

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

| | |
|----------------------|--|
| BUDGET AREA..... | BLACKWATER DRAW AREA, ROOSEVELT COUNTY |
| FARM SIZE..... | 960 ACRES |
| IRRIGATION TYPE..... | SPRINKLER |
| NUMBER OF CROPS... | 4 |

| ACREAGE SUMMARY: | WATER USE | | |
|------------------------------------|---------------------|-------------------|-----------------|
| | LAND USE (ACRES) | AC.IN. PER AC. | TOTAL AC.IN. |
| ALFALFA ESTABLISHMENT | 25.00 * | 9 | 225 |
| ALFALFA | 125.00 | 30 | 3,750 |
| WHEAT | 212.50 | 18 | 3,825 |
| ARP | 0.00 | | |
| FLEX IN CORN | 37.50 | 30 | 1,125 |
| CORN | 106.25 | 30 | 3,188 |
| ARP | 0.00 | | |
| FLEX IN CORN | 18.75 | 30 | 563 |
| PEANUTS | 250.00 | 22 | 5,500 |
| CORNERS, HOMESTEAD | 210.00 | | |
| TOTAL | 960.00 | | 18,175 |
| ACRE FEET PER ACRE OF WATER RIGHTS | | | 1.58 |

* DOUBLE-CROPPED

TABLE 2. Basic cost information for the Blackwater Draw area, Roosevelt County,
Projected 2005.

| Item | | | |
|---------------------------------|------|------------------------------|---------|
| Labor Wage Rate: | | | |
| Equipment operators | | \$/hour | \$7.45 |
| General & Irrigators | | \$/hour | \$6.65 |
| Purchased Inputs: | | | |
| Fertilizer: | | | |
| Nitrogen (N) | | \$/pound | \$0.40 |
| Phosphate (P205) | | \$/pound | \$0.31 |
| Seed: | | | |
| Wheat | | \$/pound | \$0.24 |
| Corn | | \$/bag | \$85.00 |
| Alfalfa | | \$/pound | \$2.88 |
| Peanuts | | \$/pound | \$0.40 |
| Energy: | | | |
| Natural gas (Gas NM) | | \$/MCF | \$3.27 |
| Diesel fuel | | \$/gallon | \$2.10 |
| Gasoline | | \$/gallon | \$2.00 |
| Electricity (SWPS) | | cents/KwHr | 7.37 |
| LP Gas | | \$/gallon | \$1.70 |
| 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 | 7.00% |
| Land Interest Rate | | percent | 7.00% |
| Equipment Interest Rate | | percent | 7.00% |
| Real Interest Rate | | percent | 3.00% |
| Land Taxes | | \$89.00 /acre (full value) | \$0.53 |
| Personal Property Tax Rate | - NR | \$/ \$1,000 (Assessed Value) | \$18.03 |
| | - R | | \$13.80 |
| Supervision Factors | | | |
| Field Crop-Irrigation | | \$/labor hour | \$1.00 |
| Field Crop-Equipment & General | | \$/labor hour | \$0.50 |
| Management Rate | | percent | 7.00% |

TABLE 3. Overhead cost information for Blackwater Draw area, Roosevelt County,
Projected 2005.

| Item | | | |
|------------------------------------|--------|--------------------|-----------------|
| Electricity (Domestic & Shop) | | \$215.00 per month | \$2,580 |
| Telephone | | \$115.00 per month | \$1,380 |
| Accounting & Legal | | | \$1,525 |
| Misc. Supplies & Hand Tools | | | \$1,430 |
| Pickup and Auto | | | |
| miles | 20,022 | @ \$0.365 per mile | \$7,308 |
| Insurance | | | |
| - general liability (non-employee) | | | \$1,710 |
| - fire/theft | | | \$1,525 |
| Property Taxes | | | |
| - non-planted land | | | \$0 |
| - other than land & machinery | | | \$6,010 |
| Building repairs and maintenance | | | \$1,290 |
| Dues, fees, publications | | | \$405 |
| Farmstead Equipment | | | \$185 |
| Total | | | \$25,348 |
| Total Per Planted Acre | | | \$33.80 |

TABLE 4. Pumping costs and data for irrigation wells, Blackwater Draw area, Roosevelt County
Projected 2005.

| INPUT DATA | |
|--------------------------|------------------------|
| DELIVERY PSI: | |
| SPRINKLER | 40 |
| | DEPTH CHARACTERISTICS: |
| | STATIC..... |
| | DRAW DOWN..... |
| | TOTAL HEAD..... |
| | CASING..... |
| GALLONS PER MINUTE (GPM) | 850 |
| WORK HORSEPOWER | 49 |
| EFFICIENCY FACTOR: | |
| ELECTRICITY | 0.430 |
| NATURAL GAS | 0.126 |
| LP GAS | 0.126 |
| DIESEL | 0.130 |
| FUEL COST PER HOUR: | |
| ELECTRICITY | 7.37 CENTS/Kwhr |
| NATURAL GAS | \$3.27 \$/MCF |
| LP GAS | \$1.70 \$/GAL |
| DIESEL | \$2.10 \$/GAL |

PUMPING COSTS

| | |
|--------------------|---------|
| ELECTRIC WELL: | |
| COST PER HOUR | \$6.27 |
| COST PER ACRE INCH | \$3.34 |
| NATURAL GAS: | |
| COST PER HOUR | \$3.56 |
| COST PER ACRE INCH | \$1.90 |
| LP GAS WELL: | |
| COST PER HOUR | \$18.28 |
| COST PER ACRE INCH | \$9.73 |
| DIESEL WELL: | |
| COST PER HOUR | \$14.20 |
| COST PER ACRE INCH | \$7.56 |

TABLE 5. Equipment summary for a 960 acre, sprinkler-irrigated farm with above average management, Blackwater Draw area:
Projected 2005.

| EQUIPMENT | ITEM & SIZE | ANNUAL HOURS OF USE | NUMBER | TOTAL VALUE | VARIABLE COSTS | | | | FIXED COSTS | | |
|------------------------|--------------|---------------------|--------|-------------|----------------------|-----------|------------------|---------------|--------------|----------|--------------|
| | | | | | FUEL, OIL, LUBRICANT | REPAIR | FUEL, OIL PER HR | REPAIR PER HR | DEPRECIATION | TAXES | TOTAL PER HR |
| TRACTOR | 140 HP, M4WD | 487 | 1 | \$19,725 | \$7,986 | \$2,117 | \$16.41 | \$4.35 | \$4,834 | \$218 | \$10.38 |
| TRACTOR | 185 HP, M4WD | 766 | 1 | \$44,016 | \$16,657 | \$4,430 | \$21.75 | \$5.79 | \$6,428 | \$290 | \$8.77 |
| PLANTER | 8 ROW | 50 | 1 | \$5,500 | | \$131 | | \$2.64 | \$1,100 | \$33 | \$22.89 |
| ROLL-PACKER | 12 FT | 43 | 1 | \$1,000 | | \$2 | | \$0.04 | \$133 | \$6 | \$3.28 |
| CULTIVATOR | 8 ROW | 131 | 1 | \$4,000 | | \$651 | | \$4.96 | \$533 | \$24 | \$4.25 |
| DISC | 21 FT | 129 | 1 | \$6,000 | | \$958 | | \$7.44 | \$800 | \$36 | \$6.49 |
| CHISEL | 21 FT | 83 | 1 | \$1,650 | | \$169 | | \$2.05 | \$220 | \$10 | \$2.79 |
| FLOAT | 12 FT | 5 | 1 | \$500 | | \$0 | | \$0.02 | \$53 | \$2 | \$11.73 |
| DRILL | 21 FT | 24 | 1 | \$3,600 | | \$41 | | \$1.73 | \$720 | \$22 | \$31.23 |
| LISTER | 8 ROW | 111 | 1 | \$3,200 | | \$442 | | \$3.97 | \$427 | \$19 | \$4.00 |
| PLOW (MOLDBOARD) | 5-14 IN | 127 | 1 | \$5,100 | | \$802 | | \$6.32 | \$680 | \$31 | \$5.60 |
| RAKE | | 50 | 1 | \$3,400 | | \$48 | | \$0.95 | \$340 | \$20 | \$7.21 |
| FERT SPREADER DLR FRN | | | | | | | | | | | |
| SPRAYER (MTD) | | 0 | 0 | \$0 | | \$0 | | \$0.00 | \$0 | \$0 | \$0.00 |
| DIG AND INVERT | 4 ROW | 60 | 1 | \$1,250 | | \$3 | | \$0.05 | \$167 | \$8 | \$2.90 |
| ROD WEEDER | 8 ROW | 13 | 1 | \$625 | | \$10 | | \$0.78 | \$83 | \$4 | \$6.70 |
| SWATHER | 14 FT SP | 100 | 1 | \$3,900 | \$786 | \$58 | \$7.86 | \$0.58 | \$1,450 | \$87 | \$15.37 |
| BALER | 1 TON | 44 | 1 | \$41,720 | | \$76 | | \$1.74 | \$5,812 | \$262 | \$138.83 |
| FRONT END LOADER (MTD) | | 156 | 1 | \$2,550 | | \$494 | | \$3.16 | \$255 | \$15 | \$1.73 |
| PEANUT THRASHER | | 200 | 1 | \$29,000 | | \$232 | | \$1.16 | \$3,867 | \$174 | \$20.20 |
| PEANUT TRAILER | | 93 | 1 | \$3,500 | | \$13 | | \$0.14 | \$467 | \$21 | \$5.27 |
| CENTER PIVOT SPRINKLER | | 9,677 | 2 | \$30,000 | | \$0 | | \$0.00 | \$4,000 | \$180 | \$0.43 |
| ELECTRIC WELL | | 9,677 | 388 | \$5,664,800 | \$60,709 | \$241,924 | \$6.27 | \$25.00 | \$453,184 | \$34,045 | \$50.35 |
| | | | | \$5,875,035 | \$86,139 | \$252,600 | | | \$485,553 | \$35,508 | |

TABLE 6. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Roosevelt County, Projected 2005.
Planting Dates: August 15 - August 30

| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
|---------------------------------|---------------|------------------------|---------------------|---------|----------------|----------|---------------|----------|
| PURCHASED INPUTS | | | | | | | | |
| SEED | \$2.88 | 20 LBS | \$57.60 | | | | | \$57.60 |
| NITROGEN (N) | \$0.40 | 40 LBS | \$16.00 | | | | | \$16.00 |
| PHOSPHATE (P2O5) | \$0.31 | 60 LBS | \$18.60 | | | | | \$18.60 |
| PUMP WATER* | | 9 AC. IN. | | | | | | |
| SUBTOTAL | | | \$92.20 | | | | | \$92.20 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC | 185 HP | 0.09 HR | | \$0.67 | \$1.96 | \$1.19 | \$1.37 | \$5.19 |
| PLOW | 185 HP | 0.29 HR | | \$2.16 | \$6.31 | \$3.51 | \$4.17 | \$16.15 |
| FLOAT | 140 HP | 0.19 HR | | \$1.42 | \$3.12 | \$0.83 | \$4.20 | \$9.57 |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.37 | \$0.82 | \$0.22 | \$0.52 | \$1.93 |
| DISC | 185 HP | 0.09 HR | | \$0.67 | \$1.96 | \$1.19 | \$1.37 | \$5.19 |
| PRE-IRRIGATE | | 0.10 HR | | \$0.67 | \$10.02 | \$39.93 | \$81.11 | \$131.73 |
| DRILL | 140 HP | 0.10 HR | | \$0.75 | \$1.64 | \$0.61 | \$4.16 | \$7.15 |
| IRRIGATE (2X) | | 0.20 HR | | \$1.33 | \$20.04 | \$79.86 | \$162.23 | \$263.46 |
| SUBTOTAL | | 1.11 HR | | \$8.03 | \$45.87 | \$127.34 | \$259.14 | \$440.38 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.19 HR | | \$1.42 | | | | \$1.42 |
| EMPLOYEE BENEFITS | | | | \$1.45 | | | | \$1.45 |
| INSURANCE | | | \$0.16 | | | | | \$0.16 |
| SUPERVISION AND MANAGEMENT | | | | \$7.16 | | | | \$7.16 |
| SUBTOTAL | | 0.19 HR | \$0.16 | \$10.02 | | | | \$10.18 |
| TOTAL OPERATING EXPENSES | | 1.30 HR | \$92.36 | \$18.05 | \$45.87 | \$127.34 | \$259.14 | \$542.76 |

TABLE 7. Alfalfa hay, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, Projected 2005.
Harvest Dates: May 20 - October 15

| ITEM | PRICE | YIELD | | | | | TOTAL | |
|----------------------------------|------------|---------------------|------------------|-----------------|-----------------|-----------------|---------------------|-------------------|
| GROSS RETURNS | | | | | | | | |
| HAY | \$130.00 | 6.00 TONS (STACKED) | | | | | \$780.00 | |
| GRAZING | \$50.00 | 1.00 ACRE | | | | | \$50.00 | |
| TOTAL | | | | | | | \$830.00 | |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
| PHOSPHATE (P2O5) | \$0.31 | 150 LBS | \$46.50 | | | | | \$46.50 |
| PLASTIC TWINE | \$19.15 | 1,020 FT | \$4.88 | | | | | \$4.88 |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 X/ACRE | \$20.01 | | | | | \$20.01 |
| HERBICIDE (CUSTOM) | \$16.96 | 1 X/ACRE | \$16.96 | | | | | \$16.96 |
| ESTABLISHMENT: Principal | | 5 YEARS | | | | | \$108.55 | \$108.55 |
| : Interest | | | | | | | \$12.45 | \$12.45 |
| PUMP WATER* | | 30 AC. IN. | | | | | | |
| SUBTOTAL | | | \$88.35 | | | | \$121.00 | \$209.35 |
| PREHARVEST OPERATIONS | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| IRRIGATE | | 1.00 HR | | \$6.65 | \$100.21 | \$399.32 | \$811.13 | \$1,317.31 |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.37 | \$0.82 | \$0.22 | \$0.52 | \$1.93 |
| SUBTOTAL | | 1.05 HR | | \$7.02 | \$101.03 | \$399.54 | \$811.65 | \$1,319.24 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER (5X) | S.P. | 0.80 HR | | \$5.96 | \$6.29 | \$0.46 | \$12.30 | \$25.01 |
| RAKE (5X) | 140 HP | 0.40 HR | | \$2.98 | \$6.56 | \$2.12 | \$7.04 | \$18.70 |
| BALER (5X) | 185 HP | 0.35 HR | | \$2.61 | \$7.61 | \$2.64 | \$51.66 | \$64.52 |
| FRONT END LOADER (5X) | 140 HP | 1.25 HR | | \$9.31 | \$20.51 | \$9.39 | \$15.14 | \$54.36 |
| SUBTOTAL | | 2.80 HR | | \$0.00 | \$20.86 | \$40.98 | \$14.61 | \$162.59 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.70 HR | | \$5.22 | | | | \$5.22 |
| EMPLOYEE BENEFITS | | | | \$5.02 | | | | \$5.02 |
| INSURANCE | | | \$0.14 | | | | | \$0.14 |
| LAND TAXES | | | | | | | \$0.53 | \$0.53 |
| SUPERVISION AND MANAGEMENT | | | | \$60.53 | | | | \$60.53 |
| OTHER EXPENSES | | | \$33.80 | | | | | \$33.80 |
| SUBTOTAL | | 0.70 HR | | \$33.94 | \$70.76 | | \$0.53 | \$105.23 |
| TOTAL OPERATING EXPENSES | | 4.55 HR | | \$122.29 | \$98.64 | \$142.01 | \$414.15 | \$1,796.41 |
| NET OPERATING PROFIT | | | | | | | (\$966.41) | |
| INTEREST ON OPERATING CAPITAL | | (| \$173.95 | @ | 7.00% |) | \$12.18 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$49.69 | |
| RETURN TO LAND AND RISK | | | | | | | (\$1,028.27) | |

* Pump water costs are shown under irrigation in the preharvest operations section.

BUDGET SUMMARY

| | | | |
|-------------------------------|------------|--------------|---|
| GROSS RETURN | | \$830.00 | |
| VARIABLE OPERATING EXPENSES | \$678.45 | | |
| RETURN OVER VARIABLE EXPENSES | | \$151.55 | (GROSS MARGIN) |
| FIXED EXPENSES | \$1,019.32 | | |
| NET FARM INCOME | | (\$867.77) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$98.64 | | |
| NET OPERATING PROFIT | | (\$966.41) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$61.87 | | |
| RETURN TO LAND AND RISK | | (\$1,028.27) | |

TABLE 8. Wheat, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, Projected 2005.
 Planting Dates: August 20 - September 15
 Harvest Dates: June 1 - June 25

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|--------|---------------|------|-----------------|
| GROSS RETURNS | | | | |
| WHEAT | \$3.75 | 60.00 BUSHELS | | \$225.00 |
| DIRECT PAYMENT | \$0.00 | 60.00 BUSHELS | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | | | \$0.00 |
| GRAZING | \$0.00 | 1.00 ACRE | | \$0.00 |
| TOTAL | | | | \$225.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED | \$0.24 | 120 LBS | \$28.80 | | \$28.80 |
| NITROGEN (N) | \$0.40 | 120 LBS | \$48.00 | | \$48.00 |
| PHOSPHATE (P2O5) | \$0.31 | 40 LBS | \$12.40 | | \$12.40 |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 X/ACRE | \$20.01 | | \$20.01 |
| PUMP WATER* | | 18 AC. IN. | | | |
| CROP INSURANCE | \$0.24 | | \$0.24 | | \$0.24 |
| SUBTOTAL | | | \$109.44 | | \$109.44 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|---------------|----------------|-----------------|-----------------|-----------------|
| BROADCAST (CUSTOM) | | | \$4.00 | | | | | \$4.00 |
| IRRIGATE (17X) | | 0.85 HR | | \$5.65 | \$60.12 | \$239.59 | \$486.68 | \$792.05 |
| SUBTOTAL | | 0.85 HR | \$4.00 | \$5.65 | \$60.12 | \$239.59 | \$486.68 | \$796.05 |

| HARVEST OPERATIONS | | | | | | | | |
|--------------------|--|--|----------------|--|--|--|--|----------------|
| COMBINE (CUSTOM) | | | \$5.97 | | | | | \$5.97 |
| HAUL (CUSTOM) | | | \$9.60 | | | | | \$9.60 |
| SUBTOTAL | | | \$15.57 | | | | | \$15.57 |

| OVERHEAD EXPENSES | | | | | | | | |
|----------------------------|--|----------------|----------------|----------------|--|--|---------------|----------------|
| DOWNTIME | | 0.00 HR | | \$0.00 | | | | \$0.00 |
| EMPLOYEE BENEFITS | | | | \$1.02 | | | | \$1.02 |
| INSURANCE | | | \$0.11 | | | | | \$0.11 |
| LAND TAXES | | | | | | | \$0.53 | \$0.53 |
| SUPERVISION AND MANAGEMENT | | | | \$16.60 | | | | \$16.60 |
| OTHER EXPENSES | | | \$33.80 | | | | | \$33.80 |
| SUBTOTAL | | 0.00 HR | \$33.91 | \$17.62 | | | \$0.53 | \$52.06 |

| | | | | | | | | |
|---------------------------------|--|----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|
| TOTAL OPERATING EXPENSES | | 0.85 HR | \$162.92 | \$23.27 | \$60.12 | \$239.59 | \$487.21 | \$973.12 |
|---------------------------------|--|----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|-------------------|
| NET OPERATING PROFIT | | | | | | | | (\$748.12) |
|-----------------------------|--|--|--|--|--|--|--|-------------------|

| | | | | | | | | |
|----------------------------------|---|----------|---|-------|---|--|--|--------|
| INTEREST ON OPERATING CAPITAL | (| \$130.95 | @ | 7.00% |) | | | \$9.17 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$3.63 |

| | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|--|-------------------|
| RETURN TO LAND AND RISK | | | | | | | | (\$760.92) |
|--------------------------------|--|--|--|--|--|--|--|-------------------|

* Pump water costs are shown under irrigation in the preharvest operations section.

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|------------|---|
| GROSS RETURN | | \$225.00 | |
| VARIABLE OPERATING EXPENSES | \$462.64 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$237.64) | (GROSS MARGIN) |
| FIXED EXPENSES | \$487.21 | | |
| NET FARM INCOME | | (\$724.85) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$23.27 | | |
| NET OPERATING PROFIT | | (\$748.12) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$12.80 | | |
| RETURN TO LAND AND RISK | | (\$760.92) | |

TABLE 9. Corn for grain, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County
 Projected 2005.
 Planting Dates: April 25 - May 30
 Harvest Dates: November 1 - November 30

| ITEM | PRICE | YIELD | BASE | | | | | TOTAL | |
|----------------------------------|------------|---------------------|------------------|----------------|-----------------|-----------------|-----------------|---------------------|-----------------|
| GROSS RETURNS | | | | | | | | | |
| CORN FOR GRAIN | \$4.02 | 100.00 CWT | | | | | | \$401.79 | |
| DIRECT PAYMENT | \$0.00 | 100.00 CWT | 0.85 | | | | | \$0.00 | |
| COUNTER CYCLICAL PAYMENT | \$0.00 | 0.00 CWT | | | | | | \$0.00 | |
| GRAZING | \$15.00 | 1.00 ACRE | | | | | | \$15.00 | |
| TOTAL | | | | | | | | \$416.79 | |
| PURCHASED INPUTS | | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | | FIXED COST | TOTAL |
| SEED | \$1.06 | 24 000 | \$25.50 | | | | | | \$25.50 |
| NITROGEN (N) | \$0.40 | 250 LBS | \$100.00 | | | | | | \$100.00 |
| PHOSPHATE (P205) | \$0.31 | 80 LBS | \$24.80 | | | | | | \$24.80 |
| POTASH (K20) | \$0.13 | 40 LBS | \$5.00 | | | | | | \$5.00 |
| TRACE ELEMENTS | \$15.36 | 1 X/ACRE | \$15.36 | | | | | | \$15.36 |
| HERBICIDE | \$21.24 | 1 X/ACRE | \$21.24 | | | | | | \$21.24 |
| INSECTICIDE (CUSTOM) | \$24.65 | 1 X/ACRE | \$24.65 | | | | | | \$24.65 |
| PUMP WATER* | | 30 AC. IN. | | | | | | | |
| CROP INSURANCE | \$0.31 | | \$0.31 | | | | | | \$0.31 |
| SUBTOTAL | | | \$216.86 | | | | | | \$216.86 |
| PREHARVEST OPERATIONS | | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| DISC (2X) | 185 HP | 0.18 HR | | \$1.34 | \$3.92 | \$2.38 | \$2.75 | \$10.39 | |
| PLOW | 185 HP | 0.29 HR | | \$2.16 | \$6.31 | \$3.51 | \$4.17 | \$16.15 | |
| CHISEL (2X) | 185 HP | 0.20 HR | | \$1.49 | \$4.35 | \$2.42 | \$2.87 | \$11.14 | |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.37 | \$0.82 | \$0.22 | \$0.52 | \$1.93 | |
| PRE-IRRIGATE (3X) | | 0.30 HR | | \$2.00 | \$20.04 | \$79.86 | \$162.23 | \$264.13 | |
| LISTER (3X) | 185 HP | 0.27 HR | | \$2.01 | \$5.87 | \$2.63 | \$3.45 | \$13.97 | |
| ROD WEED | 185 HP | 0.08 HR | | \$0.60 | \$1.74 | \$0.52 | \$1.24 | \$4.10 | |
| PLANTER | 185 HP | 0.12 HR | | \$0.89 | \$2.61 | \$1.01 | \$3.80 | \$8.31 | |
| SAND FURROW (5X) | 140 HP | 0.50 HR | | \$3.73 | \$8.21 | \$4.66 | \$7.31 | \$23.90 | |
| IRRIGATE (12X) | | 1.20 HR | | \$7.98 | \$80.17 | \$319.46 | \$648.90 | \$1,056.51 | |
| SUBTOTAL | | 3.19 HR | | \$22.57 | \$134.03 | \$416.68 | \$837.24 | \$1,410.52 | |
| HARVEST OPERATIONS | | | | | | | | | |
| COMBINE (CUSTOM) | | | \$35.00 | | | | | \$35.00 | |
| HAUL (CUSTOM) | | | \$18.00 | | | | | \$18.00 | |
| SUBTOTAL | | | \$53.00 | | | | | \$53.00 | |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.41 HR | | \$3.05 | | | | \$3.05 | |
| EMPLOYEE BENEF | ITS | | | \$4.06 | | | | \$4.06 | |
| INSURANCE | | | \$0.45 | | | | | \$0.45 | |
| LAND TAXES | | | | | | | \$0.53 | \$0.53 | |
| SUPERVISION AND MANAGEMENT | | | | \$31.52 | | | | \$31.52 | |
| OTHER EXPENSES | | | \$33.80 | | | | | \$33.80 | |
| SUBTOTAL | | 0.41 HR | \$34.25 | \$38.64 | | | \$0.53 | \$73.42 | |
| TOTAL OPERATING EXPENSES | | 3.60 HR | \$304.10 | \$61.20 | \$134.03 | \$416.68 | \$837.78 | \$1,753.79 | |
| NET OPERATING PROFIT | | | | | | | | (\$1,337.01) | |
| INTEREST ON OPERATING CAPITAL | | (\$250.52 @ | 7.00% |) | | | | \$17.54 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$15.81 | |
| RETURN TO LAND AND RISK | | | | | | | | (\$1,370.35) | |

* Pump water costs are shown under irrigation in the preharvest operations section.

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|--------------|---|
| GROSS RETURN | | \$416.79 | |
| VARIABLE OPERATING EXPENSES | \$854.82 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$438.03) | (GROSS MARGIN) |
| FIXED EXPENSES | \$837.78 | | |
| NET FARM INCOME | | (\$1,275.81) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$61.20 | | |
| NET OPERATING PROFIT | | (\$1,337.01) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$33.34 | | |
| RETURN TO LAND AND RISK | | (\$1,370.35) | |

TABLE 10. Peanuts, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County
 Projected 2005.
 Planting Dates: May 10 - June 10
 Harvest Dates: October 10 - November 10

| ITEM | PRICE | YIELD | TOTAL |
|---------------|--------|--------------|----------|
| GROSS RETURNS | | | |
| PEANUTS | \$0.30 | 2,600.00 LBS | \$780.00 |
| TOTAL | | | \$780.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-------------------------|----------|------------|------------------|------------|----------|
| SEED (PEANUT) | \$0.40 | 100 LB | \$40.00 | | \$40.00 |
| NITROGEN (N) | \$0.40 | 70 LB | \$28.00 | | \$28.00 |
| PHOSPHATE (P205) | \$0.31 | 80 LB | \$24.80 | | \$24.80 |
| POTASH (K2O) | \$0.14 | 30 LB | \$4.05 | | \$4.05 |
| TRACE ELEMENTS & MANURE | \$11.14 | 1 X/ACRE | \$41.14 | | \$41.14 |
| HERBICIDE | \$21.18 | 1 X/ACRE | \$21.18 | | \$21.18 |
| INSECTICIDE (CUSTOM) | \$16.96 | 1 X/ACRE | \$16.96 | | \$16.96 |
| FUNGICIDE | \$109.57 | 1 X/ACRE | \$109.57 | | \$109.57 |
| PUMP WATER | | 28 AC. IN. | | | |
| SUBTOTAL | | | \$285.70 | | \$285.70 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------------|------------|----------------------|------------------|---------|-------------|----------|------------|------------|
| DISC (2X) | 185 HP | 0.18 HR | | \$1.34 | \$3.92 | \$2.38 | \$2.75 | \$10.39 |
| PLOW | 185 HP | 0.29 HR | | \$2.16 | \$6.31 | \$3.51 | \$4.17 | \$16.15 |
| CHISEL (2X) | 185 HP | 0.20 HR | | \$1.49 | \$4.35 | \$2.42 | \$2.87 | \$11.14 |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.37 | \$0.82 | \$0.22 | \$0.52 | \$1.93 |
| SPRAY & DISC | 185 HP | 0.00 HR | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| PRE-IRRIGATE | | 0.30 HR | | \$2.00 | \$28.06 | \$87.85 | \$178.45 | \$296.35 |
| LISTER | 185 HP | 0.27 HR | | \$2.01 | \$5.87 | \$2.63 | \$3.45 | \$13.97 |
| PLANTER | 185 HP | 0.12 HR | | \$0.89 | \$2.61 | \$1.01 | \$3.80 | \$8.31 |
| APPLY FUNGICIDE (CUSTOM) | | | \$27.00 | | | | | \$27.00 |
| CULTIVATOR (2X) | 140 HP | 0.20 HR | | \$1.49 | \$3.28 | \$1.86 | \$2.93 | \$9.56 |
| HAND HOE (CUSTOM) | | | \$10.00 | | | | | \$10.00 |
| IRRIGATE (7X) | | 0.70 HR | | \$4.66 | \$65.47 | \$204.99 | \$416.38 | \$691.49 |
| SUBTOTAL | | 2.31 HR | \$37.00 | \$16.41 | \$120.69 | \$306.88 | \$615.31 | \$1,096.29 |
| HARVEST OPERATIONS | | | | | | | | |
| DIG AND INVERT | 185 HP | 0.24 HR | | \$1.79 | \$5.22 | \$14.00 | \$2.80 | \$23.82 |
| COMBINE PEANUTS | 185 HP | 0.80 HR | | \$5.96 | \$17.40 | \$5.56 | \$23.18 | \$52.10 |
| HAUL | 140 HP | 0.37 HR | | \$2.76 | \$6.07 | \$1.66 | \$5.79 | \$16.28 |
| SUBTOTAL | | 1.41 HR | \$0.00 | \$10.50 | \$28.70 | \$21.22 | \$31.78 | \$92.20 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.68 HR | | \$5.07 | | | | \$5.07 |
| EMPLOYEE BENEFITS | | | | \$4.84 | | | | \$4.84 |
| INSURANCE | | | \$0.54 | | | | | \$0.54 |
| LAND TAXES | | | | | | | \$0.53 | \$0.53 |
| SUPERVISION AND MANAGEMENT | | | | \$56.96 | | | | \$56.96 |
| OTHER EXPENSES | | | \$33.80 | | | | | \$33.80 |
| SUBTOTAL | | 0.68 HR | \$34.34 | \$66.87 | | | \$0.53 | \$101.74 |
| TOTAL OPERATING EXPENSES | | 4.40 HR | \$357.03 | \$93.78 | \$149.38 | \$328.10 | \$647.63 | \$1,575.92 |
| NET OPERATING PROFIT | | | | | | | | (\$795.92) |
| INTEREST ON OPERATING CAPITAL | | (\$253.90 @ 7.00%) | | | | | | \$17.77 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$29.65 |
| RETURN TO LAND AND RISK | | | | | | | | (\$843.35) |

* Pump water costs are shown under irrigation in the preharvest operations section.

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|------------|---|
| GROSS RETURN | | \$780.00 | |
| VARIABLE OPERATING EXPENSES | \$834.51 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$54.51) | (GROSS MARGIN) |
| FIXED EXPENSES | \$647.63 | | |
| NET FARM INCOME | | (\$702.14) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$93.78 | | |
| NET OPERATING PROFIT | | (\$795.92) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$47.42 | | |
| RETURN TO LAND AND RISK | | (\$843.35) | |

TABLE 11. Summary of per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt Cour Projected 2005.

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | WHEAT | CORN | PEANUTS |
|----------------------------------|--------------------------|----------------|------------|--------------|------------|
| | | TONS | BU | CWT | LBS |
| PRIMARY YIELD | | 6.00 | 60.00 | 100.00 | 2,600.00 |
| PRIMARY PRICE | | \$130.00 | \$3.75 | \$4.02 | \$0.30 |
| GOVERNMENT PAYMENTS | | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SECOND INCOME | | \$50.00 | \$0.00 | \$15.00 | \$0.00 |
| GROSS RETURN | | \$830.00 | \$225.00 | \$416.79 | \$780.00 |
| CASH OPERATING EXPENSES | | | | | |
| SEED | \$57.60 | | \$28.80 | \$25.50 | \$40.00 |
| FERTILIZER | \$34.60 | \$46.50 | \$60.40 | \$145.16 | \$56.85 |
| CHEMICALS | | \$36.97 | \$20.01 | \$45.89 | \$147.71 |
| CROP INSURANCE | | | \$0.24 | \$0.31 | |
| OTHER PURCHASED INPUTS | | | | | \$41.14 |
| CANAL WATER | | | | | |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$15.80 | \$41.80 | \$0.00 | \$33.82 | \$55.86 |
| FUEL-IRRIGATION | \$30.06 | \$100.21 | \$60.12 | \$100.21 | \$93.53 |
| REPAIRS | \$127.34 | \$414.15 | \$239.59 | \$416.68 | \$328.10 |
| CUSTOM CHARGES | | | \$19.57 | \$53.00 | \$37.00 |
| LAND TAXES | \$0.00 | \$0.53 | \$0.53 | \$0.53 | \$0.53 |
| OTHER EXPENSES | \$0.16 | \$33.94 | \$33.91 | \$34.25 | \$34.34 |
| TOTAL CASH EXPENSES | \$265.57 | \$674.10 | \$463.18 | \$855.35 | \$835.05 |
| RETURN OVER CASH EXPENSES | (\$265.57) | \$155.90 | (\$238.18) | (\$438.57) | (\$55.05) |
| FIXED EXPENSES | \$259.14 | \$1,018.78 | \$486.68 | \$837.24 | \$647.09 |
| TOTAL EXPENSES | \$524.71 | \$1,692.88 | \$949.85 | \$1,692.59 | \$1,482.14 |
| NET FARM INCOME | (\$524.71) | (\$862.88) | (\$724.85) | (\$1,275.81) | (\$702.14) |
| LABOR AND MANAGEMENT COSTS | \$18.05 | \$98.64 | \$23.27 | \$61.20 | \$93.78 |
| NET OPERATING PROFIT | (\$542.76) | (\$961.52) | (\$748.12) | (\$1,337.01) | (\$795.92) |
| CAPITAL COSTS | | | | | |
| INTEREST ON OPERATING CAPITAL | \$0.00 | \$12.18 | \$9.17 | \$17.54 | \$17.77 |
| INTEREST ON EQUIPMENT INVESTMENT | \$0.00 | \$49.69 | \$3.63 | \$15.81 | \$29.65 |
| TOTAL CAPITAL COSTS | \$0.00 | \$61.87 | \$12.80 | \$33.34 | \$47.42 |
| RETURN TO RISK | (\$542.76) | (\$1,023.39) | (\$760.92) | (\$1,370.35) | (\$843.35) |

TABLE 12. Whole farm summary, Blackwater Draw area, Roosevelt County,
Projected 2005.

| | | |
|----------------------------------|--------------|--------------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 125.00 ACRES | |
| CROP | | \$97,500 |
| GRAZING | | \$6,250 |
| WHEAT | 212.50 ACRES | |
| CROP | | \$47,813 |
| GRAZING | | \$0 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| CORN FOR GRAIN | 162.50 ACRES | |
| CROP | | \$65,290 |
| GRAZING | | \$2,438 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| PEANUTS | 250.00 ACRES | |
| CROP | | \$195,000 |
| GROSS RETURN | | <u>\$414,290</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$21,704 |
| FERTILIZER | | \$57,314 |
| CHEMICALS | | \$53,257 |
| CROP INSURANCE | | \$100 |
| OTHER PURCHASED INPUTS | | \$10,284 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$25,081 |
| FUEL-IRRIGATION | | \$65,719 |
| REPAIRS | | \$255,601 |
| CUSTOM CHARGES | | \$22,021 |
| LAND TAXES | | \$401 |
| OTHER EXPENSES | | \$25,602 |
| TOTAL CASH EXPENSES | | <u>\$537,083</u> |
| RETURN OVER CASH EXPENSES | | (\$122,793) |
| FIXED EXPENSES | | \$521,501 |
| TOTAL EXPENSES | | \$1,058,584 |
| NET FARM INCOME | | (\$644,294) |
| LABOR AND MANAGEMENT COSTS | | \$51,118 |
| NET OPERATING PROFIT | | (\$695,412) |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$10,763 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$16,965 |
| TOTAL CAPITAL COSTS | | <u>\$27,728</u> |
| RETURN TO RISK | | <u>(\$723,139)</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$500 /ACRE | (\$737,539) | -10.94% |
| \$750 /ACRE | (\$744,739) | -10.54% |
| \$1,000 /ACRE | (\$751,939) | -10.17% |
| \$1,250 /ACRE | (\$759,139) | -9.83% |
| \$1,500 /ACRE | (\$766,339) | -9.51% |
| \$1,750 /ACRE | (\$773,539) | -9.20% |
| \$2,000 /ACRE | (\$780,739) | -8.92% |

* 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)