

TABLE 10. Summary of per acre costs and returns for a 480 acre farm with above average management, Lea County,
Actual 2004

	ALFALFA ESTABLISHMENT	ALFALFA HAY	WHEAT	STRIPPER COTTON
		TONS	BU	LBS
PRIMARY YIELD		5.95	48.00	570.00
PRIMARY PRICE		\$130.00	\$3.75	\$0.55
GOVERNMENT PAYMENTS		\$0.00	\$0.00	\$78.78
SECOND INCOME		\$0.00	\$50.00	\$59.28
GROSS RETURN		\$773.50	\$230.00	\$451.56
CASH OPERATING EXPENSES				
SEED	\$86.40		\$21.60	\$14.40
FERTILIZER	\$65.40	\$27.90	\$51.70	\$25.20
CHEMICALS		\$26.88		\$30.27
CROP INSURANCE			\$0.47	\$0.35
OTHER PURCHASED INPUTS		\$18.94		
CANAL WATER				
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$21.87	\$50.38	\$15.28	\$50.18
FUEL-IRRIGATION	\$7.95	\$55.64	\$26.49	\$26.49
REPAIRS	\$10.16	\$20.73	\$7.95	\$25.22
CUSTOM CHARGES			\$20.35	\$127.27
LAND TAXES		\$0.85	\$0.85	\$0.85
OTHER EXPENSES	\$0.22	\$67.59	\$67.23	\$67.46
TOTAL CASH EXPENSES	\$191.99	\$268.91	\$211.93	\$367.71
RETURN OVER CASH EXPENSES	(\$191.99)	\$504.59	\$18.07	\$83.85
FIXED EXPENSES	\$30.88	\$151.67	\$36.56	\$77.95
TOTAL EXPENSES	\$222.87	\$420.58	\$248.49	\$445.66
RETURNS TO CAPITAL, LABOR, LAND & RISK	(\$222.87)	\$352.92	(\$18.49)	\$5.89
LABOR AND MANAGEMENT COSTS	\$32.14	\$101.02	\$35.90	\$69.19
RETURNS TO CAPITAL, LAND & RISK	(\$255.01)	\$251.90	(\$54.39)	(\$63.30)
CAPITAL COSTS				
INTEREST ON OPERATING CAPITAL		\$3.61	\$3.19	\$4.00
INTEREST ON EQUIPMENT INVESTMENT		\$20.23	\$5.56	\$14.76
TOTAL CAPITAL COSTS	\$0.00	\$23.84	\$8.74	\$18.77
RETURN TO LAND AND RISK	(\$255.01)	\$228.06	(\$63.13)	(\$82.07)

TABLE 11. Whole farm summary, Lea County,
Actual 2004

GROSS RETURNS		
ALFALFA HAY	125.00 ACRES	
CROP		\$96,688
WHEAT	106.25 ACRES	
CROP		\$19,125
GRAZING		\$5,313
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$0
COTTON	143.75 ACRES	
LINT		\$45,066
SEED		\$8,522
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$11,324
GROSS RETURN		<u>\$186,036</u>
CASH OPERATING EXPENSES		
SEED		\$6,179
FERTILIZER		\$13,977
CHEMICALS		\$7,712
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$2,368
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$15,595
FUEL-IRRIGATION		\$13,745
REPAIRS		\$7,275
CUSTOM CHARGES		\$20,458
LAND TAXES		\$320
OTHER EXPENSES		\$25,293
TOTAL CASH EXPENSES		<u>\$113,022</u>
RETURN OVER CASH EXPENSES		\$73,014
FIXED EXPENSES		\$29,384
TOTAL EXPENSES		\$142,406
NET FARM INCOME		\$43,630
LABOR AND MANAGEMENT COSTS		\$27,064
NET OPERATING PROFIT		\$16,566
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$1,365
INTEREST ON EQUIPMENT INVESTMENT		\$5,242
TOTAL CAPITAL COSTS		<u>\$6,607</u>
RETURN TO LAND AND RISK		<u>\$9,959</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$500 /ACRE	\$2,759	3.70%
\$700 /ACRE	(\$121)	3.05%
\$900 /ACRE	(\$3,001)	2.59%
\$1,100 /ACRE	(\$5,881)	2.25%
\$1,300 /ACRE	(\$8,761)	1.99%
\$1,500 /ACRE	(\$11,641)	1.79%

* 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)