

TABLE 1. Basic cost information for the Causey-Lingo area,  
Roosevelt County, 2003.

| Item                            |               |                    |         |
|---------------------------------|---------------|--------------------|---------|
| Labor Wage Rate:                |               |                    |         |
| Equipment operators             |               | \$/hour            | \$7.55  |
| General & Irrigators            |               | \$/hour            | \$6.75  |
| Purchased Inputs:               |               |                    |         |
| Seed:                           |               |                    |         |
| Wheat                           |               | \$/pound           | \$0.13  |
| Grain Sorghum                   |               | \$/pound           | \$1.20  |
| Cotton                          |               | \$/pound           | \$0.56  |
| Fuel:                           |               |                    |         |
| Diesel fuel                     |               | \$/gallon          | \$1.30  |
| Gasoline                        |               | \$/gallon          | \$1.35  |
| 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                      | \$26.00       | /acre (full value) | \$0.12  |
| Personal Property Tax Rate - NR | \$/ \$1,000   | (Assessed Value)   | \$13.84 |
|                                 | - R           |                    | \$9.92  |
| Supervision Factor              | \$/labor hour |                    | \$0.50  |
| Management Rate                 |               | percent            | 7.00%   |

TABLE 1a. Overhead cost information for the Causey-Lingo area,  
Roosevelt County, 2003.

| ITEM                               |        |                        |          |
|------------------------------------|--------|------------------------|----------|
| Electricity (Domestic & Shop)      |        | \$210.00 per month     | \$2,520  |
| Telephone                          |        | \$95.00 per month      | \$1,140  |
| Accounting & Legal                 |        |                        | \$1,610  |
| Misc. Supplies & Hand Tools        |        |                        | \$2,410  |
| Pickup and Auto                    |        |                        |          |
| miles                              | 25,750 | @ \$0.365 per mile     | \$9,399  |
| Insurance                          |        |                        |          |
| - general liability (non-employee) |        |                        | \$1,750  |
| - fire/theft                       |        |                        | \$1,355  |
| Property Taxes                     |        |                        |          |
| - non-planted land                 |        |                        | \$4      |
| - other than land & machinery      |        |                        | \$630    |
| Building repairs and maintenance   |        |                        | \$1,315  |
| Dues, fees, publications           |        |                        | \$390    |
| Farmstead Equipment                |        |                        | \$175    |
|                                    |        | Total                  | \$22,698 |
|                                    |        | Total Per Planted Acre | \$18.01  |

TABLE 2. Equipment summary for a 1,280 acre, dryland farm with above average management, Causey-Lingo area, Roosevelt County, 2003.

| EQUIPMENT                   |                     |        | VARIABLE COSTS |                     |          |                  |               | FIXED COSTS  |       |                |
|-----------------------------|---------------------|--------|----------------|---------------------|----------|------------------|---------------|--------------|-------|----------------|
| ITEM & SIZE                 | ANNUAL HOURS OF USE | NUMBER | TOTAL VALUE    | FUEL, OIL LUBRICANT | REPAIR   | FUEL, OIL PER HR | REPAIR PER HR | DEPRECIATION | TAXES | TOTAL PER HOUR |
| TRACTOR 93 HP               | 680                 | 1      | \$19,240       | \$6,525             | \$5,954  | \$9.59           | \$8.75        | \$1,226      | \$99  | \$1.95         |
| TRACTOR 165 HP              | 502                 | 1      | \$31,290       | \$6,407             | \$4,046  | \$12.77          | \$8.06        | \$5,600      | \$194 | \$11.55        |
| TRUCK 2-TON                 | 373                 | 1      | \$22,000       | \$3,080             | \$0      | \$8.26           | \$0.00        | \$4,400      | \$101 | \$12.07        |
| COTTON STRIPPER 2-ROW (MTD) | 317                 | 1      | \$2,520        |                     | \$0      |                  | \$0.00        | \$767        | \$27  | \$2.50         |
| PLANTER 8-ROW               | 108                 | 1      | \$5,500        |                     | \$1,472  |                  | \$13.59       | \$1,100      | \$25  | \$10.39        |
| CULTIVATOR 8-ROW            | 145                 | 1      | \$4,000        |                     | \$325    |                  | \$2.24        | \$533        | \$18  | \$3.81         |
| DISC 18 FT OFFSET           | 139                 | 1      | \$7,500        |                     | \$582    |                  | \$4.20        | \$1,000      | \$35  | \$7.46         |
| DRILL 40 FT                 | 18                  | 1      | \$7,750        |                     | \$141    |                  | \$7.91        | \$1,550      | \$36  | \$88.84        |
| LISTER 8-ROW                | 81                  | 1      | \$3,200        |                     | \$159    |                  | \$1.95        | \$427        | \$15  | \$5.43         |
| STUBBLE MULCHER 20 FT       | 71                  | 1      | \$6,500        |                     | \$283    |                  | \$3.97        | \$867        | \$30  | \$12.56        |
| SHREDDER 4-ROW              | 137                 | 1      | \$2,500        |                     | \$345    |                  | \$2.53        | \$333        | \$12  | \$2.53         |
| SPRAYER (MTD)               | 21                  | 1      | \$1,500        |                     | \$40     |                  | \$1.89        | \$200        | \$7   | \$9.66         |
| COMBINE 145 HP              | 100                 | 1      | \$38,150       | \$1,007             | \$1,652  | \$10.08          | \$16.53       | \$7,600      | \$263 | \$78.66        |
| GRAIN HEAD 22 FT            | 100                 | 1      | \$3,100        |                     | \$128    |                  | \$1.28        | \$501        | \$17  | \$5.19         |
| ROD WEEDER 37 FT            | 63                  | 1      | \$1,150        |                     | \$45     |                  | \$0.71        | \$153        | \$5   | \$2.52         |
| CHISEL-9 PT                 | 82                  | 1      | \$1,350        |                     | \$67     |                  | \$0.82        | \$180        | \$6   | \$2.27         |
|                             |                     |        | \$157,250      | \$17,019            | \$15,239 |                  |               | \$26,438     | \$890 |                |

TABLE 3. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,280 acre farm with above average management, Causey-Lingo area, Roosevelt County, 2003.

Planting Dates: May 15 - May 30  
Harvest Dates: October 15 - November 15

| ITEM                             | PRICE      | YIELD               |        |                  |         |            |         |            | TOTAL            |
|----------------------------------|------------|---------------------|--------|------------------|---------|------------|---------|------------|------------------|
| <b>GROSS RETURNS</b>             |            |                     |        |                  |         |            |         |            |                  |
| GRAIN SORGHUM                    | \$3.95     | 15.00               | CWT    |                  |         |            |         |            | \$59.25          |
| DIRECT PAYMENT                   | \$0.625    | 15.00               | CWT    |                  |         |            |         |            | \$9.38           |
| COUNTER CYCLICAL PAYMENT         | \$0.00     | 0.00                | CWT    |                  |         |            |         |            | \$0.00           |
| GRAZING                          | \$5.00     | 1                   | ACRE   |                  |         |            |         |            | \$5.00           |
| <b>TOTAL</b>                     |            |                     |        |                  |         |            |         |            | <b>\$73.63</b>   |
| <b>PURCHASED INPUTS</b>          |            |                     |        |                  |         |            |         |            |                  |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            |        | PURCHASED INPUTS |         |            |         |            | TOTAL            |
| SEED                             | \$1.20     | 3                   | LBS    | \$3.60           |         |            |         |            | \$3.60           |
| INSECTICIDE                      | \$15.88    | 1                   | X/ACRE | \$15.88          |         |            |         |            | \$15.88          |
| CROP INSURANCE                   | \$0.14     |                     |        | \$0.14           |         |            |         |            | \$0.14           |
| <b>SUBTOTAL</b>                  |            |                     |        | <b>\$19.62</b>   |         |            |         |            | <b>\$19.62</b>   |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |        |                  |         |            |         |            |                  |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE |        | PURCHASED INPUTS | LABOR   | FUEL & OIL | REPAIRS | FIXED COST | TOTAL            |
| DISC                             | 165 HP     | 0.11                | HR     |                  | \$0.83  | \$1.40     | \$1.35  | \$2.09     | \$5.68           |
| STUBBLE MULCH                    | 165 HP     | 0.10                | HR     |                  | \$0.76  | \$1.28     | \$1.20  | \$2.41     | \$5.65           |
| LISTER                           | 165 HP     | 0.09                | HR     |                  | \$0.68  | \$1.15     | \$0.90  | \$1.53     | \$4.26           |
| ROD WEED                         | 165 HP     | 0.05                | HR     |                  | \$0.38  | \$0.64     | \$0.44  | \$0.70     | \$2.16           |
| PLANTER                          | 93 HP      | 0.12                | HR     |                  | \$0.91  | \$1.15     | \$2.68  | \$1.48     | \$6.22           |
| CULTIVATOR                       | 93 HP      | 0.10                | HR     |                  | \$0.76  | \$0.96     | \$1.10  | \$0.58     | \$3.39           |
| SPRAYER                          | 93 HP      | 0.06                | HR     |                  | \$0.45  | \$0.58     | \$0.64  | \$0.70     | \$2.36           |
| <b>SUBTOTAL</b>                  |            | 0.63                | HR     |                  | \$4.76  | \$7.16     | \$8.31  | \$9.49     | \$29.71          |
| <b>HARVEST OPERATIONS</b>        |            |                     |        |                  |         |            |         |            |                  |
| COMBINE                          |            | 0.14                | HR     |                  | \$1.06  | \$1.41     | \$2.49  | \$11.74    | \$16.70          |
| HAUL                             | 2 TON      | 0.14                | HR     |                  | \$1.06  | \$1.16     | \$0.00  | \$1.69     | \$3.90           |
| <b>SUBTOTAL</b>                  |            | 0.28                | HR     |                  | \$2.11  | \$2.57     | \$2.49  | \$13.43    | \$20.60          |
| <b>OVERHEAD EXPENSES</b>         |            |                     |        |                  |         |            |         |            |                  |
| DOWNTIME                         |            | 0.12                | HR     |                  | \$0.89  |            |         |            | \$0.89           |
| EMPLOYEE BENEFITS                |            |                     |        |                  | \$1.24  |            |         |            | \$1.24           |
| INSURANCE                        |            |                     |        |                  | \$0.14  |            |         |            | \$0.14           |
| LAND TAXES                       |            |                     |        |                  |         |            |         | \$0.12     | \$0.12           |
| SUPERVISION AND MANAGEMENT       |            |                     |        |                  | \$5.53  |            |         |            | \$5.53           |
| OTHER EXPENSES                   |            |                     |        |                  | \$18.01 |            |         |            | \$18.01          |
| <b>SUBTOTAL</b>                  |            | 0.12                | HR     |                  | \$18.15 | \$7.65     |         | \$0.12     | \$25.92          |
| <b>TOTAL OPERATING EXPENSES</b>  |            | 1.03                | HR     |                  | \$37.78 | \$14.52    | \$9.72  | \$10.80    | \$95.86          |
| <b>NET OPERATING PROFIT</b>      |            |                     |        |                  |         |            |         |            | <b>(\$22.24)</b> |
| INTEREST ON OPERATING CAPITAL    | (          | \$14.10             | @      | 8.00%            | )       |            |         |            | \$1.13           |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |        |                  |         |            |         |            | \$12.42          |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |        |                  |         |            |         |            | <b>(\$35.78)</b> |

**BUDGET SUMMARY**

|                               |         |           |   |
|-------------------------------|---------|-----------|---|
| GROSS RETURN                  |         | \$73.63   |   |
| VARIABLE OPERATING EXPENSES   | \$58.30 |           |   |
| RETURN OVER VARIABLE EXPENSES |         | \$15.32   | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$23.03 |           |   |
| NET FARM INCOME               |         | (\$7.71)  | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$14.52 |           |   |
| NET OPERATING PROFIT          |         | (\$22.24) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$13.55 |           |   |
| RETURN TO LAND AND RISK       |         | (\$35.78) |   |

TABLE 4. Upland cotton (stripper), dryland, budgeted per acre costs and returns for a 1,280 acre farm with above average management, Causey-Lingo area, Roosevelt County, 2003.

Planting Dates: May 1 - June 10

Harvest Dates: October 15 - November 15

| ITEM                             | PRICE      | YIELD               |   |                  |         |            |         |            | TOTAL    |
|----------------------------------|------------|---------------------|---|------------------|---------|------------|---------|------------|----------|
| <b>GROSS RETURNS</b>             |            |                     |   |                  |         |            |         |            |          |
| LINT                             | \$0.520    | 500                 | LBS                                     |                  |         |            |         |            | \$260.00 |
| SEED                             | \$0.08     | 800                 | LBS                                     |                  |         |            |         |            | \$60.00  |
| DIRECT PAYMENT                   | \$0.0667   | 500                 | LBS                                     |                  |         |            |         |            | \$33.35  |
| COUNTER CYCLICAL PAYMENT         | \$0.1373   | 250                 | LBS                                     |                  |         |            |         |            | \$34.33  |
| TOTAL                            |            |                     |   |                  |         |            |         |            | \$387.68 |
| <b>PURCHASED INPUTS</b>          |            |                     |   |                  |         |            |         |            |          |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            |   | PURCHASED INPUTS |         |            |         |            | TOTAL    |
| SEED                             | \$0.56     | 15                  | LBS                                     | \$8.40           |         |            |         |            | \$8.40   |
| INSECTICIDE (CUSTOM)             | \$20.01    | 1                   | X/ACRE                                  | \$20.01          |         |            |         |            | \$20.01  |
| CROP INSURANCE                   | \$0.09     |                     |   | \$0.09           |         |            |         |            | \$0.09   |
| SUBTOTAL                         |            |                     |   | \$28.50          |         |            |         |            | \$28.50  |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |   |                  |         |            |         |            |          |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE |   | PURCHASED INPUTS | LABOR   | FUEL & OIL | REPAIRS | FIXED COST | TOTAL    |
| CHISEL                           | 165 HP     | 0.15                | HR                                      |                  | \$1.13  | \$1.92     | \$1.33  | \$2.07     | \$6.45   |
| DISC                             | 165 HP     | 0.11                | HR                                      |                  | \$0.83  | \$1.40     | \$1.35  | \$2.09     | \$5.68   |
| LISTER                           | 165 HP     | 0.09                | HR                                      |                  | \$0.68  | \$1.15     | \$0.90  | \$1.53     | \$4.26   |
| ROD WEED                         | 165 HP     | 0.05                | HR                                      |                  | \$0.38  | \$0.64     | \$0.44  | \$0.70     | \$2.16   |
| PLANTER                          | 165 HP     | 0.12                | HR                                      |                  | \$0.91  | \$1.53     | \$2.60  | \$2.63     | \$7.67   |
| CULTIVATOR (2X)                  | 93 HP      | 0.20                | HR                                      |                  | \$1.51  | \$1.92     | \$2.20  | \$1.15     | \$6.78   |
| HAND HOE (CUSTOM)                |            |                     |   | \$6.00           |         |            |         |            | \$6.00   |
| SUBTOTAL                         |            | 0.72                | HR                                      | \$6.00           | \$5.44  | \$8.56     | \$8.82  | \$10.18    | \$38.99  |
| <b>HARVEST OPERATIONS</b>        |            |                     |   |                  |         |            |         |            |          |
| COTTON STRIPPER (MTD)            | 93 HP      | 0.58                | HR                                      |                  | \$4.38  | \$5.56     | \$5.08  | \$2.58     | \$17.60  |
| HAUL                             | 2 TON      | 0.50                | HR                                      |                  | \$3.78  | \$4.13     | \$0.00  | \$6.03     | \$13.94  |
| GIN COTTON (CUSTOM)              |            |                     |   | \$76.80          |         |            |         |            | \$76.80  |
| SUBTOTAL                         |            | 1.08                | HR                                      | \$76.80          | \$8.15  | \$9.69     | \$5.08  | \$8.62     | \$108.34 |
| <b>POST HARVEST OPERATIONS</b>   |            |                     |   |                  |         |            |         |            |          |
| SHREDDER                         | 93 HP      | 0.25                | HR                                      |                  | \$1.89  | \$2.40     | \$2.82  | \$1.12     | \$8.22   |
| <b>OVERHEAD EXPENSES</b>         |            |                     |   |                  |         |            |         |            |          |
| DOWNTIME                         |            | 0.47                | HR                                      |                  | \$3.57  |            |         |            | \$3.57   |
| EMPLOYEE BENEFITS                |            |                     |   |                  | \$2.79  |            |         |            | \$2.79   |
| INSURANCE                        |            |                     |   | \$0.31           |         |            |         |            | \$0.31   |
| LAND TAXES                       |            |                     |   |                  |         |            | \$0.12  |            | \$0.12   |
| SUPERVISION AND MANAGEMENT       |            |                     |   |                  | \$28.08 |            |         |            | \$28.08  |
| OTHER EXPENSES                   |            |                     |   | \$18.01          |         |            |         |            | \$18.01  |
| SUBTOTAL                         |            | 0.47                | HR                                      | \$18.32          | \$34.44 |            |         | \$0.12     | \$52.88  |
| TOTAL OPERATING EXPENSES         |            | 2.52                | HR                                      | \$129.62         | \$49.91 | \$20.65    | \$16.72 | \$20.04    | \$236.94 |
| NET OPERATING PROFIT             |            |                     |   |                  |         |            |         |            | \$150.74 |
| INTEREST ON OPERATING CAPITAL    | (          | \$21.13             | @                                       | 8.00%            | )       |            |         |            | \$1.69   |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |   |                  |         |            |         |            | \$9.01   |
| RETURN TO LAND AND RISK          |            |                     |   |                  |         |            |         |            | \$140.04 |
| <b>BUDGET SUMMARY</b>            |            |                     |   |                  |         |            |         |            |          |
| GROSS RETURN                     |            |                     |   | \$387.68         |         |            |         |            |          |
| VARIABLE OPERATING EXPENSES      | \$166.99   |                     |   |                  |         |            |         |            |          |
| RETURN OVER VARIABLE EXPENSES    |            | \$220.69            | (GROSS MARGIN)                          |                  |         |            |         |            |          |
| FIXED EXPENSES                   | \$20.04    |                     |   |                  |         |            |         |            |          |
| NET FARM INCOME                  |            | \$200.65            | (RETURN TO CAPITAL, LABOR, LAND & RISK) |                  |         |            |         |            |          |
| LABOR AND MANAGEMENT COST        | \$49.91    |                     |   |                  |         |            |         |            |          |
| NET OPERATING PROFIT             |            | \$150.74            | (RETURN TO CAPITAL, LAND & RISK)        |                  |         |            |         |            |          |
| CAPITAL COSTS                    | \$10.70    |                     |   |                  |         |            |         |            |          |
| RETURN TO LAND AND RISK          |            | \$140.04            |   |                  |         |            |         |            |          |

TABLE 5. Wheat, dryland, budgeted per acre costs and returns for a 1,280 acre farm with above average management, Causey-Lingo area, Roosevelt County, 2003.  
 Planting dates: August 15 - September 15  
 Harvesting dates: June 1 - June 25

| ITEM                             | PRICE      | YIELD               |        |                  |        |            |         |            | TOTAL            |
|----------------------------------|------------|---------------------|--------|------------------|--------|------------|---------|------------|------------------|
| <b>GROSS RETURNS</b>             |            |                     |        |                  |        |            |         |            |                  |
| WHEAT                            | \$3.45     | 9.20                | BUSHEL |                  |        |            |         |            | \$31.74          |
| DIRECT PAYMENT                   | \$0.52     | 18.00               | BUSHEL |                  |        |            |         |            | \$9.36           |
| COUNTER CYCLICAL PAYMENT         | \$0.00     |                     |        |                  |        |            |         |            | \$0.00           |
| GRAZING                          | \$10.00    | 1.00                | ACRE   |                  |        |            |         |            | \$10.00          |
| <b>TOTAL</b>                     |            |                     |        |                  |        |            |         |            | <b>\$51.10</b>   |
| <b>PURCHASED INPUTS</b>          |            |                     |        |                  |        |            |         |            |                  |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            |        | PURCHASED INPUTS |        |            |         |            | TOTAL            |
| SEED                             | \$0.13     | 30                  | LB     | \$3.90           |        |            |         |            | \$3.90           |
| CROP INSURANCE                   | \$0.14     |                     |        | \$0.14           |        |            |         |            | \$0.14           |
|                                  |            |                     |        | \$4.04           |        |            |         |            | \$4.04           |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE |        | PURCHASED INPUTS | LABOR  | FUEL & OIL | REPAIRS | FIXED COST | TOTAL            |
| STUBBLE MULCH                    | 165 HP     | 0.10                | HR     |                  | \$0.76 | \$1.28     | \$1.20  | \$2.41     | \$5.65           |
| DISC                             | 165 HP     | 0.11                | HR     |                  | \$0.83 | \$1.40     | \$1.35  | \$2.09     | \$5.68           |
| RODWEED                          | 165 HP     | 0.05                | HR     |                  | \$0.38 | \$0.64     | \$0.44  | \$0.70     | \$2.16           |
| DRILL                            | 93 HP      | 0.05                | HR     |                  | \$0.38 | \$0.48     | \$0.83  | \$4.54     | \$6.23           |
| <b>SUBTOTAL</b>                  |            | 0.31                | HR     |                  | \$2.34 | \$3.80     | \$3.82  | \$9.74     | \$19.71          |
| <b>HARVEST OPERATIONS</b>        |            |                     |        |                  |        |            |         |            |                  |
| COMBINE                          |            | 0.14                | HR     |                  | \$1.06 | \$1.41     | \$2.49  | \$11.74    | \$16.70          |
| HAUL                             | 2 TON      | 0.14                | HR     |                  | \$1.06 | \$1.16     | \$0.00  | \$1.69     | \$3.90           |
| <b>SUBTOTAL</b>                  |            | 0.28                | HR     |                  | \$2.11 | \$2.57     | \$2.49  | \$13.43    | \$20.60          |
| <b>OVERHEAD EXPENSES</b>         |            |                     |        |                  |        |            |         |            |                  |
| DOWNTIME                         |            | 0.10                | HR     |                  | \$0.76 |            |         |            | \$0.76           |
| EMPLOYEE BENEFITS                |            |                     |        |                  | \$0.80 |            |         |            | \$0.80           |
| INSURANCE                        |            |                     |        | \$0.09           |        |            |         | \$0.09     |                  |
| LAND TAXES                       |            |                     |        |                  |        |            | \$0.12  | \$0.12     |                  |
| SUPERVISION AND MANAGEMENT       |            |                     |        |                  | \$3.73 |            |         |            | \$3.73           |
| OTHER EXPENSES                   |            |                     |        | \$18.01          |        |            |         | \$18.01    |                  |
| <b>SUBTOTAL</b>                  |            | 0.10                | HR     | \$18.10          | \$5.29 |            |         |            | \$23.51          |
| <b>TOTAL OPERATING EXPENSES</b>  |            | 0.41                | HR     | \$22.00          | \$9.74 | \$6.37     | \$6.32  | \$23.29    | \$67.72          |
| <b>NET OPERATING PROFIT</b>      |            |                     |        |                  |        |            |         |            | (\$16.62)        |
| INTEREST ON OPERATING CAPITAL    | (          | \$4.28              | @      | 8.00%            |        |            |         | )          | \$0.34           |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |        |                  |        |            |         |            | \$12.22          |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |        |                  |        |            |         |            | <b>(\$29.19)</b> |

**BUDGET SUMMARY**

|                               |         |           |   |
|-------------------------------|---------|-----------|---|
| GROSS RETURN                  |         | \$51.10   |   |
| VARIABLE OPERATING EXPENSES   | \$34.69 |           |   |
| RETURN OVER VARIABLE EXPENSES |         | \$16.41   | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$23.29 |           |   |
| NET FARM INCOME               |         | (\$6.88)  | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$9.74  |           |   |
| NET OPERATING PROFIT          |         | (\$16.62) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$12.57 |           |   |
| RETURN TO LAND AND RISK       |         | (\$29.19) |   |

TABLE 6. Summary of per acre costs and returns for a 1,280 acre farm  
with above average management, Causey-Lingo area, Roosevelt  
County, 2002.

|                                  | GRAIN<br>SORGHUM  | STRIPPER<br>COTTON | WHEAT     |
|----------------------------------|-------------------|--------------------|-----------|
|                                  | -----DRYLAND----- |                    |           |
|                                  | CWT               | LBS                | BU        |
| PRIMARY YIELD                    | 15.00             | 500.00             | 9.20      |
| PRIMARY PRICE                    | 3.95              | 0.52               | 3.45      |
| GOVERNMENT PAYMENTS              | 9.38              | 33.35              | 9.36      |
| SECOND INCOME                    | 5.00              | 60.00              | 10.00     |
| GROSS RETURN                     | \$73.63           | \$387.68           | \$51.10   |
| CASH OPERATING EXPENSES          |                   |                    |           |
| SEED                             | \$3.60            | \$8.40             | \$3.90    |
| FERTILIZER                       |                   |                    |           |
| CHEMICALS                        | \$15.88           | \$20.01            |           |
| CROP INSURANCE                   | \$0.14            | \$0.09             | \$0.14    |
| OTHER PURCHASED INPUTS           |                   |                    |           |
| CANAL WATER                      |                   |                    |           |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$9.72            | \$20.65            | \$6.37    |
| FUEL-IRRIGATION                  |                   |                    |           |
| REPAIRS                          | \$10.80           | \$16.72            | \$6.32    |
| CUSTOM CHARGES                   | \$0.00            | \$82.80            | \$0.00    |
| LAND TAXES                       | \$0.12            | \$0.12             | \$0.12    |
| OTHER EXPENSES                   | \$18.15           | \$18.32            | \$18.10   |
| TOTAL CASH EXPENSES              | \$58.42           | \$167.11           | \$34.95   |
| RETURN OVER CASH EXPENSES        | \$15.20           | \$220.57           | \$16.15   |
| FIXED EXPENSES                   | \$22.91           | \$19.92            | \$23.17   |
| TOTAL EXPENSES                   | \$81.34           | \$187.02           | \$58.12   |
| NET FARM INCOME                  | (\$7.71)          | \$200.65           | (\$7.02)  |
| LABOR AND MANAGEMENT COSTS       | \$14.52           | \$49.91            | \$9.74    |
| NET OPERATING PROFIT             | (\$22.24)         | \$150.74           | (\$16.76) |
| CAPITAL COSTS                    |                   |                    |           |
| INTEREST ON OPERATING CAPITAL    | \$1.13            | \$1.69             | \$0.34    |
| INTEREST ON EQUIPMENT INVESTMENT | \$12.42           | \$9.01             | \$12.22   |
| TOTAL CAPITAL COSTS              | \$13.55           | \$10.70            | \$12.57   |
| RETURN TO LAND AND RISK          | (\$35.78)         | \$140.04           | (\$29.33) |

TABLE 7. Whole farm summary, Causey-Lingo area, Roosevelt County, 2002.

|                                  |           |           |
|----------------------------------|-----------|-----------|
| GROSS RETURNS                    |           |           |
| GRAIN SORGHUM                    | 357 ACRES |           |
| CROP                             |           | \$21,152  |
| GRAZING                          |           | \$1,785   |
| DIRECT PAYMENT                   |           | \$3,347   |
| COUNTER CYCLICAL PAYMENT         |           | \$0       |
| COTTON                           | 546 ACRES |           |
| LINT                             |           | \$141,960 |
| SEED                             |           | \$32,760  |
| DIRECT PAYMENT                   |           | \$11,906  |
| WHEAT                            | 357 ACRES |           |
| CROP                             |           | \$11,331  |
| GRAZING                          |           | \$3,570   |
| DIRECT PAYMENT                   |           | \$3,342   |
| COUNTER CYCLICAL PAYMENT         |           | \$0       |
| GROSS RETURN                     |           | \$231,153 |
| CASH OPERATING EXPENSES          |           |           |
| SEED                             |           | \$7,264   |
| FERTILIZER                       |           | \$0       |
| CHEMICALS                        |           | \$16,594  |
| CROP INSURANCE                   |           | \$150     |
| OTHER PURCHASED INPUTS           |           | \$0       |
| CANAL WATER                      |           | \$0       |
| FUEL, OIL & LUBRICANTS-EQUIPMENT |           | \$17,019  |
| FUEL-IRRIGATION                  |           | \$0       |
| REPAIRS                          |           | \$15,239  |
| CUSTOM CHARGES                   |           | \$45,209  |
| LAND TAXES                       |           | \$151     |
| OTHER EXPENSES                   |           | \$22,948  |
| TOTAL CASH EXPENSES              |           | \$124,574 |
| RETURN OVER CASH EXPENSES        |           | \$106,578 |
| FIXED EXPENSES                   |           | \$27,328  |
| TOTAL EXPENSES                   |           | \$151,902 |
| NET FARM INCOME                  |           | \$79,251  |
| LABOR AND MANAGEMENT COSTS       |           | \$35,916  |
| NET OPERATING PROFIT             |           | \$43,335  |
| CAPITAL COSTS                    |           |           |
| INTEREST ON OPERATING CAPITAL    |           | \$1,448   |
| INTEREST ON EQUIPMENT INVESTMENT |           | \$13,717  |
| TOTAL CAPITAL COSTS              |           | \$15,165  |
| RETURN TO LAND AND RISK          |           | \$28,170  |

| LAND VALUE  | RETURN TO RISK* | RETURN ON INVESTMENT** |
|-------------|-----------------|------------------------|
| \$150 /ACRE | \$20,490        | 12.41%                 |
| \$200 /ACRE | \$17,930        | 10.49%                 |
| \$250 /ACRE | \$15,370        | 9.08%                  |
| \$300 /ACRE | \$12,810        | 8.01%                  |
| \$350 /ACRE | \$10,250        | 7.16%                  |
| \$400 /ACRE | \$7,690         | 6.48%                  |

\* 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)