

TABLE 1. Acreage Summary, Lea County, Projected 2005.

BUDGET AREA.....	SOUTHERN HIGH PLAINS, LEA COUNTY
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>1,600.00</b>

TABLE 2. Basic cost information for Lea County, Projected 2005.

Item		
<b>Labor Wage Rate:</b>		
Equipment operators	\$/hour	\$7.45
General & Irrigators	\$/hour	\$6.60
<b>Purchased Inputs:</b>		
<b>Fertilizer:</b>		
Nitrogen (N)	\$/pound	\$0.40
Phosphate (P205)	\$/pound	\$0.31
<b>Seed:</b>		
Wheat	\$/pound	\$0.24
Grain Sorghum	\$/pound	\$1.23
<b>Fuel:</b>		
Diesel fuel	\$/gallon	\$2.10
Gasoline	\$/gallon	\$2.05
Employee Liability Insurance	\$/ \$1,000 wages	\$20.00
Employee Benefits	percent/wages	18.00%
Labor Downtime	percent	25.00%
<b>Financial Rates:</b>		
Operating Capital Interest Rate	percent	7.00%
Land Interest Rate	percent	7.00%
Equipment Interest Rate	percent	7.00%
Real Interest Rate	percent	3.00%
Land Taxes	\$40.00 /acre (full value)	\$0.33
Personal Property Tax Rate	- NR \$/\$1,000 (Assessed Value)	\$25.06
	- R	\$21.60
Supervision Factor	\$/labor hour	\$0.50
Management Rate	percent	7.00%

TABLE 3. Overhead cost information for Lea County Projected 2005.

Item		
Electricity (Domestic & Shop)	\$0.00 per month	\$0
Telephone	\$0.00 per month	\$0
Accounting & Legal		\$0
Misc. Supplies & Hand Tools		\$0
Pickup and Auto		\$0
miles	0 @ \$0.000 per mile	\$0
<b>Insurance</b>		
- general liability (non-employee)		\$0
- fire/theft		\$0
<b>Property Taxes</b>		
- non-planted land		\$0
- other than land & machinery		\$0
Building repairs and maintenance		\$0
Dues, fees, publications		\$0
Farmstead Equipment		\$0
	<b>Total</b>	<b>\$0</b>
<b>Total per planted acre</b>		<b>\$0.00</b>

TABLE 4. Equipment summary for a 1600 acre dryland farm with above average management, Lea County, Projected 2005.

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	226 HP	344	1	\$71,840	\$8,141	\$2,690	\$23.68	\$7.83	\$8,694	\$545	\$26.87
TRUCK	2 TON	218	1	\$22,000	\$2,914	\$1,759	\$13.34	\$8.05	\$4,400	\$184	\$20.99
COMBINE	145 HP	218	1	\$53,537	\$3,831	\$5,392	\$17.54	\$24.69	\$8,866	\$555	\$43.14
GRAIN HEAD	22 FT	218	1	\$3,600		\$513		\$2.35	\$501	\$31	\$2.44
CULTIVATOR	12 ROW	78	1	\$5,000		\$481		\$6.20	\$667	\$42	\$9.14
CHISEL	40 FT	91	1	\$6,750		\$761		\$8.37	\$900	\$56	\$10.52
SPRAYER	12 ROW	45	1	\$2,250		\$49		\$1.08	\$300	\$19	\$7.05
PLANTER	12 ROW	52	1	\$8,500		\$211		\$4.08	\$1,700	\$71	\$34.27
DRILL 40 FT	40 FT	46	1	\$7,750		\$170		\$3.72	\$1,550	\$65	\$35.33
FERT SPREADER DEALER FURNISHED		78	1								
				\$181,227	\$14,885	\$12,026			\$27,579	\$1,568	

TABLE 5. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County, Projected 2005.  
 Planting dates: August 15 - September 30  
 Harvest dates: June 15 - July 5

ITEM	PRICE	YIELD	BASE	TOTAL
<b>GROSS RETURNS</b>				
WHEAT	\$3.75	20.00 BUSHELS		\$75.00
DIRECT PAYMENT	\$0.00	20.00 BUSHELS	0.85	\$0.00
COUNTER CYCLICAL PAYMENT	\$0.00			\$0.00
<b>TOTAL</b>				<b>\$75.00</b>

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$0.24	30 LBS	\$7.20		\$7.20
NITROGEN (N)	\$0.40	16 LBS	\$6.40		\$6.40
PHOSPHATE (P205)	\$0.31	20 LBS	\$6.20		\$6.20
INSECTICIDE	\$16.99	1 X/ACRE	\$16.99		\$16.99
CROP INSURANCE	\$0.05		\$0.05		\$0.05
<b>SUBTOTAL</b>			<b>\$36.84</b>		<b>\$36.84</b>

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
CHISEL	225 HP	0.05 HR		\$0.37	\$1.18	\$0.81	\$1.87	\$4.24
DRILL	225 HP	0.05 HR		\$0.37	\$1.18	\$0.58	\$3.11	\$5.24
FERT SPREADER	225 HP	0.05 HR		\$0.37	\$1.18	\$0.39	\$1.34	\$3.29
<b>SUBTOTAL</b>		<b>0.15 HR</b>	<b>\$0.00</b>	<b>\$1.12</b>	<b>\$3.55</b>	<b>\$1.78</b>	<b>\$6.32</b>	<b>\$12.77</b>

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.04	\$2.46	\$3.56	\$6.38	\$13.44
HAUL	2 TON	0.14 HR		\$1.04	\$1.87	\$0.96	\$2.94	\$6.81
<b>SUBTOTAL</b>		<b>0.28 HR</b>	<b>\$0.00</b>	<b>\$2.09</b>	<b>\$4.32</b>	<b>\$4.52</b>	<b>\$9.32</b>	<b>\$20.25</b>

OVERHEAD EXPENSES	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
DOWNTIME	0.11 HR		\$0.80				\$0.80
EMPLOYEE BENEFITS			\$0.58				\$0.58
INSURANCE			\$0.06				\$0.06
LAND TAXES						\$0.33	\$0.33
SUPERVISION AND MANAGEMENT			\$8.09				\$8.09
OTHER EXPENSES			\$0.00				\$0.00
<b>SUBTOTAL</b>	<b>0.11 HR</b>	<b>\$0.06</b>	<b>\$9.47</b>			<b>\$0.33</b>	<b>\$9.86</b>

<b>TOTAL OPERATING EXPENSES</b>	<b>0.54 HR</b>	<b>\$36.90</b>	<b>\$12.67</b>	<b>\$7.87</b>	<b>\$6.30</b>	<b>\$15.98</b>	<b>\$79.72</b>
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<b>NET OPERATING PROFIT</b>							<b>(\$4.72)</b>
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INTEREST ON OPERATING CAPITAL	(	\$20.49	@	7.00%	)		\$1.43
INTEREST ON EQUIPMENT INVESTMENT							\$6.98

<b>RETURN TO LAND AND RISK</b>							<b>(\$13.14)</b>
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**BUDGET SUMMARY**

GROSS RETURN		\$75.00	
VARIABLE OPERATING EXPENSES	\$51.08		
RETURN OVER VARIABLE EXPENSES		\$23.92	(GROSS MARGIN)
FIXED EXPENSES	\$15.98		
NET FARM INCOME		\$7.95	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$12.67		
NET OPERATING PROFIT		(\$4.72)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$8.42		
RETURN TO LAND AND RISK		(\$13.14)	

TABLE 6. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Projected 2005.  
 Planting dates: May 15 - June 10  
 Harvest dates: October 15 - November 15

ITEM	PRICE	YIELD	BASE	TOTAL
<b>GROSS RETURNS</b>				
GRAIN SORGHUM	\$3.70	12.00 CWT		\$44.36
COUNTER CYCLICAL PAYMENT	\$0.00	0.00 CWT		\$0.00
DIRECT PAYMENT	\$0.00	12.00 CWT	0.85	\$0.00
<b>TOTAL</b>				<b>\$44.36</b>

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$1.23	3 LBS	\$3.69		\$3.69
NITROGEN (N)	\$0.40	16 LBS	\$6.40		\$6.40
PHOSPHATE (P205)	\$0.31	20 LBS	\$6.20		\$6.20
HERBICIDE	\$18.82	1 X/ACRE	\$18.82		\$18.82
CROP INSURANCE	\$0.08		\$0.08		\$0.08
<b>SUBTOTAL</b>			<b>\$35.18</b>		<b>\$35.18</b>

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
FERT SPREADER	225 HP	0.05 HR		\$0.37	\$1.18	\$0.39	\$1.34	\$3.29
CHISEL & SPRAY	225 HP	0.07 HR		\$0.52	\$1.66	\$1.21	\$3.11	\$6.50
PLANTER	225 HP	0.08 HR		\$0.60	\$1.89	\$0.95	\$4.89	\$8.33
CULTIVATOR (2X)	225 HP	0.12 HR		\$0.89	\$2.84	\$1.68	\$4.32	\$9.74
<b>SUBTOTAL</b>		<b>0.32 HR</b>		<b>\$2.38</b>	<b>\$7.58</b>	<b>\$4.24</b>	<b>\$13.67</b>	<b>\$27.86</b>

<b>HARVEST OPERATIONS</b>								
COMBINE		0.14 HR		\$1.04	\$2.46	\$3.89	\$6.38	\$13.77
HAUL	2 TON	0.14 HR		\$1.04	\$1.87	\$1.09	\$2.94	\$6.94
<b>SUBTOTAL</b>		<b>0.28 HR</b>		<b>\$2.09</b>	<b>\$4.32</b>	<b>\$4.98</b>	<b>\$9.32</b>	<b>\$20.71</b>

<b>OVERHEAD EXPENSES</b>								
DOWNTIME		0.15 HR		\$1.12				\$1.12
EMPLOYEE BENEFITS				\$0.80				\$0.80
INSURANCE			\$0.09					\$0.09
LAND TAXES							\$0.33	\$0.33
SUPERVISION AND MANAGEMENT				\$7.07				\$7.07
OTHER EXPENSES			\$0.00					\$0.00
<b>SUBTOTAL</b>		<b>0.15 HR</b>	<b>\$0.09</b>	<b>\$8.99</b>			<b>\$0.33</b>	<b>\$9.41</b>

<b>TOTAL OPERATING EXPENSES</b>		<b>0.75 HR</b>		<b>\$35.27</b>	<b>\$13.46</b>	<b>\$11.90</b>	<b>\$9.22</b>	<b>\$23.32</b>	<b>\$93.17</b>
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<b>NET OPERATING PROFIT</b>									<b>(\$48.81)</b>
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INTEREST ON OPERATING CAPITAL	(	\$21.32	@	7.00%	)				\$1.49
INTEREST ON EQUIPMENT INVESTMENT									\$10.46

<b>RETURN TO LAND AND RISK</b>									<b>(\$60.76)</b>
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**BUDGET SUMMARY**

GROSS RETURN		\$44.36		
VARIABLE OPERATING EXPENSES	\$56.39			
RETURN OVER VARIABLE EXPENSES		(\$12.03)	(GROSS MARGIN)	
FIXED EXPENSES	\$23.32			
NET FARM INCOME		(\$35.35)	(RETURN TO CAPITAL, LABOR, LAND & RISK)	
LABOR AND MANAGEMENT COST	\$13.46			
NET OPERATING PROFIT		(\$48.81)	(RETURN TO CAPITAL, LAND & RISK)	
CAPITAL COSTS	\$11.95			
RETURN TO LAND AND RISK		(\$60.76)		

TABLE 7. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Projected 2005.

	WHEAT	GRAIN SORGHUM
	BU	CWT
PRIMARY YIELD	20.00	12.00
PRIMARY PRICE	\$3.75	\$3.70
GOVERNMENT PAYMENTS	\$0.00	\$0.00
SECOND INCOME	\$0.00	\$0.00
GROSS RETURN	\$75.00	\$44.36
VARIABLE OPERATING EXPENSES		
SEED	\$7.20	\$3.69
FERTILIZER	\$12.60	\$12.60
CHEMICALS	\$16.99	\$18.82
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$7.87	\$11.90
FUEL-IRRIGATION		
REPAIRS	\$6.30	\$9.22
CUSTOM CHARGES	\$0.00	\$0.00
LAND TAXES	\$0.33	\$0.33
OTHER EXPENSES	\$0.06	\$0.09
TOTAL VARIABLE EXPENSES	\$51.41	\$56.72
RETURN OVER VARIABLE EXPENSES	\$23.59	(\$12.37)
FIXED EXPENSES	\$15.64	\$22.99
TOTAL EXPENSES	\$67.05	\$79.71
RETURNS TO CAPITAL, LABOR, LAND & RISK	\$7.95	(\$35.35)
LABOR AND MANAGEMENT COSTS	\$12.67	\$13.46
RETURNS TO CAPITAL, LAND & RISK	(\$4.72)	(\$48.81)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.43	\$1.49
INTEREST ON EQUIPMENT INVESTMENT	\$6.98	\$10.46
TOTAL CAPITAL COSTS	\$8.42	\$11.95
RETURN TO LAND AND RISK	(\$13.14)	(\$60.76)

TABLE 8. Whole farm summary, Lea County,  
Projected 2005.

GROSS RETURNS		
WHEAT	914.00 ACRES	
CROP		\$68,550
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$0
GRAIN SORGHUM	646.00 ACRES	
CROP		\$28,655
DIRECT PAYMENT		\$0
GROSS RETURN		<u>\$97,205</u>
VARIABLE OPERATING EXPENSES		
SEED		\$8,965
FERTILIZER		\$19,656
CHEMICALS		\$27,680
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$14,885
FUEL-IRRIGATION		\$0
REPAIRS		\$11,710
CUSTOM CHARGES		\$0
LAND TAXES		\$521
OTHER EXPENSES		\$116
TOTAL VARIABLE EXPENSES		<u>\$83,633</u>
RETURN OVER VARIABLE EXPENSES		\$13,572
FIXED EXPENSES		\$29,147
TOTAL EXPENSES		\$112,780
NET FARM INCOME		(\$15,575)
LABOR AND MANAGEMENT COSTS		\$20,273
NET OPERATING PROFIT		(\$35,848)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$2,275
INTEREST ON EQUIPMENT INVESTMENT		\$13,140
TOTAL CAPITAL COSTS		<u>\$15,415</u>
RETURN TO LAND AND RISK		<u>(\$51,263)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$58,463)	-8.51%
\$200 /ACRE	(\$60,863)	-7.15%
\$250 /ACRE	(\$63,263)	-6.17%
\$300 /ACRE	(\$65,663)	-5.42%
\$350 /ACRE	(\$68,063)	-4.84%

\* 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)