

TABLE 1. Basic cost information for the Blackwater Draw area, Roosevelt County, 2003.

| Item | | | |
|---------------------------------|---------|------------------------------|---------|
| Labor Wage Rate: | | | |
| Equipment operators | | \$/hour | \$7.55 |
| General & Irrigators | | \$/hour | \$6.75 |
| Purchased Inputs: | | | |
| Fertilizer: | | | |
| Nitrogen (N) | | \$/pound | \$0.36 |
| Phosphate (P205) | | \$/pound | \$0.33 |
| Seed: | | | |
| Wheat | | \$/pound | \$0.13 |
| Corn | | \$/bag | \$89.75 |
| Alfalfa | | \$/pound | \$3.00 |
| Peanuts | | \$/pound | \$0.85 |
| Energy: | | | |
| Natural gas (Gas NM) | | \$/MCF | \$3.28 |
| Diesel fuel | | \$/gallon | \$1.30 |
| Gasoline | | \$/gallon | \$1.35 |
| Electricity (SWPS) | | cents/KwHr | 6.32 |
| LP Gas | | \$/gallon | \$1.21 |
| Employee Liability Insurance | | \$/ \$1,000 wages | \$20.00 |
| Employee Benefits | | percent/w ages | 18.00% |
| Labor Downtime | | percent | 25.00% |
| Financial Rates: | | | |
| 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 | \$89.00 | /acre (full value) | \$0.68 |
| Personal Property Tax Rate - NR | | \$/ \$1,000 (Assessed Value) | \$22.90 |
| - R | | | \$18.15 |
| Supervision Factors | | | |
| 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 Blackwater Draw area, Roosevelt County, 2003.

| ITEM | | | |
|------------------------------------|--------|--------------------|----------|
| Electricity (Domestic & Shop) | | \$355.00 per month | \$4,260 |
| Telephone | | \$155.00 per month | \$1,860 |
| Accounting & Legal | | | \$2,410 |
| Misc. Supplies & Hand Tools | | | \$3,300 |
| Pickup and Auto | | | |
| miles | 25,750 | @ \$0.365 per mile | \$9,399 |
| Insurance | | | |
| - general liability (non-employee) | | | \$2,150 |
| - fire/theft | | | \$1,725 |
| Property Taxes | | | |
| - non-planted land | | | \$8 |
| - other than land & machinery | | | \$855 |
| Building repairs and maintenance | | | \$1,315 |
| Dues, fees, publications | | | \$390 |
| Farmstead Equipment | | | \$250 |
| Total | | | \$27,922 |
| Total Per Planted Acre | | | \$37.23 |

TABLE 2. Pumping costs and data for irrigation wells, Blackwater Draw area,
Roosevelt County, 2003.

INPUT DATA

| | | | |
|-----------------------------|-----|------------------------|-----|
| DELIVERY PSI: | | DEPTH CHARACTERISTICS: | |
| SPRINKLER... | 40 | STATIC... .. | 120 |
| | | DRAW DOV | 15 |
| | | TOTAL HI HEAD..... | 135 |
| | | CASING... .. | 230 |
| GALLONS PER MINUTE (GPM)... | 850 | | |
| WORK HORSEPOWER | 49 | | |

EFFICIENCY FACTOR:

| | |
|------------------|-------|
| ELECTRICITY..... | 0.430 |
| NATURAL GAS.... | 0.126 |
| LP GAS..... | 0.126 |
| DIESEL..... | 0.130 |

FUEL COST PER HOUR:

| | | | |
|------------------|--------|---------|-----|
| ELECTRICITY..... | \$6.32 | CENTS/K | wHr |
| NATURAL GAS.... | \$3.28 | \$/MCF | |
| LP GAS..... | \$1.21 | \$/GAL | |
| DIESEL..... | \$1.30 | \$/GAL | |

PUMPING COSTS

ELECTRIC WELL:

| | |
|---------------------------|--------|
| COST PER HOUR.....\$ | \$5.38 |
| COST PER ACRE INCH.....\$ | \$2.87 |

NATURAL GAS:

| | |
|---------------------------|--------|
| COST PER HOUR.....\$ | \$3.58 |
| COST PER ACRE INCH.....\$ | \$1.90 |

LP GAS WELL:

| | |
|---------------------------|---------|
| COST PER HOUR.....\$ | \$13.02 |
| COST PER ACRE INCH.....\$ | \$6.93 |

DIESEL WELL:

| | |
|---------------------------|--------|
| COST PER HOUR.....\$ | \$8.80 |
| COST PER ACRE INCH.....\$ | \$4.69 |

TABLE 3. Equipment summary for a 960 acre, sprinkler-irrigated farm with above average management, Blackwater Draw area, 2003.

| EQUIPMENT ITEM & SIZE | ANNUAL | | VARIABLE COSTS | | | | | FIXED COSTS | | |
|--|-----------------|--------|----------------|-----------------------|---------------------|---------|------------------|-------------------|---------|-------------------|
| | HOURS OF USE | NUMBER | TOTAL VALUE | FUEL AND LUBRICANT | FUEL,LUBE REPAIR | PER HR | REPAIR PER HR | DEPRE- CIATION | TAXES | TOTAL PER HOUR |
| TRACTOR 140 HP, M4WD | 487 | 1 | \$19,060 | \$4,969 | \$4,794 | \$10.21 | \$9.85 | \$3,493 | \$200 | \$7.59 |
| TRACTOR 185 HP, M4WD | 766 | 1 | \$40,700 | \$10,332 | \$7,436 | \$13.49 | \$9.71 | \$5,995 | \$343 | \$8.28 |
| PLANTER 8-ROW | 50 | 1 | \$5,500 | | \$495 | | \$10.01 | \$1,100 | \$42 | \$23.07 |
| ROLL-PACKER 12 FT | 43 | 1 | \$1,000 | | \$11 | | \$0.26 | \$143 | \$8 | \$3.54 |
| CULTIVATOR 8-ROW | 131 | 1 | \$3,200 | | \$235 | | \$1.79 | \$427 | \$24 | \$3.44 |
| DISC 21 FT | 129 | 1 | \$6,000 | | \$433 | | \$3.36 | \$800 | \$46 | \$6.57 |
| CHISEL 21 FT | 83 | 1 | \$1,650 | | \$82 | | \$0.99 | \$220 | \$13 | \$2.82 |
| FLOAT 12 FT | 5 | 1 | \$500 | | \$0 | | \$0.02 | \$53 | \$3 | \$11.87 |
| DRILL 21 FT | 24 | 1 | \$4,500 | | \$135 | | \$5.67 | \$900 | \$34 | \$39.34 |
| LISTER 8-ROW | 111 | 1 | \$3,200 | | \$203 | | \$1.82 | \$427 | \$24 | \$4.05 |
| PLOW (MOLDBOARD) 5-14 IN | 127 | 1 | \$5,100 | | \$362 | | \$2.86 | \$680 | \$39 | \$5.67 |
| RAKE | 50 | 1 | \$3,400 | | \$139 | | \$2.79 | \$340 | \$26 | \$7.32 |
| FERT SPREADER DLR FRN SPRAYER (MTD) | 0 | 0 | \$0 | | \$0 | | \$0.00 | \$0 | \$0 | \$0.00 |
| DIG AND INVERT 4-ROW | 60 | 1 | \$7,500 | | \$162 | | \$2.70 | \$2,500 | \$57 | \$42.62 |
| ROD WEEDER 8-ROW | 13 | 1 | \$625 | | \$7 | | \$0.54 | \$83 | \$5 | \$6.78 |
| SWATHER 14 FT SP | 100 | 1 | \$4,300 | \$487 | \$493 | \$4.87 | \$4.93 | \$1,450 | \$111 | \$15.61 |
| BALER 1-TON | 44 | 1 | \$48,920 | | \$76 | | \$1.74 | \$5,812 | \$333 | \$140.44 |
| FRONT END LOADER (MTD) | 156 | 1 | \$2,550 | | \$0 | | \$0.00 | \$255 | \$19 | \$1.76 |
| PEANUT THRASHER | 200 | 1 | \$15,000 | | \$0 | | \$0.00 | \$2,000 | \$115 | \$10.57 |
| PEANUT TRAILER | 93 | 4 | \$6,000 | | \$17 | | \$0.18 | \$800 | \$46 | \$9.14 |
| CENTER PIVOT SPRINKLER | 9,677 | 7 | \$105,000 | \$306 | \$8,758 | \$0.03 | \$0.91 | \$14,000 | \$802 | \$1.53 |
| ELECTRIC WELL | 9,677 | 6 | \$94,500 | \$52,101 | \$876 | \$5.38 | \$0.09 | \$9,450 | \$721 | \$1.05 |
| | | | \$378,205 | \$68,194 | \$24,714 | | | \$50,928 | \$3,010 | |

TABLE 4. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, 2003.
Planting Dates: August 15 - August 30

| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
|---------------------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| <u>PURCHASED INPUTS</u> | | | | | | | | |
| SEED | \$3.00 | 20 LBS | | | | | | \$60.00 |
| NITROGEN (N) | \$0.36 | 40 LBS | | | | | | \$14.40 |
| PHOSPHATE (P2O5) | \$0.33 | 60 LBS | | | | | | \$19.80 |
| PUMP WATER* | | 9 AC. IN. | | | | | | |
| SUBTOTAL | | | | | | | | \$94.20 |
| <u>PREHARVEST OPERATIONS</u> | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC | 185 HP | 0.09 HR | | \$0.68 | \$1.21 | \$1.18 | \$1.34 | \$4.41 |
| PLOW | 185 HP | 0.29 HR | | \$2.19 | \$3.91 | \$3.64 | \$4.04 | \$13.79 |
| FLOAT | 140 HP | 0.19 HR | | \$1.43 | \$1.94 | \$1.87 | \$3.70 | \$8.95 |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.38 | \$0.51 | \$0.49 | \$0.38 | \$1.76 |
| DISC | 185 HP | 0.09 HR | | \$0.68 | \$1.21 | \$1.18 | \$1.34 | \$4.41 |
| PRE-IRRIGATE | | 0.10 HR | | \$0.68 | \$8.65 | \$1.59 | \$4.12 | \$15.04 |
| DRILL | 140 HP | 0.10 HR | | \$0.76 | \$1.02 | \$1.55 | \$4.69 | \$8.02 |
| IRRIGATE (2X) | | 0.20 HR | | \$1.35 | \$17.30 | \$3.18 | \$8.24 | \$30.08 |
| SUBTOTAL | | 1.11 HR | | \$8.14 | \$35.76 | \$14.69 | \$27.85 | \$86.44 |
| <u>OVERHEAD EXPENSES</u> | | | | | | | | |
| DOWNTIME | | 0.19 HR | | \$1.43 | | | | \$1.43 |
| EMPLOYEE BENEFITS | | | | \$1.47 | | | | \$1.47 |
| INSURANCE | | | \$0.16 | | | | | \$0.16 |
| SUPERVISION AND MANAGEMENT | | | | \$7.30 | | | | \$7.30 |
| SUBTOTAL | | 0.19 HR | 0.16 | \$10.20 | | | | \$10.36 |
| <u>TOTAL OPERATING EXPENSES</u> | | 1.30 HR | \$94.36 | \$18.34 | \$35.76 | \$14.69 | \$27.85 | \$191.01 |

TABLE 5. Alfalfa hay, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, 2003.
Harvest Dates: May 20 - October 15

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|-----------------|-----------------|-----------------|----------------|-------------------|
| GROSS RETURNS | | | | | | | | |
| HAY | \$140.00 | 7.00 | TONS (STACKED) | | | | | \$980.00 |
| GRAZING | \$50.00 | 1.00 | ACRE | | | | | \$50.00 |
| TOTAL | | | | | | | | \$1,030.00 |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
| PHOSPHATE (P2O5) | \$0.33 | 150 | LBS | \$49.50 | | | | \$49.50 |
| PLASTIC TWINE | \$19.15 | 1,190 | FT | \$5.70 | | | | \$5.70 |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 | X/ACRE | \$20.01 | | | | \$20.01 |
| HERBICIDE (CUSTOM) | \$16.96 | 1 | X/ACRE | \$16.96 | | | | \$16.96 |
| ESTABLISHMENT: Principal | | 5 | YEARS | | \$38.20 | | | \$38.20 |
| : Interest | | | | | \$8.23 | | | \$8.23 |
| PUMP WATER* | | 30 | AC. IN. | | | | | |
| SUBTOTAL | | | | \$92.16 | \$46.43 | | | \$138.60 |
| PREHARVEST OPERATIONS | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| IRRIGATE | | 1.00 | HR | \$6.75 | \$86.50 | \$15.90 | \$41.22 | \$150.38 |
| FERT SPREADER | 140 HP | 0.05 | HR | \$0.38 | \$0.51 | \$0.49 | \$0.38 | \$1.76 |
| SUBTOTAL | | 1.05 | HR | 7.13 | 87.01 | 16.39 | 41.60 | 152.14 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER (5X) | S.P. | 0.80 | HR | \$6.04 | \$3.89 | \$3.94 | \$12.49 | \$26.36 |
| RAKE (5X) | 140 HP | 0.40 | HR | \$3.02 | \$4.08 | \$5.06 | \$5.96 | \$18.12 |
| BALER (5X) | 185 HP | 0.35 | HR | \$2.64 | \$4.72 | \$4.01 | \$52.05 | \$63.43 |
| FRONT END LOADER (5X) | 140 HP | 1.25 | HR | \$9.44 | \$12.76 | \$12.31 | \$11.68 | \$46.20 |
| SUBTOTAL | | 2.80 | HR | \$0.00 | \$21.14 | \$25.46 | \$25.32 | \$82.18 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.70 | HR | \$5.29 | | | | \$5.29 |
| EMPLOYEE BENEFITS | | | | \$5.09 | | | | \$5.09 |
| INSURANCE | | | | \$0.14 | | | | \$0.14 |
| LAND TAXES | | | | | | | \$0.68 | \$0.68 |
| SUPERVISION AND MANAGEMENT | | | | \$74.53 | | | | \$74.53 |
| OTHER EXPENSES | | | | \$37.23 | | | | \$37.23 |
| SUBTOTAL | | 0.70 | HR | \$37.37 | \$84.90 | | | \$0.68 |
| TOTAL OPERATING EXPENSES | | 4.55 | HR | \$129.53 | \$113.17 | \$112.48 | \$41.72 | \$170.90 |
| NET OPERATING PROFIT | | | | | | | | \$462.21 |
| INTEREST ON OPERATING CAPITAL | (| \$76.17 | @ | 8.00% | | | | \$6.09 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$54.01 |
| RETURN TO LAND AND RISK | | | | | | | | \$402.11 |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|------------|---|
| GROSS RETURN | | \$1,030.00 | |
| VARIABLE OPERATING EXPENSES | \$283.73 | | |
| RETURN OVER VARIABLE EXPENSES | | \$746.27 | (GROSS MARGIN) |
| FIXED EXPENSES | \$170.90 | | |
| NET FARM INCOME | | \$575.37 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$113.17 | | |
| NET OPERATING PROFIT | | \$462.21 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$60.10 | | |
| RETURN TO LAND AND RISK | | \$402.11 | |

TABLE 6. Wheat, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, 2003.

Planting Dates: August 20 - September 15

Harvest Dates: June 1 - June 25

| ITEM | PRICE | YIELD | | | | | | | TOTAL |
|-----------------------------------|------------|---------------------|-----------|------------------|----------------|----------------|----------------|----------------|-------------------|
| GROSS RETURNS | | | | | | | | | |
| WHEAT | \$3.45 | 36.00 | BUSHEL | | | | | | \$124.20 |
| DIRECT PAYMENT | \$0.52 | 60.00 | BUSHEL | | | | | | \$31.20 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | | | | | | | | \$0.00 |
| GRAZING | \$0.00 | 1.00 | ACRE | | | | | | \$0.00 |
| TOTAL | | | | | | | | | \$155.40 |
| PURCHASED INPUTS | | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | | PURCHASED INPUTS | | | | | TOTAL |
| SEED | \$0.13 | 120 | LBS | \$15.60 | | | | | \$15.60 |
| NITROGEN (N) | \$0.36 | 120 | LBS | \$43.20 | | | | | \$43.20 |
| PHOSPHATE (P2O5) | \$0.33 | 40 | LBS | \$13.20 | | | | | \$13.20 |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 | X/ACRE | \$20.01 | | | | | \$20.01 |
| PUMP WATER* | | 18 | AC. IN. | | | | | | |
| CROP INSURANCE | \$0.24 | | | \$0.24 | | | | | \$0.24 |
| SUBTOTAL | | | | \$92.24 | | | | | \$92.24 |
| PREHARVEST OPERATIONS | | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| BROADCAST (CUSTOM) IRRIGATE (17X) | | 0.85 | HR | \$4.00 | \$5.74 | \$51.90 | \$9.54 | \$24.73 | \$91.91 |
| SUBTOTAL | | 0.85 | HR | \$4.00 | \$5.74 | \$51.90 | \$9.54 | \$24.73 | \$95.91 |
| HARVEST OPERATIONS | | | | | | | | | |
| COMBINE (CUSTOM) | | | | \$1.41 | | | | | \$1.41 |
| HAUL (CUSTOM) | | | | \$5.76 | | | | | \$5.76 |
| SUBTOTAL | | | | \$7.17 | | | | | \$7.17 |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.00 | HR | | \$0.00 | | | | \$0.00 |
| EMPLOYEE BENEFITS | | | | | \$1.03 | | | | \$1.03 |
| INSURANCE | | | | \$0.11 | | | | | \$0.11 |
| LAND TAXES | | | | | | | | \$0.68 | \$0.68 |
| SUPERVISION AND MANAGEMENT | | | | | \$11.73 | | | | \$11.73 |
| OTHER EXPENSES | | | | \$37.23 | | | | | \$37.23 |
| SUBTOTAL | | | | 0.00 | HR | \$37.34 | \$12.76 | \$0.68 | \$50.78 |
| TOTAL OPERATING EXPENSES | | 0.85 | HR | \$140.76 | \$18.50 | \$51.90 | \$9.54 | \$25.41 | \$246.11 |
| NET OPERATING PROFIT | | | | | | | | | (\$90.71) |
| INTEREST ON OPERATING CAPITAL | (| \$62.08 | @ | 8.00% | | | | | \$4.97 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | | \$4.38 |
| RETURN TO LAND AND RISK | | | | | | | | | (\$100.06) |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|------------|---|
| GROSS RETURN | | \$155.40 | |
| VARIABLE OPERATING EXPENSES | \$202.20 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$46.80) | (GROSS MARGIN) |
| FIXED EXPENSES | \$25.41 | | |
| NET FARM INCOME | | (\$72.21) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$18.50 | | |
| NET OPERATING PROFIT | | (\$90.71) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$9.35 | | |
| RETURN TO LAND AND RISK | | (\$100.06) | |

TABLE 7. Corn for grain, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, 2003.
 Planting Dates: April 25 - May 30
 Harvest Dates: November 1 - November 30

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|-----------------|-----------------|-----------------|----------------|-------------------|
| GROSS RETURNS | | | | | | | | |
| CORN FOR GRAIN | \$5.08 | 84.00 CWT | | | | | | \$426.72 |
| DIRECT PAYMENT | \$0.50 | 84.00 CWT | | | | | | \$42.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | 0.00 CWT | | | | | | \$0.00 |
| GRAZING | \$15.00 | 1.00 ACRE | | | | | | \$15.00 |
| TOTAL | | | | | | | | \$483.72 |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
| SEED | \$1.12 | 24 000 | \$26.93 | | | | | \$26.93 |
| NITROGEN (N) | \$0.36 | 250 LBS | \$90.00 | | | | | \$90.00 |
| PHOSPHATE (P205) | \$0.33 | 80 LBS | \$26.40 | | | | | \$26.40 |
| POTASH (K20) | \$0.125 | 40 LBS | \$5.00 | | | | | \$5.00 |
| TRACE ELEMENTS | \$15.36 | 1 X/ACRE | \$15.36 | | | | | \$15.36 |
| HERBICIDE | \$21.24 | 1 X/ACRE | \$21.24 | | | | | \$21.24 |
| INSECTICIDE (CUSTOM) | \$24.65 | 1 X/ACRE | \$24.65 | | | | | \$24.65 |
| PUMP WATER* | | 30 AC. IN. | | | | | | |
| CROP INSURANCE | \$0.31 | | \$0.31 | | | | | \$0.31 |
| SUBTOTAL | | | \$209.88 | | | | | \$209.88 |
| PREHARVEST OPERATIONS | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC (2X) | 185 HP | 0.18 HR | | \$1.36 | \$2.43 | \$2.35 | \$2.67 | \$8.81 |
| PLOW | 185 HP | 0.29 HR | | \$2.19 | \$3.91 | \$3.64 | \$4.04 | \$13.79 |
| CHISEL (2X) | 185 HP | 0.20 HR | | \$1.51 | \$2.70 | \$2.51 | \$2.79 | \$9.51 |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.38 | \$0.51 | \$0.49 | \$0.38 | \$1.76 |
| PRE-IRRIGATE (3X) | | 0.30 HR | | \$2.03 | \$17.30 | \$3.18 | \$8.24 | \$30.75 |
| LISTER (3X) | 185 HP | 0.27 HR | | \$2.04 | \$3.64 | \$3.11 | \$3.33 | \$12.12 |
| ROD WEED | 185 HP | 0.08 HR | | \$0.60 | \$1.08 | \$0.82 | \$1.20 | \$3.71 |
| PLANTER | 185 HP | 0.12 HR | | \$0.91 | \$1.62 | \$2.37 | \$3.76 | \$8.65 |
| SAND FURROW (5X) | 140 HP | 0.50 HR | | \$3.78 | \$5.11 | \$5.82 | \$5.51 | \$20.21 |
| IRRIGATE (12X) | | 1.20 HR | | \$8.10 | \$69.20 | \$12.72 | \$32.98 | \$123.00 |
| SUBTOTAL | | 3.19 HR | | \$22.88 | \$107.50 | \$37.03 | \$64.91 | \$232.32 |
| HARVEST OPERATIONS | | | | | | | | |
| COMBINE (CUSTOM) | | | | \$29.40 | | | | \$29.40 |
| HAUL (CUSTOM) | | | | \$15.12 | | | | \$15.12 |
| SUBTOTAL | | | | \$44.52 | | | | \$44.52 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.41 HR | | \$3.10 | | | | \$3.10 |
| EMPLOYEE BENEFITS | | | | \$4.12 | | | | \$4.12 |
| INSURANCE | | | | \$0.46 | | | | \$0.46 |
| LAND TAXES | | | | | | | \$0.68 | \$0.68 |
| SUPERVISION AND MANAGEMENT | | | | \$36.21 | | | | \$36.21 |
| OTHER EXPENSES | | | | \$37.23 | | | | \$37.23 |
| SUBTOTAL | | 0.41 HR | | \$37.69 | \$43.42 | | \$0.68 | \$81.79 |
| TOTAL OPERATING EXPENSES | | 3.60 HR | | \$292.09 | \$66.30 | \$107.50 | \$37.03 | \$65.59 |
| NET OPERATING PROFIT | | | | | | | | (\$84.79) |
| INTEREST ON OPERATING CAPITAL | (| \$144.78 | @ | 8.00% | | | | \$11.58 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$16.68 |
| RETURN TO LAND AND RISK | | | | | | | | (\$113.05) |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|------------|---|
| GROSS RETURN | | \$483.72 | |
| VARIABLE OPERATING EXPENSES | \$436.61 | | |
| RETURN OVER VARIABLE EXPENSES | | \$47.11 | (GROSS MARGIN) |
| FIXED EXPENSES | \$65.59 | | |
| NET FARM INCOME | | (\$18.49) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$66.30 | | |
| NET OPERATING PROFIT | | (\$84.79) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$28.26 | | |
| RETURN TO LAND AND RISK | | (\$113.05) | |

TABLE 8. Peanuts, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, 2003.
 Planting Dates: May 10 - June 10
 Harvest Dates: October 10 - November 10

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|------------------|-----------------|----------------|-----------------|-------------------|
| GROSS RETURNS | | | | | | | | |
| PEANUTS | \$0.110 | 2,600.00 | LBS | | | | | \$286.00 |
| TOTAL | | | | | | | | \$286.00 |
| PURCHASED INPUTS | | PRICE | QUANTITY | PURCHASED INPUTS | | | | TOTAL |
| SEED (PEANUT) | \$0.85 | 100 | LB | \$85.00 | | | \$85.00 | |
| NITROGEN (N) | \$0.36 | 70 | LB | \$25.20 | | | \$25.20 | |
| PHOSPHATE (P205) | \$0.33 | 80 | LB | \$26.40 | | | \$26.40 | |
| POTASH (K2O) | \$0.135 | 30 | LB | \$4.05 | | | \$4.05 | |
| TRACE ELEMENTS & MANURE | \$11.14 | 1 | X/ACRE | \$41.14 | | | \$41.14 | |
| HERBICIDE | \$21.18 | 1 | X/ACRE | \$21.18 | | | \$21.18 | |
| INSECTICIDE (CUSTOM) | \$16.96 | 1 | X/ACRE | \$16.96 | | | \$16.96 | |
| FUNGICIDE | \$109.57 | 1 | X/ACRE | \$109.57 | | | \$109.57 | |
| PUMP WATER | | 28 | AC. IN. | | | | | |
| SUBTOTAL | | | | \$329.50 | | | \$329.50 | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC (2X) | 185 HP | 0.18 HR | | \$1.36 | \$2.43 | \$2.35 | \$2.67 | \$8.81 |
| PLOW | 185 HP | 0.29 HR | | \$2.19 | \$3.91 | \$3.64 | \$4.04 | \$13.79 |
| CHISEL (2X) | 185 HP | 0.20 HR | | \$1.51 | \$2.70 | \$2.51 | \$2.79 | \$9.51 |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.38 | \$0.51 | \$0.49 | \$0.38 | \$1.76 |
| SPRAY & DISC | 185 HP | 0.00 HR | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| PRE-IRRIGATE | | 0.30 HR | | \$2.03 | \$24.19 | \$3.50 | \$9.07 | \$38.78 |
| LISTER | 185 HP | 0.27 HR | | \$2.04 | \$3.64 | \$3.11 | \$3.33 | \$12.12 |
| PLANTER | 185 HP | 0.12 HR | | \$0.91 | \$1.62 | \$2.37 | \$3.76 | \$8.65 |
| APPLY FUNGICIDE (CUSTOM) | | | \$27.00 | | | | | \$27.00 |
| CULTIVATOR (2X) | 140 HP | 0.20 HR | | \$1.51 | \$2.04 | \$2.33 | \$2.21 | \$8.09 |
| HAND HOE (CUSTOM) | | | \$10.00 | | | | | \$10.00 |
| IRRIGATE (7X) | | 0.70 HR | | \$4.73 | \$56.45 | \$8.16 | \$21.16 | \$90.49 |
| SUBTOTAL | | 2.31 HR | \$37.00 | \$16.64 | \$97.49 | \$28.47 | \$49.41 | \$229.01 |
| HARVEST OPERATIONS | | | | | | | | |
| DIG AND INVERT | 185 HP | 0.24 HR | | \$1.81 | \$3.24 | \$29.79 | \$12.22 | \$47.05 |
| COMBINE PEANUTS | 185 HP | 0.80 HR | | \$6.04 | \$10.79 | \$7.77 | \$15.08 | \$39.68 |
| HAUL | 140 HP | 0.37 HR | | \$2.79 | \$3.78 | \$3.71 | \$6.19 | \$16.47 |
| SUBTOTAL | | 1.41 HR | \$0.00 | \$10.65 | \$17.81 | \$41.27 | \$33.49 | \$103.21 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.68 HR | | \$5.13 | | | | \$5.13 |
| EMPLOYEE BENEFITS | | | | \$4.91 | | | | \$4.91 |
| INSURANCE | | | \$0.55 | | | | | \$0.55 |
| LAND TAXES | | | | | | | \$0.68 | \$0.68 |
| SUPERVISION AND MANAGEMENT | | | | \$22.38 | | | | \$22.38 |
| OTHER EXPENSES | | | \$37.23 | | | | | \$37.23 |
| SUBTOTAL | | 0.68 HR | \$37.77 | \$32.43 | | | \$0.68 | \$70.88 |
| TOTAL OPERATING EXPENSES | | 4.40 HR | \$404.27 | \$59.71 | \$115.30 | \$69.74 | \$83.57 | \$732.60 |
| NET OPERATING PROFIT | | | | | | | | (\$446.60) |
| INTEREST ON OPERATING CAPITAL | (| \$201.16 | @ | 8.00% |) | | | \$16.09 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$29.07 |
| RETURN TO LAND AND RISK | | | | | | | | (\$491.76) |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|------------|---|--|
| GROSS RETURN | | \$286.00 | |
| VARIABLE OPERATING EXPENSES | \$589.31 | | |
| RETURN OVER VARIABLE EXPENSES | (\$303.31) | (GROSS MARGIN) | |
| FIXED EXPENSES | \$83.57 | | |
| NET FARM INCOME | (\$386.89) | (RETURN TO CAPITAL, LABOR, LAND & RISK) | |
| LABOR AND MANAGEMENT COST | \$59.71 | | |
| NET OPERATING PROFIT | (\$446.60) | (RETURN TO CAPITAL, LAND & RISK) | |
| CAPITAL COSTS | \$45.16 | | |
| RETURN TO LAND AND RISK | (\$491.76) | | |

TABLE 9. Summary of per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, 2002.

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | WHEAT -----SPRINKLER----- | CORN | PEANUTS |
|----------------------------------|--------------------------|----------------|------------------------------|------------|------------|
| | | TONS | BU | CWT | LBS |
| PRIMARY YIELD | | 7.00 | 36.00 | 84.00 | 2,600.00 |
| PRIMARY PRICE | | 140.00 | 3.45 | 5.08 | \$0.11 |
| GOVERNMENT PAYMENTS | | 0.00 | 31.20 | 42.00 | \$0.00 |
| SECOND INCOME | | 50.00 | 0.00 | 15.00 | \$0.00 |
| GROSS RETURN | | \$1,030.00 | \$155.40 | \$483.72 | \$286.00 |
| CASH OPERATING EXPENSES | | | | | |
| SEED | \$60.00 | | \$15.60 | \$26.93 | \$85.00 |
| FERTILIZER | \$34.20 | \$49.50 | \$56.40 | \$136.76 | \$55.65 |
| CHEMICALS | | \$36.97 | \$20.01 | \$45.89 | \$147.71 |
| CROP INSURANCE | | | \$0.24 | \$0.31 | |
| OTHER PURCHASED INPUTS | | | | | \$41.14 |
| CANAL WATER | | | | | |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$9.81 | \$25.97 | \$0.00 | \$21.00 | \$34.66 |
| FUEL-IRRIGATION | \$25.95 | \$86.50 | \$51.90 | \$86.50 | \$80.64 |
| REPAIRS | \$14.69 | \$41.72 | \$9.54 | \$37.03 | \$69.74 |
| CUSTOM CHARGES | | | \$11.17 | \$44.52 | \$37.00 |
| LAND TAXES | \$0.00 | \$0.68 | \$0.68 | \$0.68 | \$0.68 |
| OTHER EXPENSES | \$0.16 | \$37.37 | \$37.34 | \$37.69 | \$37.77 |
| TOTAL CASH EXPENSES | \$144.81 | \$278.71 | \$202.88 | \$437.29 | \$589.99 |
| RETURN OVER CASH EXPENSES | (\$144.81) | \$751.29 | (\$47.48) | \$46.43 | (\$303.99) |
| FIXED EXPENSES | \$27.85 | \$170.22 | \$24.73 | \$64.91 | \$82.89 |
| TOTAL EXPENSES | \$172.67 | \$448.93 | \$227.61 | \$502.21 | \$672.89 |
| NET FARM INCOME | (\$172.67) | \$581.07 | (\$72.21) | (\$18.49) | (\$386.89) |
| LABOR AND MANAGEMENT COSTS | \$18.34 | \$113.17 | \$18.50 | \$66.30 | \$59.71 |
| NET OPERATING PROFIT | (\$191.01) | \$467.91 | (\$90.71) | (\$84.79) | (\$446.60) |
| CAPITAL COSTS | | | | | |
| INTEREST ON OPERATING CAPITAL | \$0.00 | \$6.09 | \$4.97 | \$11.58 | \$16.09 |
| INTEREST ON EQUIPMENT INVESTMENT | \$0.00 | \$54.01 | \$4.38 | \$16.68 | \$29.07 |
| TOTAL CAPITAL COSTS | \$0.00 | \$60.10 | \$9.35 | \$28.26 | \$45.16 |
| RETURN TO RISK | (\$191.01) | \$407.80 | (\$100.06) | (\$113.05) | (\$491.76) |

TABLE 10. Whole farm summary, Blackwater Draw area, Roosevelt County, 2002.

| | | |
|----------------------------------|-------------|--------------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 125 ACRES | |
| CROP | | \$122,500 |
| GRAZING | | \$6,250 |
| WHEAT | 212.5 ACRES | |
| CROP | | \$26,393 |
| GRAZING | | \$0 |
| DIRECT PAYMENT | | \$6,630 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| CORN FOR GRAIN | 163 ACRES | |
| CROP | | \$69,342 |
| GRAZING | | \$2,438 |
| DIRECT PAYMENT | | \$4,463 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| PEANUTS | 250 ACRES | |
| CROP | | \$71,500 |
| GROSS RETURN | | <u>\$309,515</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$30,440 |
| FERTILIZER | | \$55,164 |
| CHEMICALS | | \$53,257 |
| CROP INSURANCE | | \$100 |
| OTHER PURCHASED INPUTS | | \$10,284 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$15,570 |
| FUEL-IRRIGATION | | \$56,707 |
| REPAIRS | | \$31,061 |
| CUSTOM CHARGES | | \$18,858 |
| LAND TAXES | | \$510 |
| OTHER EXPENSES | | \$28,179 |
| TOTAL CASH EXPENSES | | <u>\$300,129</u> |
| RETURN OVER CASH EXPENSES | | \$9,385 |
| FIXED EXPENSES | | \$53,726 |
| TOTAL EXPENSES | | \$353,855 |
| NET FARM INCOME | | (\$44,340) |
| LABOR AND MANAGEMENT COSTS | | \$44,237 |
| NET OPERATING PROFIT | | (\$88,578) |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$7,722 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$17,661 |
| TOTAL CAPITAL COSTS | | <u>\$25,383</u> |
| RETURN TO RISK | | <u>(\$113,961)</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$500 /ACRE | (\$133,161) | -10.32% |
| \$750 /ACRE | (\$142,761) | -8.07% |
| \$1,000 /ACRE | (\$152,361) | -6.62% |
| \$1,250 /ACRE | (\$161,961) | -5.61% |
| \$1,500 /ACRE | (\$171,561) | -4.87% |
| \$1,750 /ACRE | (\$181,161) | -4.30% |
| \$2,000 /ACRE | (\$190,761) | -3.85% |

* 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)