

TABLE 1. Basic cost information for Lea County, 2002.

Item		
Labor Wage Rate:		
Equipment operators	\$/hour	\$7.55
General & Irrigators	\$/hour	\$6.75
Purchased Inputs:		
Fertilizer:		
Nitrogen (N)	\$/pound	\$0.32
Phosphate (P205)	\$/pound	\$0.30
Seed:		
Wheat	\$/pound	\$0.16
Grain Sorghum	\$/pound	\$1.11
Fuel:		
Diesel fuel	\$/gallon	\$1.05
Gasoline	\$/gallon	\$1.00
Employee Liability Insurance	\$/ \$1,000 wages	\$20.00
Employee Benefits	percent/wages	18.00%
Labor Downtime	percent	25.00%
Financial Rates:		
Operating Capital Interest Rate	percent	8.00%
Land Interest Rate	percent	7.50%
Equipment Interest Rate	percent	8.00%
Real Interest Rate	percent	4.00%
Land Taxes	\$40.00 /acre (full value)	\$0.29
Personal Property Tax Rate - NR	\$/ \$1,000 (Assessed Value)	\$21.61
- R		\$19.62
Supervision Factor	\$/labor hour	\$0.50
Management Rate	percent	7.00%

BUDGET AREA..... SOUTHERN HIGH PLAINS, LEA COUNTY, 2002.  
 FARM SIZE..... 1600 ACRES  
 IRRIGATION TYPE..... DRYLAND  
 NUMBER OF CROPS... 2

ACREAGE SUMMARY:	LAND USE (ACRES)
WHEAT	680.00
ARP	0.00
FLEX IN WHEAT	120.00
GRAIN SORGHUM	646.00
ARP	0.00
FLEX IN WHEAT	114.00
FALLOW	0.00
ROADS, HOMESTEAD	40.00
<b>TOTAL</b>	<b>1600.00</b>

TABLE 1a. Overhead cost information for Lea County, 2002.

ITEM			
Electricity (Domestic & Shop)		\$205.00 per month	\$2,460
Telephone		\$105.00 per month	\$1,260
Accounting & Legal			\$1,505
Misc. Supplies & Hand Tools			\$2,260
Pickup and Auto			
miles	31,000	@ \$0.345 per mile	\$10,695
Insurance			
- general liability (non-employee)			\$1,580
- fire/theft			\$1,250
Property Taxes			
- non-planted land			\$12
- other than land & machinery			\$925
Building repairs and maintenance			\$1,200
Dues, fees, publications			\$360
Farmstead Equipment			\$155
		<b>Total</b>	<b>\$23,662</b>
		<b>Total per planted acre</b>	<b>\$15.17</b>

TABLE 2. Equipment summary for a 1600 acre dryland farm with above average management, Lea County, 2002.

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 226 HP	344	1	\$82,930	\$4,678	\$1,490	\$13.61	\$4.33	\$9,628	\$520	\$29.52
TRUCK 2-TON	218	1	\$11,500	\$1,457	\$1,759	\$6.67	\$8.05	\$2,300	\$83	\$10.91
COMBINE 145 HP	218	1	\$57,005	\$1,915	\$5,392	\$8.77	\$24.69	\$7,600	\$411	\$36.68
GRAIN HEAD 22 FT	218	1	\$4,150		\$513		\$2.35	\$501	\$27	\$2.42
CULTIVATOR 12-ROW	78	1	\$5,000		\$236		\$3.05	\$667	\$36	\$9.06
CHISEL 40 FT	91	1	\$6,750		\$350		\$3.85	\$900	\$49	\$10.43
SPRAYER 12-ROW	45	1	\$2,250		\$199		\$4.41	\$300	\$16	\$6.99
PLANTER 12-ROW	52	1	\$8,500		\$861		\$16.66	\$1,700	\$61	\$34.08
DRILL 40 FT	46	1	\$7,750		\$645		\$14.11	\$1,550	\$56	\$35.14
FERT SPREADER DEALER FURN	78	1								
			\$185,835	\$8,050	\$11,445			\$25,147	\$1,259	

TABLE 3. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County, 2002.  
 Planting dates: August 15 - September 30  
 Harvest dates: June 15 - July 5

ITEM	PRICE	YIELD							TOTAL	
<b>GROSS RETURNS</b>										
WHEAT	\$3.40	20.00	BUSHELS						\$68.00	
ASCS DEFICIENCY	\$0.474	20.00	BUSHELS						\$9.48	
ASCS DIVERSION	\$0.00								\$0.00	
<b>TOTAL</b>									<b>\$77.48</b>	
<b>PURCHASED INPUTS</b>										
PURCHASED INPUTS	PRICE	QUANTITY		PURCHASED INPUTS					TOTAL	
SEED	\$0.16	30	LBS	\$4.80					\$4.80	
NITROGEN (N)	\$0.32	16	LBS	\$5.12					\$5.12	
PHOSPHATE (P205)	\$0.30	20	LBS	\$6.00					\$6.00	
INSECTICIDE	\$16.59	1	X/ACRE	\$16.59					\$16.59	
CROP INSURANCE	\$0.05			\$0.05					\$0.05	
<b>SUBTOTAL</b>									<b>\$32.56</b>	
<b>PREHARVEST OPERATIONS</b>										
PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE		PURCHASED INPUTS	LABOR	FUEL & OIL	REPAIRS	FIXED COST	TOTAL	
CHISEL	225 HP	0.05	HR		\$0.38	\$0.68	\$0.41	\$2.00	\$3.46	
DRILL	225 HP	0.05	HR		\$0.38	\$0.68	\$0.92	\$3.23	\$5.21	
FERT SPREADER	225 HP	0.05	HR		\$0.38	\$0.68	\$0.22	\$1.48	\$2.75	
<b>SUBTOTAL</b>									<b>11.43</b>	
<b>HARVEST OPERATIONS</b>										
COMBINE		0.14	HR		\$1.06	\$1.23	\$3.56	\$5.47	\$11.32	
HAUL	2 TON	0.14	HR		\$1.06	\$0.93	\$0.96	\$1.53	\$4.48	
<b>SUBTOTAL</b>									<b>\$15.80</b>	
<b>OVERHEAD EXPENSES</b>										
DOWNTIME		0.11	HR		\$0.81				\$0.81	
EMPLOYEE BENEFITS					\$0.58				\$0.58	
INSURANCE					\$0.06				\$0.06	
LAND TAXES							\$0.29		\$0.29	
SUPERVISION AND MANAGEMENT					\$8.33				\$8.33	
OTHER EXPENSES					\$15.17				\$15.17	
<b>SUBTOTAL</b>									<b>\$25.24</b>	
<b>TOTAL OPERATING EXPENSES</b>		<b>0.54</b>	<b>HR</b>		<b>\$47.79</b>	<b>\$12.97</b>	<b>\$4.20</b>	<b>\$6.07</b>	<b>\$14.00</b>	<b>\$85.03</b>
<b>NET OPERATING PROFIT</b>									<b>(\$7.55)</b>	
INTEREST ON OPERATING CAPITAL ( \$17.74 @ 8.00% )									\$1.42	
INTEREST ON EQUIPMENT INVESTMENT									\$7.20	
<b>RETURN TO LAND AND RISK</b>									<b>(\$16.17)</b>	

**BUDGET SUMMARY**

GROSS RETURN		\$77.48	
VARIABLE OPERATING EXPENSES	\$58.06		
RETURN OVER VARIABLE EXPENSES		\$19.42	(GROSS MARGIN)
FIXED EXPENSES	\$14.00		
NET FARM INCOME		\$5.42	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$12.97		
NET OPERATING PROFIT		(\$7.55)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$8.62		
RETURN TO LAND AND RISK		(\$16.17)	

TABLE 4. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County, 2002.  
 Planting dates: May 15 - June 10  
 Harvest dates: October 15 - November 15

ITEM	PRICE	YIELD						TOTAL	
<b>GROSS RETURNS</b>									
GRAIN SORGHUM	\$3.75	12.00	CWT					\$45.00	
ASCS DIVERSION	\$0.00	0.00	CWT					\$0.00	
ASCS DEFICIENCY	\$0.58	12.00	CWT					\$6.96	
<b>TOTAL</b>								<b>\$51.96</b>	
<b>PURCHASED INPUTS</b>									
PURCHASED INPUTS	PRICE	QUANTITY		PURCHASED INPUTS				TOTAL	
SEED	\$1.11	3	LBS	\$3.33				\$3.33	
NITROGEN (N)	\$0.32	16	LBS	\$5.12				\$5.12	
PHOSPHATE (P205)	\$0.30	20	LBS	\$6.00				\$6.00	
HERBICIDE	\$18.38	1	X/ACRE	\$18.38				\$18.38	
CROP INSURANCE	\$0.08			\$0.08				\$0.08	
<b>SUBTOTAL</b>				<b>\$32.90</b>				<b>\$32.90</b>	
<b>PREHARVEST OPERATIONS</b>									
PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE		PURCHASED INPUTS	LABOR	FUEL & OIL	REPAIRS	FIXED COST	TOTAL
FERT SPREADER	225 HP	0.05	HR		\$0.38	\$0.68	\$0.22	\$1.48	\$2.75
CHISEL & SPRAY	225 HP	0.07	HR		\$0.53	\$0.95	\$0.88	\$3.29	\$5.65
PLANTER	225 HP	0.08	HR		\$0.60	\$1.09	\$1.68	\$5.09	\$8.46
CULTIVATOR (2X)	225 HP	0.12	HR		\$0.91	\$1.63	\$0.89	\$4.63	\$8.05
<b>SUBTOTAL</b>		<b>0.32</b>	<b>HR</b>		<b>2.42</b>	<b>4.35</b>	<b>3.66</b>	<b>14.48</b>	<b>24.91</b>
<b>HARVEST OPERATIONS</b>									
COMBINE		0.14	HR		\$1.06	\$1.23	\$3.89	\$5.47	\$11.65
HAUL	2 TON	0.14	HR		\$1.06	\$0.93	\$1.09	\$1.53	\$4.61
<b>SUBTOTAL</b>		<b>0.28</b>	<b>HR</b>		<b>\$2.11</b>	<b>\$2.16</b>	<b>\$4.98</b>	<b>\$7.00</b>	<b>\$16.26</b>
<b>OVERHEAD EXPENSES</b>									
DOWNTIME		0.15	HR		\$1.13				\$1.13
EMPLOYEE BENEFITS					\$0.82				\$0.82
INSURANCE				\$0.09					\$0.09
LAND TAXES							\$0.29		\$0.29
SUPERVISION AND MANAGEMENT					\$7.69				\$7.69
OTHER EXPENSES				\$15.17					\$15.17
<b>SUBTOTAL</b>		<b>0.15</b>	<b>HR</b>		<b>\$15.26</b>	<b>\$9.64</b>		<b>\$0.29</b>	<b>\$25.18</b>
<b>TOTAL OPERATING EXPENSES</b>		<b>0.75</b>	<b>HR</b>		<b>\$48.16</b>	<b>\$14.17</b>	<b>\$6.52</b>	<b>\$8.64</b>	<b>\$99.25</b>
<b>NET OPERATING PROFIT</b>									<b>(\$47.29)</b>
INTEREST ON OPERATING CAPITAL	(	\$19.05	@	8.00%	)				\$1.52
INTEREST ON EQUIPMENT INVESTMENT									\$11.45
<b>RETURN TO LAND AND RISK</b>									<b>(\$60.27)</b>

**BUDGET SUMMARY**

GROSS RETURN		\$51.96	
VARIABLE OPERATING EXPENSES	\$63.32		
RETURN OVER VARIABLE EXPENSES		(\$11.36)	(GROSS MARGIN)
FIXED EXPENSES	\$21.77		
NET FARM INCOME		(\$33.13)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$14.17		
NET OPERATING PROFIT		(\$47.29)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$12.97		
RETURN TO LAND AND RISK		(\$60.27)	

TABLE 5. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, 2002.

	GRAIN	
	WHEAT	SORGHUM
	-----DRYLAND-----	
	BU	CWT
PRIMARY YIELD	20.00	12.00
PRIMARY PRICE	3.40	3.75
GOVERNMENT PAYMENTS	9.48	6.96
SECOND INCOME	0.00	0.00
GROSS RETURN	\$77.48	\$51.96
VARIABLE OPERATING EXPENSES		
SEED	\$4.80	\$3.33
FERTILIZER	\$11.12	\$11.12
CHEMICALS	\$16.59	\$18.38
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$4.20	\$6.52
FUEL-IRRIGATION		
REPAIRS	\$6.07	\$8.64
CUSTOM CHARGES	\$0.00	\$0.00
LAND TAXES	\$0.29	\$0.29
OTHER EXPENSES	\$15.23	\$15.26
TOTAL VARIABLE EXPENSES	\$58.35	\$63.61
RETURN OVER VARIABLE EXPENSES	\$19.13	(\$11.65)
FIXED EXPENSES	\$13.71	\$21.48
TOTAL EXPENSES	\$72.06	\$85.09
RETURNS TO CAPITAL, LABOR, LAND & RISK	\$5.42	(\$33.13)
LABOR AND MANAGEMENT COSTS	\$12.97	\$14.17
RETURNS TO CAPITAL, LAND & RISK	(\$7.55)	(\$47.29)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.42	\$1.52
INTEREST ON EQUIPMENT INVESTMENT	\$7.20	\$11.45
TOTAL CAPITAL COSTS	\$8.62	\$12.97
RETURN TO LAND AND RISK	(\$16.17)	(\$60.27)

TABLE 6. Whole farm summary, Lea County, 2002.

GROSS RETURNS		
WHEAT	914 ACRES	
CROP		\$62,152
ASCS DEFICIENCY		\$6,446
ASCS DIVERSION		\$0
GRAIN SORGHUM	646 ACRES	
CROP		\$29,070
ASCS DEFICIENCY		\$4,496
GROSS RETURN		\$102,165
VARIABLE OPERATING EXPENSES		
SEED		\$6,538
FERTILIZER		\$17,347
CHEMICALS		\$27,031
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$8,050
FUEL-IRRIGATION		\$0
REPAIRS		\$11,129
CUSTOM CHARGES		\$0
LAND TAXES		\$449
OTHER EXPENSES		\$23,779
TOTAL VARIABLE EXPENSES		\$94,425
RETURN OVER VARIABLE EXPENSES		\$7,740
FIXED EXPENSES		\$26,405
TOTAL EXPENSES		\$120,830
NET FARM INCOME		(\$18,666)
LABOR AND MANAGEMENT COSTS		\$21,004
NET OPERATING PROFIT		(\$39,670)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$2,281
INTEREST ON EQUIPMENT INVESTMENT		\$13,978
TOTAL CAPITAL COSTS		\$16,259
RETURN TO LAND AND RISK		(\$55,929)

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$65,529)	-9.32%
\$200 /ACRE	(\$68,729)	-7.84%
\$250 /ACRE	(\$71,929)	-6.77%
\$300 /ACRE	(\$75,129)	-5.96%
\$350 /ACRE	(\$78,329)	-5.32%

\* 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)