                  |                  |                 |                |                | <b>\$645.00</b> |                 |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |                  |                 |                |                |                 |                 |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            | PURCHASED INPUTS |                  |                 |                | FIXED COST     | TOTAL           |                 |
| NITROGEN (N)                     | \$0.36     | 75                  | LBS              |                  | \$27.00         |                |                | \$27.00         |                 |
| PHOSPHATE (P2O5)                 | \$0.33     | 200                 | LBS              |                  | \$66.00         |                |                | \$66.00         |                 |
| INSECTICIDE                      | \$16.03    | 2                   | X/ACRE           |                  | \$32.05         |                |                | \$32.05         |                 |
| ESTABLISHMENT: Principal         |            | 5                   | YEARS            |                  |                 |                | \$40.56        | \$40.56         |                 |
| : Interest                       |            |                     |                  |                  |                 |                | \$8.13         | \$8.13          |                 |
| BALING TWINE                     | \$0.37     | 39                  | LBS              |                  | \$0.14          |                |                | \$0.14          |                 |
| PUMP WATER*                      |            | 40                  | AC. IN.          |                  |                 |                |                |                 |                 |
| <b>SUBTOTAL</b>                  |            |                     |                  | <b>\$125.19</b>  |                 | <b>\$48.69</b> |                | <b>\$173.88</b> |                 |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |                  |                  |                 |                |                |                 |                 |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE |                  | PURCHASED INPUTS | LABOR           | FUEL & LUBE    | REPAIRS        | FIXED COST      | TOTAL           |
| DRAG                             | 93 HP      | 0.15                | HR               |                  | \$1.13          | \$1.44         | \$1.33         | \$0.35          | \$4.24          |
| IRRIGATE (11X)                   |            | 1.10                | HR               |                  | \$7.43          | \$70.82        | \$4.24         | \$35.77         | \$118.26        |
| <b>SUBTOTAL</b>                  |            | <b>1.25 HR</b>      |                  |                  | <b>\$8.56</b>   | <b>\$72.26</b> | <b>\$5.56</b>  | <b>\$36.11</b>  | <b>\$122.50</b> |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                  |                 |                |                |                 |                 |
| SWATHER (5X)                     | 16 FT      | 0.55                | HR               |                  | \$4.15          | \$2.68         | \$4.78         | \$14.26         | \$25.86         |
| BALER (5X)                       | 93 HP      | 0.85                | HR               |                  | \$6.42          | \$8.15         | \$8.47         | \$7.93          | \$30.97         |
| LOAD (5X)                        | 93 HP      | 1.00                | HR               |                  | \$7.55          | \$9.59         | \$24.76        | \$10.55         | \$52.45         |
| <b>SUBTOTAL</b>                  |            | <b>2.40 HR</b>      |                  |                  | <b>\$18.12</b>  | <b>\$20.42</b> | <b>\$38.01</b> | <b>\$32.73</b>  | <b>\$109.29</b> |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                  |                 |                |                |                 |                 |
| DOWNTIME                         |            | 0.60                | HR               |                  | \$4.53          |                |                |                 | \$4.53          |
| EMPLOYEE BENEFITS                |            |                     |                  |                  | \$4.80          |                |                |                 | \$4.80          |
| INSURANCE                        |            |                     |                  | \$0.53           |                 |                |                |                 | \$0.53          |
| LAND TAXES                       |            |                     |                  |                  |                 |                |                | \$3.08          | \$3.08          |
| SUPERVISION AND MANAGEMENT       |            |                     |                  |                  | \$47.45         |                |                |                 | \$47.45         |
| OTHER EXPENSES                   |            |                     |                  | \$58.61          |                 |                |                |                 | \$58.61         |
| <b>SUBTOTAL</b>                  |            | <b>0.60 HR</b>      |                  |                  | <b>\$59.15</b>  | <b>\$56.78</b> |                | <b>\$3.08</b>   | <b>\$119.00</b> |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>4.25 HR</b>      |                  |                  | <b>\$184.34</b> | <b>\$83.46</b> | <b>\$92.69</b> | <b>\$43.57</b>  | <b>\$120.61</b> |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                  |                 |                |                | <b>\$120.33</b> |                 |
| INTEREST ON OPERATING CAPITAL    | (          | \$86.92             | @                | 8.00%            | )               |                |                | \$6.95          |                 |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                  |                 |                |                | \$29.45         |                 |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                  |                 |                |                | <b>\$83.93</b>  |                 |

\* Pump water costs are shown under irrigation in the preharvest operations section.

BUDGET SUMMARY

|                               |          |          |   |
|-------------------------------|----------|----------|---|
| GROSS RETURN                  |          | \$645.00 |   |
| VARIABLE OPERATING EXPENSES   | \$320.60 |          |   |
| RETURN OVER VARIABLE EXPENSES |          | \$324.40 | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$120.61 |          |   |
| NET FARM INCOME               |          | \$203.79 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$83.46  |          |   |
| NET OPERATING PROFIT          |          | \$120.33 | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$36.40  |          |   |
| RETURN TO LAND AND RISK       |          | \$83.93  |   |

TABLE 6. Wheat, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, 2003.  
Planting dates: August 15 - September 15  
Harvesting dates: July 15 - July 15

| ITEM                             | PRICE      | YIELD               |                  |                |                |               |                  | TOTAL           |
|----------------------------------|------------|---------------------|------------------|----------------|----------------|---------------|------------------|-----------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                |                |               |                  |                 |
| WHEAT                            | \$5.75     | 24.00 CWT           |                  |                |                |               |                  | \$138.00        |
| DIRECT PAYMENT                   | \$0.867    | 35.00 CWT           |                  |                |                |               |                  | \$30.35         |
| COUNTER CYCLICAL PAYMENT         | \$0.00     |                     |                  |                |                |               |                  | \$0.00          |
| GRAZING                          | \$25.00    | 1.00 ACRE           |                  |                |                |               |                  | \$25.00         |
| <b>TOTAL</b>                     |            |                     |                  |                |                |               | <b>\$193.35</b>  |                 |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |                |                |               |                  |                 |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            | PURCHASED INPUTS |                |                | FIXED COST    | TOTAL            |                 |
| SEED                             | \$0.13     | 150 LBS             | \$19.50          |                |                |               | \$19.50          |                 |
| ANHYDROUS (NH3)                  | \$0.1550   | 125 LBS             | \$19.38          |                |                |               | \$19.38          |                 |
| LIVESTOCK FAC & EQUIP            |            |                     |                  |                |                | \$5.00        | \$5.00           |                 |
| PUMP WATER*                      |            | 25 AC. IN.          |                  |                |                |               | \$0.00           |                 |
| CROP INSURANCE                   | \$0.29     |                     | \$0.29           |                |                |               | \$0.29           |                 |
| <b>SUBTOTAL</b>                  |            |                     | <b>\$39.17</b>   |                |                | <b>\$5.00</b> | <b>\$44.17</b>   |                 |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |                  |                |                |               |                  |                 |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS       | FIXED COST       | TOTAL           |
| DISC                             | 155 HP     | 0.14 HR             |                  | \$1.06         | \$1.79         | \$0.89        | \$3.04           | \$6.77          |
| ANHYDROUS APPL                   | 155 HP     | 0.20 HR             | \$7.00           | \$1.51         | \$2.55         | \$0.94        | \$3.68           | \$15.68         |
| DISC                             | 155 HP     | 0.14 HR             |                  | \$1.06         | \$1.79         | \$0.89        | \$3.04           | \$6.77          |
| DRILL                            | 93 HP      | 0.12 HR             |                  | \$0.91         | \$1.15         | \$1.66        | \$3.57           | \$7.29          |
| IRRIGATE (5X)                    |            | 2.50 HR             |                  | \$16.88        | \$44.00        | \$1.00        | \$13.02          | \$74.90         |
| <b>SUBTOTAL</b>                  |            | <b>3.10 HR</b>      | <b>\$7.00</b>    | <b>\$21.41</b> | <b>\$51.28</b> | <b>\$5.40</b> | <b>\$26.34</b>   | <b>\$111.42</b> |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                |                |               |                  |                 |
| COMBINE (CUSTOM)                 |            |                     | \$26.00          |                |                |               |                  | \$26.00         |
| <b>SUBTOTAL</b>                  |            |                     | <b>\$26.00</b>   | <b>\$0.00</b>  | <b>\$0.00</b>  | <b>\$0.00</b> | <b>\$0.00</b>    | <b>\$26.00</b>  |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                |                |               |                  |                 |
| DOWNTIME                         |            | 0.15 HR             |                  | \$1.13         |                |               |                  | \$1.13          |
| EMPLOYEE BENEFITS                |            |                     |                  | \$3.85         |                |               |                  | \$3.85          |
| INSURANCE                        |            |                     | \$0.43           |                |                |               |                  | \$0.43          |
| LAND TAXES                       |            |                     |                  |                |                |               | \$3.08           | \$3.08          |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$16.33        |                |               |                  | \$16.33         |
| OTHER EXPENSES                   |            |                     | \$58.61          |                |                |               |                  | \$58.61         |
| <b>SUBTOTAL</b>                  |            | <b>0.15 HR</b>      | <b>\$59.04</b>   | <b>\$21.32</b> |                |               | <b>\$3.08</b>    | <b>\$83.44</b>  |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>3.25 HR</b>      | <b>\$131.21</b>  | <b>\$42.72</b> | <b>\$51.28</b> | <b>\$5.40</b> | <b>\$34.41</b>   | <b>\$265.02</b> |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                |                |               | <b>(\$71.68)</b> |                 |
| INTEREST ON OPERATING CAPITAL    |            | ( \$33.75 @         | 8.00% )          |                |                |               | \$2.70           |                 |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                |                |               | \$8.76           |                 |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                |                |               | <b>(\$83.14)</b> |                 |

\* Pump water costs are shown under irrigation in the preharvest operations section.

**BUDGET SUMMARY**

|                               |          |           |   |
|-------------------------------|----------|-----------|---|
| GROSS RETURN                  |          | \$193.35  |   |
| VARIABLE OPERATING EXPENSES   | \$187.89 |           |   |
| RETURN OVER VARIABLE EXPENSES |          | \$5.46    | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$34.41  |           |   |
| NET FARM INCOME               |          | (\$28.95) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$42.72  |           |   |
| NET OPERATING PROFIT          |          | (\$71.68) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$11.46  |           |   |
| RETURN TO LAND AND RISK       |          | (\$83.14) |   |

TABLE 7. White corn, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.

Planting dates: April 15 - May 15

Harvesting dates: October 1 - November 15

| ITEM                             | PRICE      | YIELD               |                  |                  |                 |                |                 | TOTAL             |
|----------------------------------|------------|---------------------|------------------|------------------|-----------------|----------------|-----------------|-------------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                  |                 |                |                 |                   |
| CORN                             | \$4.29     | 70.00               | CWT              |                  |                 |                |                 | \$300.30          |
| GRAZING                          | \$20.00    | 1.00                | ACRE             |                  |                 |                |                 | \$20.00           |
| <b>TOTAL</b>                     |            |                     |                  |                  |                 |                |                 | <b>\$320.30</b>   |
| PURCHASED INPUTS                 |            | PRICE               | QUANTITY         | PURCHASED INPUTS |                 |                |                 | TOTAL             |
| SEED                             | \$0.90     | 25                  | 000              | \$22.44          |                 |                | \$22.44         |                   |
| NITROGEN (N)                     | \$0.36     | 30                  | LBS              | \$10.80          |                 |                | \$10.80         |                   |
| PHOSPHATE (P2O5)                 | \$0.33     | 70                  | LBS              | \$23.10          |                 |                | \$23.10         |                   |
| TRACE ELEMENTS                   | \$0.15     | 65                  | LBS              | \$9.75           |                 |                | \$9.75          |                   |
| ANHYDROUS (NH3)                  | \$0.1550   | 175                 | LBS              | \$27.13          |                 |                | \$27.13         |                   |
| INSECTICIDE (CUSTOM)             | \$16.03    | 3                   | ACRE             | \$48.08          |                 |                | \$48.08         |                   |
| HERBICIDE                        | \$9.45     | 1                   | ACRE             | \$9.45           |                 |                | \$9.45          |                   |
| LIVESTOCK FAC & EQUIP            |            |                     |                  |                  | \$5.00          |                |                 | \$5.00            |
| PUMP WATER*                      |            | 48                  | AC. IN.          |                  |                 |                | \$0.00          |                   |
| <b>SUBTOTAL</b>                  |            |                     |                  | <b>\$150.74</b>  |                 | <b>\$5.00</b>  | <b>\$155.74</b> |                   |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR            | FUEL & LUBE     | REPAIRS        | FIXED COST      | TOTAL             |
| DISC                             | 155 HP     | 0.14 HR             |                  | \$1.06           | \$1.79          | \$0.89         | \$3.04          | \$6.77            |
| CHISEL                           | 155 HP     | 0.20 HR             |                  | \$1.51           | \$2.55          | \$0.98         | \$5.00          | \$10.05           |
| ANHYDROUS APPL                   | 155 HP     | 0.20 HR             | \$7.00           | \$1.51           | \$2.55          | \$0.94         | \$3.68          | \$15.68           |
| DISC & SPRAY                     | 155 HP     | 0.19 HR             |                  | \$1.43           | \$2.42          | \$1.50         | \$6.97          | \$12.34           |
| LISTER                           | 155 HP     | 0.12 HR             |                  | \$0.91           | \$1.53          | \$0.71         | \$3.64          | \$6.80            |
| PLANTER                          | 93 HP      | 0.17 HR             |                  | \$1.28           | \$1.63          | \$2.51         | \$5.87          | \$11.30           |
| ROLLING CULT (3X)                | 93 HP      | 0.39 HR             |                  | \$2.94           | \$3.74          | \$4.13         | \$2.95          | \$13.76           |
| IRRIGATE (8X)                    |            | 4.00 HR             |                  | \$27.00          | \$84.49         | \$1.93         | \$24.99         | \$138.40          |
| <b>SUBTOTAL</b>                  |            | <b>5.41 HR</b>      | <b>\$7.00</b>    | <b>\$37.65</b>   | <b>\$100.71</b> | <b>\$13.60</b> | <b>\$56.15</b>  | <b>\$215.10</b>   |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                  |                 |                |                 |                   |
| COMBINE (CUSTOM)                 |            |                     |                  | \$23.25          |                 |                |                 | \$23.25           |
| HAUL (CUSTOM)                    |            |                     |                  | \$14.00          |                 |                |                 | \$14.00           |
| <b>SUBTOTAL</b>                  |            |                     |                  | <b>\$37.25</b>   | <b>\$0.00</b>   | <b>\$0.00</b>  | <b>\$0.00</b>   | <b>\$37.25</b>    |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                  |                 |                |                 |                   |
| DOWNTIME                         |            | 0.27 HR             |                  | \$2.06           |                 |                |                 | \$2.06            |
| EMPLOYEE BENEFITS                |            |                     |                  | \$6.78           |                 |                |                 | \$6.78            |
| INSURANCE                        |            |                     |                  | \$0.75           |                 |                |                 | \$0.75            |
| LAND TAXES                       |            |                     |                  |                  |                 | \$3.08         |                 | \$3.08            |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$28.54          |                 |                |                 | \$28.54           |
| OTHER EXPENSES                   |            |                     |                  | \$58.61          |                 |                |                 | \$58.61           |
| <b>SUBTOTAL</b>                  |            | <b>0.27 HR</b>      | <b>\$59.37</b>   | <b>\$37.37</b>   |                 |                | <b>\$3.08</b>   | <b>\$99.81</b>    |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>5.68 HR</b>      | <b>\$254.35</b>  | <b>\$75.02</b>   | <b>\$100.71</b> | <b>\$13.60</b> | <b>\$64.22</b>  | <b>\$507.90</b>   |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                  |                 |                |                 | <b>(\$187.60)</b> |
| INTEREST ON OPERATING CAPITAL    | (          | \$103.95            | @                | 8.00%            |                 |                |                 | \$8.32            |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                  |                 |                |                 | \$19.69           |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                  |                 |                |                 | <b>(\$215.61)</b> |

\* Pump water costs are shown under irrigation in the preharvest operations section.

**BUDGET SUMMARY**

|                               |          |            |   |
|-------------------------------|----------|------------|---|
| GROSS RETURN                  |          | \$320.30   |   |
| VARIABLE OPERATING EXPENSES   | \$368.66 |            |   |
| RETURN OVER VARIABLE EXPENSES |          | (\$48.36)  | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$64.22  |            |   |
| NET FARM INCOME               |          | (\$112.58) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$75.02  |            |   |
| NET OPERATING PROFIT          |          | (\$187.60) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$28.01  |            |   |
| RETURN TO LAND AND RISK       |          | (\$215.61) |   |

TABLE 8. Upland cotton (stripper), flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.  
 Planting dates: April 15 - May 15  
 Harvesting dates: November 1 - January 15

| ITEM                             | PRICE      | YIELD               |                  |          |             |         |            | TOTAL           |
|----------------------------------|------------|---------------------|------------------|----------|-------------|---------|------------|-----------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |          |             |         |            |                 |
| COTTON LINT                      | \$0.520    | 1,000               | LBS              |          |             |         |            | \$520.00        |
| COTTON SEED                      | \$0.08     | 1,600               | LBS              |          |             |         |            | \$120.00        |
| DIRECT PAYMENT                   | \$0.0667   | 1,000               | LBS              |          |             |         |            | \$66.70         |
| COUNTER CYCLICAL PAYMEN          | \$0.1373   | 1,000               | LBS              |          |             |         |            | \$137.30        |
| <b>TOTAL</b>                     |            |                     |                  |          |             |         |            | <b>\$844.00</b> |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |          |             |         |            |                 |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            | PURCHASED INPUTS |          |             |         | TOTAL      |                 |
| SEED                             | \$0.56     | 25                  | LBS              | \$14.00  |             |         |            | \$14.00         |
| NITROGEN (N)                     | \$0.36     | 72                  | LBS              | \$25.92  |             |         |            | \$25.92         |
| PHOSPHATE (P2O5)                 | \$0.33     | 184                 | LBS              | \$60.72  |             |         |            | \$60.72         |
| HERBICIDE (CUSTOM)               | \$19.93    | 1                   | X/ACRE           | \$19.93  |             |         |            | \$19.93         |
| INSECTICIDE (CUSTOM)             | \$18.91    | 1                   | X/ACRE           | \$18.91  |             |         |            | \$18.91         |
| CROP INSURANCE                   | \$0.59     |                     | FCIC             | \$0.59   |             |         |            | \$0.59          |
| PUMP WATER*                      |            | 30                  | AC. IN.          |          |             |         |            |                 |
| <b>SUBTOTAL</b>                  |            |                     |                  |          |             |         |            | <b>\$140.07</b> |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR    | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL           |
| DISC                             | 155 HP     | 0.14                | HR               | \$1.06   | \$1.79      | \$0.89  | \$3.04     | \$6.77          |
| PLOW                             | 155 HP     | 0.48                | HR               | \$3.62   | \$6.13      | \$3.45  | \$12.95    | \$26.15         |
| DISC (2X)                        | 155 HP     | 0.28                | HR               | \$2.11   | \$3.57      | \$1.79  | \$6.07     | \$13.55         |
| FLOAT (2X)                       | 93 HP      | 0.32                | HR               | \$2.42   | \$3.07      | \$2.83  | \$1.30     | \$9.62          |
| LISTER                           | 155 HP     | 0.12                | HR               | \$0.91   | \$1.53      | \$0.71  | \$3.64     | \$6.80          |
| PLANTER                          | 155 HP     | 0.17                | HR               | \$1.28   | \$2.17      | \$1.83  | \$8.71     | \$13.99         |
| ROLLING CULT. (4X)               | 93 HP      | 0.52                | HR               | \$3.93   | \$4.99      | \$5.50  | \$3.93     | \$18.35         |
| HAND HOE (CUSTOM)                |            |                     |                  | \$25.00  |             |         |            | \$25.00         |
| IRRIGATE (6X)                    |            | 3.00                | HR               | \$20.25  | \$52.80     | \$1.20  | \$15.62    | \$89.88         |
| <b>SUBTOTAL</b>                  |            |                     |                  |          |             |         |            | <b>\$210.10</b> |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |          |             |         |            |                 |
| COTTON STRIPPER                  | 93 HP      | 0.62                | HR               | \$4.68   | \$5.95      | \$7.64  | \$10.82    | \$29.08         |
| HAUL                             | 93 HP      | 1.00                | HR               | \$7.55   | \$9.59      | \$9.07  | \$5.76     | \$31.97         |
| GIN COTTON (CUSTOM)              |            |                     |                  | \$204.40 |             |         |            | \$204.40        |
| <b>SUBTOTAL</b>                  |            |                     |                  |          |             |         |            | <b>\$265.46</b> |
| <b>POST HARVEST OPERATIONS</b>   |            |                     |                  |          |             |         |            |                 |
| SHREDDER                         | 93 HP      | 0.29                | HR               | \$2.19   | \$2.78      | \$2.71  | \$2.61     | \$10.29         |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |          |             |         |            |                 |
| DOWNTIME                         |            | 0.91                | HR               | \$6.83   |             |         |            | \$6.83          |
| EMPLOYEE BENEFITS                |            |                     |                  | \$8.61   |             |         |            | \$8.61          |
| INSURANCE                        |            |                     |                  | \$0.96   |             |         |            | \$0.96          |
| LAND TAXES                       |            |                     |                  |          |             | \$3.08  |            | \$3.08          |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$65.17  |             |         |            | \$65.17         |
| OTHER EXPENSES                   |            |                     |                  | \$58.61  |             |         |            | \$58.61         |
| <b>SUBTOTAL</b>                  |            |                     |                  |          |             |         |            | <b>\$143.25</b> |
| <b>TOTAL OPERATING EXPENSES</b>  |            |                     |                  |          |             |         |            | <b>\$769.16</b> |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |          |             |         |            | <b>\$74.84</b>  |
| INTEREST ON OPERATING CAPITAL    | (          | \$96.28             | @                | 8.00%    | )           |         |            | \$7.70          |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |          |             |         |            | \$35.01         |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |          |             |         |            | <b>\$32.12</b>  |

\* Pump water costs are shown under irrigation in the preharvest operations section.

**BUDGET SUMMARY**

|                               |          |          |   |
|-------------------------------|----------|----------|---|
| GROSS RETURN                  |          | \$844.00 |   |
| VARIABLE OPERATING EXPENSES   | \$561.02 |          |   |
| RETURN OVER VARIABLE EXPENSES | \$282.98 |          | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$77.54  |          |   |
| NET FARM INCOME               | \$205.44 |          | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$130.60 |          |   |
| NET OPERATING PROFIT          | \$74.84  |          | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$42.71  |          |   |
| RETURN TO LAND AND RISK       | \$32.12  |          |   |

TABLE 9. Grain sorghum, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.  
 Planting dates: May 1 - June 15  
 Harvesting dates: October 15 - November 15

| ITEM                             | PRICE      | YIELD               |                  |                |                |                |                 | TOTAL             |
|----------------------------------|------------|---------------------|------------------|----------------|----------------|----------------|-----------------|-------------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                |                |                |                 |                   |
| GRAIN SORGHUM                    | \$4.39     | 28.00 CWT           |                  |                |                |                |                 | \$122.92          |
| DIRECT PAYMENT                   | \$0.625    | 28.00 CWT           |                  |                |                |                |                 | \$17.50           |
| COUNTER CYCLICAL PAYMEN          | \$0.00     | 0.00 CWT            |                  |                |                |                |                 | \$0.00            |
| GRAZING                          | \$10.00    | 1 ACRE              |                  |                |                |                |                 | \$10.00           |
| <b>TOTAL</b>                     |            |                     |                  |                |                |                | <b>\$150.42</b> |                   |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |                |                |                |                 |                   |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            | PURCHASED INPUTS |                |                |                |                 | TOTAL             |
| SEED                             | \$1.04     | 12 LBS              | \$12.48          |                |                |                |                 | \$12.48           |
| ANHYDROUS (NH3)                  | \$0.1550   | 150 LBS             | \$23.25          |                |                |                |                 | \$23.25           |
| NITROGEN (N)                     | \$0.36     | 18 LBS              | \$6.48           |                |                |                |                 | \$6.48            |
| PHOSPHATE (P2O5)                 | \$0.33     | 46 LBS              | \$15.18          |                |                |                |                 | \$15.18           |
| INSECTICIDE                      | \$14.17    | 1 ACRE              | \$14.17          |                |                |                |                 | \$14.17           |
| HERBICIDE                        | \$12.26    | 1 ACRE              | \$12.26          |                |                |                |                 | \$12.26           |
| LIVESTOCK FAC & EQUIP            |            |                     |                  |                | \$5.00         |                |                 | \$5.00            |
| PUMP WATER                       |            | 36 AC. IN.          | \$0.00           |                |                |                |                 | \$0.00            |
| CROP INSURANCE                   | \$1.96     |                     |                  |                |                |                |                 | \$1.96            |
| <b>SUBTOTAL</b>                  |            |                     | <b>\$83.82</b>   |                | <b>\$5.00</b>  |                |                 | <b>\$90.78</b>    |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |                  |                |                |                |                 |                   |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS        | FIXED COST      | TOTAL             |
| DISC                             | 155 HP     | 0.14 HR             |                  | \$1.06         | \$1.79         | \$0.89         | \$3.04          | \$6.77            |
| CHISEL                           | 155 HP     | 0.20 HR             |                  | \$1.51         | \$2.55         | \$0.98         | \$5.00          | \$10.05           |
| ANHYDROUS APPL                   | 155 HP     | 0.20 HR             | \$7.00           | \$1.51         | \$2.55         | \$0.94         | \$3.68          | \$15.68           |
| DISC & SPRAY                     | 155 HP     | 0.19 HR             |                  | \$1.43         | \$2.42         | \$1.50         | \$6.97          | \$12.34           |
| LISTER                           | 155 HP     | 0.12 HR             |                  | \$0.91         | \$1.53         | \$0.71         | \$3.64          | \$6.80            |
| PLANTER                          | 155 HP     | 0.17 HR             |                  | \$1.28         | \$2.17         | \$1.83         | \$8.71          | \$13.99           |
| ROLLING CULT (3X)                | 93 HP      | 0.39 HR             |                  | \$2.94         | \$3.74         | \$4.13         | \$2.95          | \$13.76           |
| IRRIGATE (6X)                    |            | 3.00 HR             |                  | \$22.65        | \$63.37        | \$1.44         | \$18.74         | \$106.20          |
| <b>SUBTOTAL</b>                  |            | <b>4.41 HR</b>      | <b>\$7.00</b>    | <b>\$33.30</b> | <b>\$80.12</b> | <b>\$12.43</b> | <b>\$52.74</b>  | <b>\$185.59</b>   |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                |                |                |                 |                   |
| COMBINE (CUSTOM)                 | 14 FT SP   |                     | \$15.00          |                |                |                |                 | \$15.00           |
| <b>SUBTOTAL</b>                  |            | <b>0.00 HR</b>      | <b>\$15.00</b>   | <b>\$0.00</b>  | <b>\$0.00</b>  | <b>\$0.00</b>  | <b>\$0.00</b>   | <b>\$15.00</b>    |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                |                |                |                 |                   |
| DOWNTIME                         |            | 1.10 HR             |                  | \$8.32         |                |                |                 | \$8.32            |
| EMPLOYEE BENEFITS                |            |                     |                  | \$5.99         |                |                |                 | \$5.99            |
| INSURANCE                        |            |                     | \$0.67           |                |                |                |                 | \$0.67            |
| LAND TAXES                       |            |                     |                  |                |                | \$3.08         |                 | \$3.08            |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$12.73        |                |                |                 | \$12.73           |
| OTHER EXPENSES                   |            |                     | \$58.61          |                |                |                |                 | \$58.61           |
| <b>SUBTOTAL</b>                  |            | <b>1.10 HR</b>      | <b>\$59.28</b>   | <b>\$27.05</b> |                |                | <b>\$3.08</b>   | <b>\$89.41</b>    |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>5.51 HR</b>      | <b>\$165.10</b>  | <b>\$60.35</b> | <b>\$80.12</b> | <b>\$12.43</b> | <b>\$60.82</b>  | <b>\$380.78</b>   |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                |                |                |                 | <b>(\$230.36)</b> |
| INTEREST ON OPERATING CAPITAL    | (          | \$68.53             | @                | 8.00%          | )              |                |                 | \$5.48            |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                |                |                |                 | \$20.23           |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                |                |                |                 | <b>(\$256.07)</b> |

**BUDGET SUMMARY**

|                               |            |   |
|-------------------------------|------------|---|
| GROSS RETURN                  | \$150.42   |   |
| VARIABLE OPERATING EXPENSES   | \$257.66   |   |
| RETURN OVER VARIABLE EXPENSES | (\$107.24) | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$60.82    |   |
| NET FARM INCOME               | (\$168.06) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$60.35    |   |
| NET OPERATING PROFIT          | (\$228.40) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$25.71    |   |
| RETURN TO LAND AND RISK       | (\$254.11) |   |

TABLE 10. Summary of per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2002.

|                                  | ALFALFA<br>ESTABLISHMENT<br>-----SPRINKLER----- | ALFALFA<br>HAY | WHEAT     | WHITE<br>CORN<br>-----FLOOD----- | STRIPPER<br>COTTON | GRAIN<br>SORGHUM |
|----------------------------------|---|----------------|-----------|----------------------------------|--------------------|------------------|
|                                  |   | TONS           | CWT       | CWT                              | LBS                | CWT              |
| PRIMARY YIELD                    |   | 4.50           | 24.00     | 70.00                            | 1000.00            | 28.00            |
| PRIMARY PRICE                    |   | 140.00         | 5.75      | 24.29                            | 0.52               | 4.39             |
| GOVERNMENT PAYMENTS              |   | 0.00           | 30.35     | 0.00                             | 204.00             | 17.50            |
| SECOND INCOME                    |   | 15.00          | 25.00     | 20.00                            | 120.00             | 10.00            |
| GROSS RETURN                     |   | \$645.00       | \$193.35  | \$320.30                         | \$844.00           | \$150.42         |
| CASH OPERATING EXPENSES          |   |                |           |                                  |                    |                  |
| SEED                             | \$90.00   |                | \$19.50   | \$22.44                          | \$14.00            | \$12.48          |
| FERTILIZER                       |   | \$125.05       | \$19.38   | \$70.78                          | \$25.92            | \$44.91          |
| CHEMICALS                        |   |                |           | \$57.52                          | \$38.84            | \$26.43          |
| CROP INSURANCE                   |   |                | \$0.29    |                                  | \$0.59             | \$1.96           |
| OTHER PURCHASED INPUTS           |   | \$0.14         |           |                                  | \$60.72            |                  |
| CANAL WATER                      |   |                |           |                                  |                    |                  |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$19.02   | \$21.86        | \$7.28    | \$16.22                          | \$41.57            | \$16.76          |
| FUEL-IRRIGATION                  | \$10.62   | \$70.82        | \$44.00   | \$84.49                          | \$52.80            | \$63.37          |
| REPAIRS                          | \$10.85   | \$43.57        | \$5.40    | \$13.60                          | \$37.61            | \$12.43          |
| CUSTOM CHARGES                   |   |                | \$33.00   | \$44.25                          | \$229.40           | \$22.00          |
| LAND TAXES                       |   | \$3.08         | \$3.08    | \$3.08                           | \$3.08             | \$3.08           |
| OTHER EXPENSES                   | \$0.27  | \$59.15        | \$59.04   | \$59.37                          | \$59.57            | \$59.28          |
| TOTAL CASH EXPENSES              | \$130.76  | \$323.68       | \$190.96  | \$371.74                         | \$564.10           | \$262.70         |
| RETURN OVER CASH EXPENSES        | (\$130.76)                                      | \$321.32       | \$2.38    | (\$51.44)                        | \$279.90           | (\$112.28)       |
| FIXED EXPENSES                   | \$41.70   | \$117.53       | \$31.34   | \$61.15                          | \$74.47            | \$57.74          |
| TOTAL EXPENSES                   | \$172.46  | \$441.21       | \$222.30  | \$432.88                         | \$638.56           | \$320.44         |
| NET FARM INCOME                  | (\$172.46)                                      | \$203.79       | (\$28.95) | (\$112.58)                       | \$205.44           | (\$170.02)       |
| LABOR AND MANAGEMENT COSTS       | \$30.33   | \$83.46        | \$42.72   | \$75.02                          | \$130.60           | \$60.35          |
| NET OPERATING PROFIT             | (\$202.79)                                      | \$120.33       | (\$71.68) | (\$187.60)                       | \$74.84            | (\$230.36)       |
| CAPITAL COSTS                    |   |                |           |                                  |                    |                  |
| INTEREST ON OPERATING CAPITAL    |   | \$6.95         | \$2.70    | \$8.32                           | \$7.70             | \$5.48           |
| INTEREST ON EQUIPMENT INVESTMENT |   | \$29.45        | \$8.76    | \$19.69                          | \$35.01            | \$20.23          |
| TOTAL CAPITAL COSTS              | \$0.00  | \$36.40        | \$11.46   | \$28.01                          | \$42.71            | \$25.71          |
| RETURN TO LAND AND RISK          | (\$202.79)                                      | \$83.93        | (\$83.14) | (\$215.61)                       | \$32.12            | (\$256.07)       |

TABLE 11. Whole farm summary, Dell City area, Otero County, 2002.

|                                  |            |                  |
|----------------------------------|------------|------------------|
| GROSS RETURNS                    |            |                  |
| ALFALFA HAY                      | 280 ACRES  |                  |
| CROP                             |            | \$180,600        |
| WHEAT                            | 170 ACRES  |                  |
| CROP                             |            | \$23,460         |
| GRAZING                          |            | \$4,250          |
| DIRECT PAYMENT                   |            | \$5,159          |
| COUNTER CYCLICAL PAYMENT         |            | \$0              |
| WHITE CORN                       | 50 ACRES   |                  |
| CROP                             |            | \$15,015         |
| GRAZING                          |            | \$1,000          |
| COTTON                           | 84.5 ACRES |                  |
| LINT                             |            | \$43,940         |
| SEED                             |            | \$10,140         |
| DIRECT PAYMENT                   |            | \$2,835          |
| COUNTER CYCLICAL PAYMENT         |            | \$11,602         |
| GRAIN SORGHUM                    | 26 ACRES   |                  |
| CROP                             |            | \$3,134          |
| DIRECT PAYMENT                   |            | \$446            |
| COUNTER CYCLICAL PAYMENT         |            | \$0              |
| GRAZING                          |            | \$255            |
| GROSS RETURN                     |            | <u>\$301,836</u> |
| CASH OPERATING EXPENSES          |            |                  |
| SEED                             |            | \$10,888         |
| FERTILIZER                       |            | \$45,182         |
| CHEMICALS                        |            | \$6,832          |
| CROP INSURANCE                   |            | \$266            |
| OTHER PURCHASED INPUTS           |            | \$5,171          |
| CANAL WATER                      |            | \$0              |
| FUEL, OIL & LUBRICANTS-EQUIPMENT |            | \$13,156         |
| FUEL-IRRIGATION                  |            | \$38,198         |
| REPAIRS                          |            | \$17,889         |
| CUSTOM CHARGES                   |            | \$27,768         |
| LAND TAXES                       |            | \$1,876          |
| OTHER EXPENSES                   |            | \$36,126         |
| TOTAL CASH EXPENSES              |            | <u>\$203,352</u> |
| RETURN OVER CASH EXPENSES        |            | \$98,484         |
| FIXED EXPENSES                   |            | \$39,996         |
| TOTAL EXPENSES                   |            | \$243,348        |
| NET FARM INCOME                  |            | \$58,488         |
| LABOR AND MANAGEMENT COSTS       |            | \$48,625         |
| NET OPERATING PROFIT             |            | \$9,863          |
| CAPITAL COSTS                    |            |                  |
| INTEREST ON OPERATING CAPITAL    |            | \$3,613          |
| INTEREST ON EQUIPMENT INVESTMENT |            | \$14,193         |
| TOTAL CAPITAL COSTS              |            | <u>\$17,805</u>  |
| RETURN TO LAND AND RISK          |            | <u>(\$7,943)</u> |

| LAND VALUE    | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$500 /ACRE   | (\$20,743)      | 1.70%                  |
| \$750 /ACRE   | (\$27,143)      | 1.33%                  |
| \$1,000 /ACRE | (\$33,543)      | 1.10%                  |
| \$1,250 /ACRE | (\$39,943)      | 0.93%                  |
| \$1,500 /ACRE | (\$46,343)      | 0.81%                  |

\* 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)