

TABLE 9. Summary of per acre costs and returns for an 800 acre farm, San Jon-Nara Visa area, Quay County
Actual 2004

	ALFALFA ESTABLISHMENT	ALFALFA HAY	GRAIN SORGHUM	WHEAT
		TONS	CWT	BU
PRIMARY YIELD		1.50	16.00	14.00
PRIMARY PRICE		\$120.00	\$3.70	\$3.75
GOVERNMENT PAYMENTS		\$0.00	\$0.00	\$0.00
SECOND INCOME		\$12.00	\$5.00	\$2.00
GROSS RETURN		\$192.00	\$64.14	\$54.50
CASH OPERATING EXPENSES				
SEED	\$28.80		\$3.08	\$6.00
FERTILIZER	\$7.20			
CHEMICALS				
CROP INSURANCE			\$0.13	\$0.15
OTHER PURCHASED INPUTS	\$0.04	\$28.45	\$0.13	\$0.12
CANAL WATER				
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$4.06	\$11.83	\$12.86	\$13.38
FUEL-IRRIGATION				
REPAIRS	\$1.36	\$1.66	\$4.18	\$4.73
CUSTOM CHARGES	\$4.50	\$0.00		
LAND TAXES		\$0.33	\$0.33	\$0.33
OTHER EXPENSES		\$31.46	\$31.46	\$31.46
TOTAL CASH EXPENSES	\$45.95	\$73.72	\$52.16	\$56.16
RETURN OVER CASH EXPENSES	(\$45.95)	\$118.28	\$11.99	(\$1.66)
FIXED EXPENSES	\$5.92	\$43.74	\$27.72	\$36.85
TOTAL EXPENSES	\$51.87	\$117.46	\$79.88	\$93.01
NET FARM INCOME	(\$51.87)	\$74.54	(\$15.73)	(\$38.51)
LABOR AND MANAGEMENT COSTS	\$6.98	\$26.38	\$15.28	\$10.23
NET OPERATING PROFIT	(\$58.86)	\$48.17	(\$31.01)	(\$48.74)
CAPITAL COSTS				
INTEREST ON OPERATING CAPITAL		\$0.95	\$0.78	\$0.42
INTEREST ON EQUIPMENT INVESTMENT		\$21.86	\$12.35	\$15.34
TOTAL CAPITAL COSTS	\$0.00	\$22.81	\$13.13	\$15.76
RETURN TO LAND AND RISK	(\$58.86)	\$25.36	(\$44.14)	(\$64.50)

TABLE 10. Whole farm summary, San Jon-Nara Visa area, Quay County,
Actual 2004

GROSS RETURNS		
ALFALFA HAY	60.00 ACRES	
CROP		\$10,800
GRAZING		\$720
GRAIN SORGHUM	400.00 ACRES	
CROP		\$23,657
GRAZING		\$2,000
DIRECT PAYMENT		\$0
WHEAT	340.00 ACRES	
CROP		\$17,850
GRAZING		\$680
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$0
GROSS RETURN		<u>\$55,707</u>
CASH OPERATING EXPENSES		
SEED		\$3,443
FERTILIZER		\$43
CHEMICALS		\$0
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$1,801
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$10,427
FUEL-IRRIGATION		\$0
REPAIRS		\$3,388
CUSTOM CHARGES		\$27
LAND TAXES		\$260
OTHER EXPENSES		\$25,167
TOTAL CASH EXPENSES		<u>\$44,656</u>
RETURN OVER CASH EXPENSES		\$11,051
FIXED EXPENSES		\$25,689
TOTAL EXPENSES		\$70,345
NET FARM INCOME		(\$14,637)
LABOR AND MANAGEMENT COSTS		\$11,215
NET OPERATING PROFIT		(\$25,853)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$511
INTEREST ON EQUIPMENT INVESTMENT		\$11,466
TOTAL CAPITAL COSTS		<u>\$11,977</u>
RETURN TO LAND AND RISK		<u>(\$37,830)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$41,430)	-10.15%
\$300 /ACRE	(\$45,030)	-6.90%
\$450 /ACRE	(\$48,630)	-5.23%
\$600 /ACRE	(\$52,230)	-4.21%
\$750 /ACRE	(\$55,830)	-3.52%
\$900 /ACRE	(\$59,430)	-3.03%

* 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)