

TABLE 1. Acreage Summary, Valencia and Souther Bernalillo Counties,
Projected 2004.

| | |
|----------------------|---|
| BUDGET AREA..... | VALENCIA & SOUTHERN BERNALILLO COUNTIES |
| FARM SIZE..... | 100 ACRES |
| IRRIGATION TYPE..... | FLOOD |
| NUMBER OF CROPS... | 4 |

| ACREAGE SUMMARY: | WATER USE | | |
|---|---------------------|-------------------|-----------------|
| | LAND USE (ACRES) | AC.IN. PER AC. | TOTAL AC.IN. |
| ALFALFA ESTABLISHMENT | 12.00 * | 12 | 144 |
| ALFALFA | 71.00 | 44 | 3,124 |
| SMALL GRAIN HAY | 10.00 | 24 | 240 |
| SORGHUM HAY | 10.00 * | 24 | 240 |
| CORN SILAGE | 10.00 | 42 | 420 |
| ROADS, HOMESTEAD | 9.00 | | |
| TOTAL | 100.00 | | 4,168 |
| ACRE FEET PER ACRE OF WATER RIGHTS | | | 3.47 |

* DOUBLE-CROPPED

TABLE 2. Basic cost information for Valencia and Southern Bernalillo Counties,
Projected 2004.

| Item | | |
|---------------------------------|-----------------------------|---|
| Labor Wage Rate: | \$/hour | \$5.15 |
| Purchased Inputs: | | |
| Fertilizer: | | |
| Nitrogen (N) | \$/pound | \$0.29 |
| Phosphate (P205) | \$/pound | \$0.20 |
| Anhydrous Ammonia (NH3) | \$/ton | \$450.00 |
| Seed: | | |
| Alfalfa | \$/pound | \$2.80 |
| Oats | \$/pound | \$0.30 |
| Corn | \$/bag | \$85.00 |
| Sorghum | \$/pound | \$1.30 |
| Baling Wire | \$/pound | \$0.38 |
| Canal water | \$/acre | \$28.00 |
| Energy: | | |
| Butane | \$/gallon | \$1.21 |
| Diesel fuel | \$/gallon | \$1.50 |
| Gasoline | \$/gallon | \$1.45 |
| Electricity | Cents/KwHr | 8.42 |
| Natural Gas | \$/MCF | \$7.23 |
| 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 | 6.50% |
| Land Interest Rate | percent | 6.00% |
| Equipment Interest Rate | percent | 6.50% |
| Real Interest Rate | percent | 4.00% |
| Land Taxes | \$483.00 /acre (full value) | \$5.33 |
| Personal Property Tax Rate | - NR - R | (\$/ \$1,000 (Assessed Value) \$33.13 \$27.12) |
| Supervision Factors | | |
| Irrigation | \$/labor hour | \$1.00 |
| Equipment & General | \$/labor hour | \$0.50 |
| Management Rate | percent | 7.00% |

TABLE 3. Overhead cost information for Valencia and Southern Bernalillo Counties,
Projected 2004.

| Item | | |
|------------------------------------|--------------------|------------------|
| Electricity (Domestic & Shop) | \$130.00 per month | \$1,560 |
| Telephone | \$90.00 per month | \$1,080 |
| Accounting & Legal | | \$540 |
| Misc. Supplies & Hand Tools | | \$545 |
| Pickup and Auto | | |
| miles | 10,300 @ | \$0.365 per mile |
| Insurance | | |
| - general liability (non-employee) | | \$1,145 |
| - fire/theft | | \$760 |
| Property Taxes | | |
| - non-planted land | | \$86 |
| - other than land & machinery | | \$335 |
| Building repairs and maintenance | | \$570 |
| Dues, fees, publications | | \$310 |
| Farmstead Equipment | | \$185 |
| Total | | \$10,876 |
| Total per planted acre | | \$119.51 |

TABLE 4. Equipment summary for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Projected 2004.

| EQUIPMENT | | ANNUAL HOURS OF USE | NUMBER | TOTAL VALUE | VARIABLE COSTS | | | FIXED COSTS | | | |
|----------------|----------------------|---------------------|--------|-------------|----------------|------------------|---------------|--------------|---------|--------------|----------|
| ITEM & SIZE | FUEL, OIL, LUBRICANT | | | | REPAIR | FUEL, OIL PER HR | REPAIR PER HR | DEPRECIATION | TAXES | TOTAL PER HR | |
| TRACTOR | 50 HP | 79 | 1 | \$6,700 | \$430 | \$157 | \$5.42 | \$1.98 | \$1,100 | \$121 | \$15.41 |
| TRACTOR | 95 HP | 41 | 1 | \$19,045 | \$427 | \$53 | \$10.30 | \$1.29 | \$1,430 | \$237 | \$40.25 |
| BALER, PTO | 2 WIRE | 66 | 1 | \$1,600 | | \$66 | | \$1.00 | \$385 | \$43 | \$6.48 |
| CULTIVATOR | 4 ROW | 4 | 1 | \$1,500 | | \$8 | | \$1.86 | \$200 | \$17 | \$51.56 |
| LAND PLANE | 12 FT | 5 | 1 | \$2,500 | | \$0 | | \$0.10 | \$333 | \$28 | \$75.20 |
| DISC | 12 FT | 13 | 1 | \$2,250 | | \$24 | | \$1.94 | \$300 | \$25 | \$25.82 |
| LISTER/PLANTER | 4 ROW | 3 | 1 | \$2,000 | | \$3 | | \$1.20 | \$500 | \$28 | \$202.93 |
| PLOW (2-WAY) | 3 BOTTOM | 21 | 1 | \$3,350 | | \$56 | | \$2.61 | \$447 | \$37 | \$22.56 |
| DRILL | 10 FT | 8 | 1 | \$1,800 | | \$11 | | \$1.37 | \$360 | \$20 | \$47.48 |
| SWATHER | 14 FT | 50 | 1 | \$3,900 | \$282 | \$146 | \$5.62 | \$2.90 | \$1,450 | \$160 | \$32.05 |
| BORDER DISC | 6 DISC | 1 | 1 | \$750 | | \$1 | | \$0.93 | \$100 | \$8 | \$98.44 |
| | | | | \$45,395 | \$1,139 | \$526 | | | \$6,605 | \$723 | |

TABLE 5. Alfalfa establishment, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties Projected 2004.

| Planting dates: August 15 - September 15 | | | | | | | | |
|--|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
| <u>PURCHASED INPUTS</u> | | | | | | | | |
| SEED | \$2.80 | 20 LBS | \$56.00 | | | | | \$56.00 |
| PHOSPHATE (P2O5) | \$0.20 | 90 LBS | \$18.00 | | | | | \$18.00 |
| NITROGEN (N) | \$0.29 | 35 LBS | \$10.15 | | | | | \$10.15 |
| CANAL WATER | | 12 AC. IN. | | | | | | |
| SUBTOTAL | | | \$84.15 | | | | | \$84.15 |
| <u>PREHARVEST OPERATIONS</u> | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC | 96 HP | 0.17 HR | | \$0.88 | \$1.75 | \$0.55 | \$11.23 | \$14.41 |
| PLOW | 96 HP | 0.67 HR | | \$3.45 | \$6.90 | \$2.61 | \$42.08 | \$55.05 |
| DISC | 96 HP | 0.17 HR | | \$0.88 | \$1.75 | \$0.55 | \$11.23 | \$14.41 |
| LASER PLANE (CUSTOM) | | | \$70.71 | | | | | \$70.71 |
| BORDER DISC | 50 HP | 0.05 HR | | \$0.26 | \$0.27 | \$0.15 | \$5.69 | \$6.37 |
| DRILL | 50 HP | 0.25 HR | | \$1.29 | \$1.36 | \$0.84 | \$15.72 | \$19.21 |
| IRRIGATE (2X) | | 1.00 HR | | \$5.15 | | | | \$5.15 |
| SUBTOTAL | | 2.31 HR | \$70.71 | \$11.90 | \$12.03 | \$4.69 | \$85.97 | \$185.30 |
| <u>OVERHEAD EXPENSES</u> | | | | | | | | |
| DOWNTIME | | 0.33 HR | | \$1.69 | | | | \$1.69 |
| EMPLOYEE BENEFITS | | | | \$2.14 | | | | \$2.14 |
| INSURANCE | | | \$0.24 | | | | | \$0.24 |
| SUPERVISION AND MANAGEMENT | | | | \$20.52 | | | | \$20.52 |
| SUBTOTAL | | 0.33 HR | \$0.24 | \$24.34 | | | | \$24.58 |
| TOTAL OPERATING EXPENSES | | 2.64 HR | \$155.10 | \$36.24 | \$12.03 | \$4.69 | \$85.97 | \$294.03 |

TABLE 6. Alfalfa hay, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Projected 2004.
Harvesting dates: June 1 - October 15

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|----------------|---------------|---------------|-----------------|-----------------|
| GROSS RETURNS | | | | | | | | |
| ALFALFA HAY | \$135.00 | 5.50 TONS (STACKED) | | | | | | \$742.50 |
| GRAZING | \$10.00 | 1.00 ACRE | | | | | | \$10.00 |
| TOTAL | | | | | | | | \$752.50 |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
| PHOSPHATE (P2O5) | \$0.20 | 90 LBS | \$18.00 | | | | | \$18.00 |
| INSECTICIDE (CUSTOM) | \$21.71 | 1 X/ACRE | \$21.71 | | | | | \$21.71 |
| WIRE | \$0.36 | 43 LBS | \$15.39 | | | | | \$15.39 |
| ESTABLISHMENT: Principal | | 6 YEARS | | | | | \$49.01 | \$49.01 |
| : Interest | | | | | | | \$8.30 | \$8.30 |
| CANAL WATER | | 44 AC. IN. | \$28.00 | | | | | \$28.00 |
| SUBTOTAL | | | \$83.10 | | | | \$57.31 | \$140.41 |
| PREHARVEST OPERATIONS | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| IRRIGATE (8X) | | 4.00 HR | | \$20.60 | | | | \$20.60 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER (4X) | 14 FT. | 0.64 HR | | \$3.30 | \$3.59 | \$1.86 | \$20.51 | \$29.26 |
| BALER, PTO (4X) | 50 HP | 0.84 HR | | \$4.33 | \$4.56 | \$2.50 | \$18.39 | \$29.78 |
| BALE WAGON (CUSTOM) (2X) | | | \$23.40 | | | | | \$23.40 |
| SUBTOTAL | | 1.48 HR | \$23.40 | \$7.62 | \$8.15 | \$4.36 | \$38.91 | \$82.44 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.37 HR | | \$1.91 | | | | \$1.91 |
| EMPLOYEE BENEFITS | | | | \$5.08 | | | | \$5.08 |
| INSURANCE | | | \$0.56 | | | | | \$0.56 |
| LAND TAXES | | | | | | | \$5.33 | \$5.33 |
| SUPERVISION AND MANAGEMENT | | | | \$57.42 | | | | \$57.42 |
| OTHER EXPENSES | | | \$119.51 | | | | | \$119.51 |
| SUBTOTAL | | 0.37 HR | \$120.08 | \$64.40 | | | \$5.33 | \$189.81 |
| TOTAL OPERATING EXPENSES | | 5.85 HR | \$226.58 | \$92.62 | \$8.15 | \$4.36 | \$101.55 | \$433.26 |
| NET OPERATING PROFIT | | | | | | | | \$319.24 |
| INTEREST ON OPERATING CAPITAL | | (\$44.54 @ | 6.50% |) | | | | \$2.90 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$22.77 |
| RETURN TO LAND AND RISK | | | | | | | | \$293.57 |

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|----------|---|
| GROSS RETURN | | \$752.50 | |
| VARIABLE OPERATING EXPENSES | \$239.09 | | |
| RETURN OVER VARIABLE EXPENSES | \$513.41 | | (GROSS MARGIN) |
| FIXED EXPENSES | \$101.55 | | |
| NET FARM INCOME | \$411.87 | | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$92.62 | | |
| NET OPERATING PROFIT | \$319.24 | | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$25.67 | | |
| RETURN TO LAND AND RISK | \$293.57 | | |

TABLE 7. Small grain hay, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Projected 2004.
 Planting dates: March 1 - May 1
 Harvesting dates: June 15 - July 15

| ITEM | PRICE | YIELD | | | | | TOTAL | |
|----------------------------------|------------|---------------------|---|----------------|----------------|-----------------|-----------------|-----------------|
| GROSS RETURNS | | | | | | | | |
| SMALL GRAIN HAY | \$125.00 | 3.75 TONS (STACKED) | | | | | \$468.75 | |
| TOTAL | | | | | | \$468.75 | | |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
| SEED | \$0.30 | 80 LBS | \$24.00 | | | | | \$24.00 |
| WIRE | \$0.36 | 26 LBS | \$9.31 | | | | | \$9.31 |
| CANAL WATER | | 24 AC. IN. | \$28.00 | | | | | \$28.00 |
| SUBTOTAL | | | \$61.31 | | | | | \$61.31 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| PLOW | 96 HP | 0.67 HR | | \$3.45 | \$6.90 | \$2.61 | \$42.08 | \$55.05 |
| DISC (2X) | 96 HP | 0.34 HR | | \$1.75 | \$3.50 | \$1.10 | \$22.47 | \$28.82 |
| PLANE | 96 HP | 0.24 HR | | \$1.24 | \$2.47 | \$0.33 | \$27.71 | \$31.75 |
| BORDER DISC | 50 HP | 0.05 HR | | \$0.26 | \$0.27 | \$0.15 | \$5.69 | \$6.37 |
| DRILL | 50 HP | 0.25 HR | | \$1.29 | \$1.36 | \$0.84 | \$15.72 | \$19.21 |
| IRRIGATE (4X) | | 2.00 HR | | \$10.30 | | | | \$10.30 |
| SUBTOTAL | | 3.55 HR | | \$18.28 | \$14.51 | \$5.02 | \$113.67 | \$151.49 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER | 14 FT. | 0.16 HR | | \$0.82 | \$0.90 | \$0.46 | \$5.13 | \$7.31 |
| BALER, PTO | 50 HP | 0.21 HR | | \$1.08 | \$1.14 | \$0.63 | \$4.60 | \$7.44 |
| BALEWAGON | | | \$27.30 | | | | | \$27.30 |
| SUBTOTAL | | 0.37 HR | | \$1.91 | \$2.04 | \$1.09 | \$9.73 | \$42.06 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.48 HR | | \$2.47 | | | | \$2.47 |
| EMPLOYEE BENEFITS | | | | \$3.63 | | | | \$3.63 |
| INSURANCE | | | \$0.40 | | | | | \$0.40 |
| LAND TAXES | | | | | | | \$2.67 | \$2.67 |
| SUPERVISION AND MANAGEMENT | | | | \$35.77 | | | | \$35.77 |
| OTHER EXPENSES | | | \$59.76 | | | | | \$59.76 |
| SUBTOTAL | | 0.48 HR | \$60.16 | \$41.88 | | | \$2.67 | \$104.70 |
| TOTAL OPERATING EXPENSES | | 4.40 HR | \$121.47 | \$62.07 | \$16.54 | \$6.11 | \$126.07 | \$359.56 |
| NET OPERATING PROFIT | | | | | | | \$109.19 | |
| INTEREST ON OPERATING CAPITAL | | (\$35.80 @ 6.50%) | | | | | \$2.33 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$25.00 | |
| RETURN TO LAND AND RISK | | | | | | | \$81.86 | |
| BUDGET SUMMARY | | | | | | | | |
| GROSS RETURN | | | \$468.75 | | | | | |
| VARIABLE OPERATING EXPENSES | \$144.13 | | | | | | | |
| RETURN OVER VARIABLE EXPENSES | | \$324.62 | (GROSS MARGIN) | | | | | |
| FIXED EXPENSES | \$126.07 | | | | | | | |
| NET FARM INCOME | | \$198.56 | (RETURN TO CAPITAL, LABOR, LAND & RISK) | | | | | |
| LABOR AND MANAGEMENT COST | \$62.07 | | | | | | | |
| NET OPERATING PROFIT | | \$136.49 | (RETURN TO CAPITAL, LAND & RISK) | | | | | |
| CAPITAL COSTS | \$27.33 | | | | | | | |
| RETURN TO LAND AND RISK | | \$109.16 | | | | | | |

TABLE 8. Sorghum hay, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Count Projected 2004.

Planting dates: July 1 - July 31

Harvesting dates: August 10 - September 30

| ITEM | PRICE | YIELD | TOTAL |
|---------------|----------|---------------------|-----------------|
| GROSS RETURNS | | | |
| SORGHUM HAY | \$125.00 | 3.75 TONS (STACKED) | \$468.75 |
| GRAZING | \$5.00 | 1.00 ACRE | \$5.00 |
| TOTAL | | | \$473.75 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|------------------|--------|------------|------------------|------------|----------------|
| SEED | \$1.30 | 35 LBS | \$45.50 | | \$45.50 |
| WIRE | \$0.36 | 17 LBS | \$6.09 | | \$6.09 |
| CANAL WATER | | 24 AC. IN. | \$28.00 | | \$28.00 |
| SUBTOTAL | | | \$79.59 | | \$79.59 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|---------------|---------------|----------------|----------------|
| DISC | 96 HP | 0.17 HR | | \$0.88 | \$1.75 | \$0.55 | \$11.23 | \$14.41 |
| DRILL | 50 HP | 0.25 HR | | \$1.29 | \$1.36 | \$0.84 | \$15.72 | \$19.21 |
| IRRIGATE (4X) | | 2.00 HR | | \$10.30 | | | | \$10.30 |
| SUBTOTAL | | 2.42 HR | | \$12.46 | \$3.11 | \$1.38 | \$26.96 | \$43.91 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|---------------|---------------|---------------|----------------|----------------|
| SWATHER (2X) | 14 FT. | 0.32 HR | | \$1.65 | \$1.80 | \$0.93 | \$10.26 | \$14.63 |
| BALER, PTO (2X) | 50 HP | 0.42 HR | | \$2.16 | \$2.28 | \$1.25 | \$9.20 | \$14.89 |
| BALEWAGON | | | \$23.40 | | | | | \$23.40 |
| SUBTOTAL | | 0.74 HR | | \$3.81 | \$4.07 | \$2.18 | \$19.45 | \$52.92 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-------------|---------|---------------|-----------------|
| DOWNTIME | 0.29 HR | | \$1.49 | | | | \$1.49 |
| EMPLOYEE BENEFITS | | | \$2.93 | | | | \$2.93 |
| INSURANCE | | \$0.33 | | | | | \$0.33 |
| LAND TAXES | | | | | | \$2.67 | \$2.67 |
| SUPERVISION AND MANAGEMENT | | | \$35.74 | | | | \$35.74 |
| OTHER EXPENSES | | \$59.76 | | | | | \$59.76 |
| SUBTOTAL | 0.29 HR | \$60.08 | \$40.17 | | | \$2.67 | \$102.91 |

TOTAL OPERATING EXPENSES 3.45 HR \$139.67 \$56.44 \$7.18 \$3.56 \$49.08 \$279.33

NET OPERATING PROFIT \$194.42

INTEREST ON OPERATING CAPITAL (\$41.44 @ 6.50%) \$2.69
 INTEREST ON EQUIPMENT INVESTMENT \$25.00

RETURN TO LAND AND RISK \$166.73

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|----------|---|
| GROSS RETURN | | \$473.75 | |
| VARIABLE OPERATING EXPENSES | \$150.41 | | |
| RETURN OVER VARIABLE EXPENSES | \$323.34 | | (GROSS MARGIN) |
| FIXED EXPENSES | \$49.08 | | |
| NET FARM INCOME | \$274.26 | | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$56.44 | | |
| NET OPERATING PROFIT | \$217.82 | | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$27.69 | | |
| RETURN TO LAND AND RISK | \$190.13 | | |

TABLE 9. Corn silage, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Projected 2004.
 Planting dates: May 1 - June 15
 Harvesting dates: August 15 - September 30

| ITEM | PRICE | YIELD | TOTAL |
|---------------|---------|-----------------------|----------|
| GROSS RETURNS | | | |
| CORN SILAGE | \$18.00 | 18.00 TONS (STANDING) | \$324.00 |
| TOTAL | | | \$324.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-------------------------|---------|------------|------------------|------------|----------|
| SEED | \$1.06 | 30 000 | \$31.88 | | \$31.88 |
| ANHYDROUS AMMONIA (NH3) | \$0.23 | 125 LBS | \$28.13 | | \$28.13 |
| HERBICIDE (GRANULAR) | \$6.85 | 1 ACRE | \$6.85 | | \$6.85 |
| INSECTICIDE (GRANULAR) | \$34.24 | 1 ACRE | \$34.24 | | \$34.24 |
| CANAL WATER | | 42 AC. IN. | \$28.00 | | \$28.00 |
| SUBTOTAL | | | \$129.09 | | \$129.09 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| PLOW | 96 HP | 0.67 HR | | \$3.45 | \$6.90 | \$2.61 | \$42.08 | \$55.05 |
| DISC (2X) | 96 HP | 0.34 HR | | \$1.75 | \$3.50 | \$1.10 | \$22.47 | \$28.82 |
| LAND PLANE | 96 HP | 0.24 HR | | \$1.24 | \$2.47 | \$0.33 | \$27.71 | \$31.75 |
| LISTER/PLANTER | 96 HP | 0.26 HR | | \$1.34 | \$2.68 | \$0.65 | \$63.23 | \$67.89 |
| CULTIVATOR (2X) | 50 HP | 0.42 HR | | \$2.16 | \$2.28 | \$1.61 | \$28.13 | \$34.18 |
| IRRIGATE (8X) | | 4.00 HR | | \$20.60 | | | | \$20.60 |
| SUBTOTAL | | 5.93 HR | | \$30.54 | \$17.84 | \$6.30 | \$183.61 | \$238.29 |

OVERHEAD EXPENSES

| | | | | | | | | |
|----------------------------|---------|--|----------|---------|--|--------|--|----------|
| DOWNTIME | 0.48 HR | | \$2.48 | | | | | \$2.48 |
| EMPLOYEE BENEFITS | | | \$5.50 | | | | | \$5.50 |
| INSURANCE | | | \$0.61 | | | | | \$0.61 |
| LAND TAXES | | | | | | \$5.33 | | \$5.33 |
| SUPERVISION AND MANAGEMENT | | | | \$27.65 | | | | \$27.65 |
| OTHER EXPENSES | | | \$119.51 | | | | | \$119.51 |
| SUBTOTAL | 0.48 HR | | \$120.12 | \$35.63 | | \$5.33 | | \$161.08 |

TOTAL OPERATING EXPENSES 6.41 HR \$249.21 \$66.17 \$17.84 \$6.30 \$188.95 \$528.46

NET OPERATING PROFIT (\$204.46)

INTEREST ON OPERATING CAPITAL (\$70.58 @ 6.50%) \$4.59
 INTEREST ON EQUIPMENT INVESTMENT \$99.51

RETURN TO LAND AND RISK (\$308.56)

BUDGET SUMMARY

| | | |
|-------------------------------|------------|---|
| GROSS RETURN | \$324.00 | |
| VARIABLE OPERATING EXPENSES | \$273.35 | |
| RETURN OVER VARIABLE EXPENSES | \$50.65 | (GROSS MARGIN) |
| FIXED EXPENSES | \$188.95 | |
| NET FARM INCOME | (\$138.30) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$66.17 | |
| NET OPERATING PROFIT | (\$204.46) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$104.10 | |
| RETURN TO LAND AND RISK | (\$308.56) | |

TABLE 10. Summary of per acre costs and returns for a 100 acre farm with above average average management
Projected 2004.

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | SMALL GRAIN HAY | SORGHUM HAY | CORN FOR SILAGE |
|----------------------------------|--------------------------|----------------|--------------------|----------------|--------------------|
| | | TONS | TONS | TONS | TONS |
| PRIMARY YIELD | | 5.50 | 3.75 | 3.75 | 18.00 |
| PRIMARY PRICE | | \$135.00 | \$125.00 | \$125.00 | \$18.00 |
| GOVERNMENT PAYMENTS | | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SECOND INCOME | | \$10.00 | \$0.00 | \$5.00 | \$0.00 |
| GROSS RETURN | | \$752.50 | \$468.75 | \$473.75 | \$324.00 |
| CASH OPERATING EXPENSES | | | | | |
| SEED | \$56.00 | | \$24.00 | \$45.50 | \$31.88 |
| FERTILIZER | \$28.15 | \$18.00 | | | \$28.13 |
| CHEMICALS | | \$21.71 | | | \$41.09 |
| CROP INSURANCE | | | | | |
| OTHER PURCHASED INPUTS | | \$15.39 | \$9.31 | \$6.09 | |
| CANAL WATER | | \$28.00 | \$28.00 | \$28.00 | \$28.00 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$12.03 | \$8.15 | \$16.54 | \$7.18 | \$17.84 |
| FUEL-IRRIGATION | | | | | |
| REPAIRS | \$4.69 | \$4.36 | \$6.11 | \$3.56 | \$6.30 |
| CUSTOM CHARGES | \$70.71 | \$23.40 | | | |
| LAND TAXES | | \$5.33 | \$2.67 | \$2.67 | \$5.33 |
| OTHER EXPENSES | \$0.24 | \$120.08 | \$60.16 | \$60.08 | \$120.12 |
| TOTAL CASH EXPENSES | \$171.82 | \$244.42 | \$146.79 | \$153.08 | \$278.68 |
| RETURN OVER CASH EXPENSES | (\$171.82) | \$508.08 | \$321.96 | \$320.67 | \$45.32 |
| FIXED EXPENSES | \$85.97 | \$96.21 | \$123.40 | \$46.41 | \$183.61 |
| TOTAL EXPENSES | \$257.79 | \$340.63 | \$270.19 | \$199.49 | \$462.30 |
| NET FARM INCOME | (\$257.79) | \$411.87 | \$198.56 | \$274.26 | (\$138.30) |
| LABOR AND MANAGEMENT COSTS | \$36.24 | \$92.62 | \$62.07 | \$56.44 | \$66.17 |
| NET OPERATING PROFIT | (\$294.03) | \$319.24 | \$136.49 | \$217.82 | (\$204.46) |
| CAPITAL COSTS | | | | | |
| INTEREST ON OPERATING CAPITAL | | \$2.90 | \$2.33 | \$2.69 | \$4.59 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$22.77 | \$25.00 | \$25.00 | \$99.51 |
| TOTAL CAPITAL COSTS | \$0.00 | \$25.67 | \$27.33 | \$27.69 | \$104.10 |
| RETURN TO LAND AND RISK | (\$294.03) | \$293.57 | \$109.16 | \$190.13 | (\$308.56) |

TABLE 11. Whole farm summary, Valencia and Southern Bernalillo Counties,
Projected 2004.

| | | |
|----------------------------------|-------------|-----------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 71.00 ACRES | |
| CROP | | \$52,718 |
| GRAZING | | \$710 |
| SMALL GRAIN HAY | 10.00 ACRES | |
| CROP | | \$4,688 |
| SORGHUM HAY | 10.00 ACRES | |
| CROP | | \$4,688 |
| GRAZING | | \$50 |
| CORN FOR SILAGE | 10.00 ACRES | |
| CROP | | \$3,240 |
| GROSS RETURN | | <u>\$66,093</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$1,686 |
| FERTILIZER | | \$1,897 |
| CHEMICALS | | \$1,952 |
| CROP INSURANCE | | \$0 |
| OTHER PURCHASED INPUTS | | \$1,247 |
| CANAL WATER | | \$2,828 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$1,139 |
| FUEL-IRRIGATION | | \$0 |
| REPAIRS | | \$526 |
| CUSTOM CHARGES | | \$2,510 |
| LAND TAXES | | \$485 |
| OTHER EXPENSES | | \$10,932 |
| TOTAL CASH EXPENSES | | <u>\$25,201</u> |
| RETURN OVER CASH EXPENSES | | \$40,891 |
| FIXED EXPENSES | | \$7,918 |
| TOTAL EXPENSES | | \$33,119 |
| NET FARM INCOME | | \$32,974 |
| LABOR AND MANAGEMENT COSTS | | \$8,858 |
| NET OPERATING PROFIT | | \$24,116 |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$302 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$3,112 |
| TOTAL CAPITAL COSTS | | <u>\$3,414</u> |
| RETURN TO LAND AND RISK | | <u>\$20,702</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|----------------|-----------------|------------------------|
| \$5,000 /ACRE | \$702 | 4.42% |
| \$6,500 /ACRE | (\$5,298) | 3.47% |
| \$8,000 /ACRE | (\$11,298) | 2.85% |
| \$9,500 /ACRE | (\$17,298) | 2.42% |
| \$11,000 /ACRE | (\$23,298) | 2.11% |
| \$12,500 /ACRE | (\$29,298) | 1.86% |

* 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)