

TABLE 1. Basic cost information for Lea County, 2003.

| Item | | | |
|---------------------------------|---------------|------------------|---------|
| Labor Wage Rate: | | | |
| Equipment operators | | \$/hour | \$7.55 |
| General & Irrigators | | \$/hour | \$6.75 |
| Purchased Inputs: | | | |
| Fertilizer: | | | |
| Nitrogen (N) | | \$/pound | \$0.36 |
| Phosphate (P205) | | \$/pound | \$0.33 |
| Seed: | | | |
| Alfalfa | | \$/pound | \$3.00 |
| Wheat | | \$/pound | \$0.13 |
| Cotton | | \$/pound | \$0.56 |
| Electricity (Lea Co Elec Coop) | | cents/KwHr | 4.96 |
| Natural gas (Gas Co NM) | | \$/MCF | \$3.28 |
| Service Charge | | \$/month | \$10.00 |
| Diesel fuel | | \$/gallon | \$1.30 |
| Gasoline | | \$/gallon | \$1.35 |
| LP Gas | | \$/gallon | \$1.21 |
| Employee Liability Insurance | \$/ \$1,000 | wages | \$20.00 |
| Employee Benefits | percent/w | ages | 18.00% |
| Labor Downtime | percent | | 25.00% |
| Financial Rates: | | | |
| Operating Capital Interest Rate | percent | | 8.00% |
| Land Interest Rate | percent | | 7.00% |
| Equipment Interest Rate | percent | | 8.00% |
| Real Interest Rate | percent | | 4.00% |
| Land Taxes | \$90.00 /acre | (full value) | \$0.78 |
| Personal Property Tax Rate - NR | \$/ \$1,000 | (Assessed Value) | \$26.04 |
| - R | | | \$24.13 |
| Supervision Factors | | | |
| Field Crop-Irrigation | | \$/labor hour | \$1.00 |
| Field Crop-Equipment & General | | \$/labor hour | \$0.50 |
| Management Rate | percent | | 7.00% |

TABLE 1a. Overhead cost information for Lea County, 2003.

| ITEM | | | |
|------------------------------------|--------|--------------------|----------|
| Electricity (Domestic & Shop) | | \$115.00 per month | \$1,380 |
| Telephone | | \$115.00 per month | \$1,380 |
| Accounting & Legal | | | \$1,555 |
| Misc. Supplies & Hand Tools | | | \$2,270 |
| Pickup and Auto | | | |
| miles | 20,600 | @ \$0.365 per mile | \$7,519 |
| Insurance | | | |
| - general liability (non-employee) | | | \$1,675 |
| - fire/theft | | | \$1,330 |
| Property Taxes | | | |
| - non-planted land | | | \$82 |
| - other than land & machinery | | | \$610 |
| Building repairs and maintenance | | | \$2,370 |
| Dues, fees, publications | | | \$380 |
| Farmstead Equipment | | | \$165 |
| Total | | | \$20,716 |
| Total per planted acre | | | \$55.24 |

TABLE 2. Pumping costs and data for irrigation wells, Lea County, 2003.

INPUT DATA

| | | | |
|-----------------------------|--------|------------------------|-----|
| DELIVERY PSI: | | DEPTH CHARACTERISTICS: | |
| SPRINKLER... | 40 | STATIC... .. | 70 |
| | | DRAW DOV | 30 |
| | | TOTAL HEAD..... | 100 |
| | | CASING... .. | 150 |
| GALLONS PER MINUTE (GPM)... | 750 | | |
| WORK HORSEPOWER..... | 36 | | |
| EFFICIENCY FACTOR: | | | |
| ELECTRICITY..... | 0.540 | | |
| NATURAL GAS..... | 0.154 | | |
| LP GAS..... | 0.154 | | |
| DIESEL..... | 0.160 | | |
| FUEL COST PER UNIT: | | | |
| ELECTRICITY..... | 4.96 | CENTS/K | wHr |
| NATURAL GAS..... | \$3.28 | \$/MCF | |
| LP GAS..... | \$1.21 | \$/GAL | |
| DIESEL..... | \$1.30 | \$/GAL | |

FUEL PUMPING COSTS

| | |
|--------------------------|--------|
| ELECTRIC WELL: | |
| COST PER HOUR..... | \$2.53 |
| COST PER ACRE INCH | \$1.53 |
| NATURAL GAS WELL: | |
| COST PER HOUR..... | \$2.20 |
| COST PER ACRE INCH | \$1.32 |
| LP GAS WELL: | |
| COST PER HOUR..... | \$7.96 |
| COST PER ACRE INCH | \$4.80 |
| DIESEL WELL: | |
| COST PER HOUR..... | \$5.35 |
| COST PER ACRE INCH | \$3.23 |

TABLE 3. Equipment summary for a 480 acre sprinkler-irrigated farm with above average management, Lea County, 2003.

| EQUIPMENT ITEM & SIZE | ANNUAL | | VARIABLE COSTS | | | | | FIXED COSTS | | |
|-----------------------------|-----------------|--------|----------------|-----------------------|---------------------|---------|------------------|-------------------|---------|-------------------|
| | HOURS OF USE | NUMBER | TOTAL VALUE | FUEL AND LUBRICANT | FUEL,LUBE REPAIR | PER HR | REPAIR PER HR | DEPRE- CIATION | TAXES | TOTAL PER HOUR |
| TRACTOR 126 HP | 344 | 1 | \$31,240 | \$3,164 | \$2,263 | \$9.19 | \$6.58 | \$2,740 | \$297 | \$8.82 |
| TRACTOR 155 HP | 483 | 1 | \$14,420 | \$5,462 | \$5,172 | \$11.31 | \$10.71 | \$3,500 | \$228 | \$7.72 |
| COTTON STRIPPER (MTD) | 89 | 1 | \$2,520 | | \$389 | | \$4.37 | \$1,150 | \$50 | \$13.46 |
| SWATHER 16 FT | 69 | 1 | \$24,740 | \$335 | \$299 | \$4.87 | \$4.34 | \$3,621 | \$314 | \$57.23 |
| BALER PTO 2-WIRE & ACCUM. | 156 | 1 | \$4,100 | | \$327 | | \$2.09 | \$550 | \$48 | \$3.83 |
| DISC 14 FT | 76 | 1 | \$3,000 | | \$139 | | \$1.83 | \$400 | \$26 | \$5.61 |
| DRILL 13 FT | 23 | 1 | \$2,150 | | \$62 | | \$2.71 | \$430 | \$19 | \$19.59 |
| PLOW (MOLDBOARD) 4-14 IN | 79 | 1 | \$4,000 | | \$190 | | \$2.40 | \$533 | \$35 | \$7.18 |
| CHISEL 9 PT. | 16 | 1 | \$1,350 | | \$19 | | \$1.16 | \$180 | \$12 | \$12.03 |
| PLANTER 6-ROW | 24 | 1 | \$4,250 | | \$131 | | \$5.36 | \$850 | \$37 | \$36.29 |
| FLOAT 12 FT | 4 | 1 | \$500 | | \$0 | | \$0.02 | \$53 | \$3 | \$14.24 |
| CULTIVATOR 6-ROW | 56 | 1 | \$2,500 | | \$87 | | \$1.55 | \$333 | \$22 | \$6.33 |
| FRONT END LOADER | 156 | 1 | \$2,550 | | \$0 | | \$0.00 | \$255 | \$22 | \$1.77 |
| SHREDDER 4-ROW | 20 | 1 | \$2,500 | | \$23 | | \$1.15 | \$333 | \$22 | \$17.64 |
| ANHYDROUS APPLICATOR | 18 | 1 | \$1,500 | | \$34 | | \$1.89 | \$200 | \$13 | \$11.79 |
| FERT SPREADER DEALER FURNI: | 20 | | | | | | | | | |
| MODULE BUILDER | 89 | 1 | \$8,000 | | \$663 | | \$7.44 | \$1,067 | \$69 | \$12.75 |
| CENTER PIVOT SPRINKLER | 6261 | 3 | \$45,000 | \$155 | \$1,002 | \$0.02 | \$0.16 | \$6,000 | \$391 | \$1.02 |
| NATURAL GAS WELL | 6261 | 5 | \$74,375 | \$13,745 | \$1,252 | \$2.20 | \$0.20 | \$5,950 | \$646 | \$1.15 |
| | | | \$228,695 | \$22,862 | \$12,051 | | | \$28,145 | \$2,253 | |

TABLE 4. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 480 acre farm with above average management, Lea County, 2003.
Planting dates: August 15 - September 1

| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL | |
|------------------------------|------------|---------------------|------------------|----------|-------------|---------|------------|----------|----------|
| <u>PURCHASED INPUTS</u> | | | | | | | | | |
| SEED | \$3.00 | 30 LBS | | | | | | \$90.00 | |
| NITROGEN (N) | \$0.36 | 55 LBS | | | | | | \$19.80 | |
| PHOSPHATE (P205) | \$0.33 | 140 LBS | | | | | | \$46.20 | |
| PUMP WATER | | 6 AC. IN. | | | | | | | |
| SUBTOTAL | | | | | | | | \$156.00 | |
| <u>PREHARVEST OPERATIONS</u> | | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| PLOW | 155 HP | 0.48 HR | | \$3.62 | \$5.43 | \$6.29 | \$7.15 | \$22.50 | |
| DISC (2X) | 155 HP | 0.28 HR | | \$2.11 | \$3.17 | \$3.51 | \$3.73 | \$12.53 | |
| FLOAT | 155 HP | 0.19 HR | | \$1.43 | \$2.15 | \$2.04 | \$4.17 | \$9.79 | |
| FERT SPREADER | 126 HP | 0.05 HR | | \$0.38 | \$0.46 | \$0.33 | \$0.44 | \$1.61 | |
| DRILL | 126 HP | 0.18 HR | | \$1.36 | \$1.66 | \$1.67 | \$5.11 | \$9.80 | |
| IRRIGATE (3X) | | 0.30 HR | | \$2.03 | \$8.04 | \$1.30 | \$7.86 | \$19.22 | |
| SUBTOTAL | | 1.48 HR | | \$10.93 | \$20.90 | \$15.15 | \$28.47 | \$75.45 | |
| <u>OVERHEAD EXPENSES</u> | | | | | | | | | |
| DOWNTIME | | 0.30 HR | | | \$2.23 | | | \$2.23 | |
| EMPLOYEE BENEFITS | | | | | \$1.97 | | | \$1.97 | |
| INSURANCE | | | | \$0.22 | | | | \$0.22 | |
| SUPERVISION AND MANAGEMENT | | | | \$17.09 | | | | \$17.09 | |
| SUBTOTAL | | 0.30 HR | | \$0.22 | \$21.29 | | | \$21.51 | |
| TOTAL OPERATING EXPENSES | | 1.78 HR | | \$156.22 | \$32.22 | \$20.90 | \$15.15 | \$28.47 | \$252.95 |

TABLE 5. Alfalfa hay, sprinkler-irrigated, budgeted per acre costs and returns for a 480 acre farm with above average management, Lea County, 2003.

Harvest dates: May 20 - October 15

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|-----------------|----------------|----------------|-----------------|-----------------|
| GROSS RETURNS | | | | | | | | |
| ALFALFA HAY | \$140.00 | 6.50 TONS (STACKED) | | | | | | \$910.00 |
| TOTAL | | | | | | | \$910.00 | |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | FIXED COST | TOTAL | |
| PHOSPHATE (P2O5) | \$0.33 | 90 LBS | \$29.70 | | | | \$29.70 | |
| INSECTICIDE (CUSTOM) | \$14.08 | 1 ACRE | \$14.08 | | | | \$14.08 | |
| HERBICIDE | \$12.80 | 1 ACRE | \$12.80 | | | | \$12.80 | |
| WIRE | \$0.37 | 56 LBS | \$20.69 | | | | \$20.69 | |
| ESTABLISHMENT: Principal | | 6 YEARS | | | | \$42.16 | \$42.16 | |
| : Interest | | | | | | \$11.15 | \$11.15 | |
| PUMP WATER* | | 42 AC. IN. | | | | | | |
| SUBTOTAL | | | \$77.27 | | | \$53.30 | \$130.58 | |
| PREHARVEST OPERATIONS | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| FERT SPREADER | 126 HP | 0.05 HR | | \$0.38 | \$0.46 | \$0.33 | \$0.44 | \$1.61 |
| IRRIGATE | | 1.40 HR | | \$9.45 | \$56.27 | \$9.12 | \$54.99 | \$129.84 |
| SUBTOTAL | | 1.45 HR | | \$9.83 | \$56.73 | \$9.45 | \$55.44 | \$131.44 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER (5X) | 16 FT SP | 0.55 HR | | \$4.15 | \$2.68 | \$2.39 | \$31.48 | \$40.70 |
| BALER & ACCUM (5X) | 155 HP | 1.25 HR | | \$9.44 | \$14.14 | \$16.00 | \$14.43 | \$54.01 |
| FRONT END LOADER (5X) | 126 HP | 1.25 HR | | \$9.44 | \$11.49 | \$8.22 | \$13.25 | \$42.40 |
| SUBTOTAL | | 3.05 HR | | \$23.03 | \$28.31 | \$26.61 | \$59.16 | \$137.10 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.78 HR | | \$5.85 | | | | \$5.85 |
| EMPLOYEE BENEFITS | | | | \$5.91 | | | | \$5.91 |
| INSURANCE | | | \$0.66 | | | | | \$0.66 |
| LAND TAXES | | | | | | \$0.78 | | \$0.78 |
| SUPERVISION AND MANAGEMENT | | | | \$66.65 | | | | \$66.65 |
| OTHER EXPENSES | | | \$55.24 | | | | | \$55.24 |
| SUBTOTAL | | 0.78 HR | \$55.90 | \$78.42 | | | \$0.78 | \$135.10 |
| TOTAL OPERATING EXPENSES | | 5.28 HR | \$133.17 | \$111.27 | \$85.04 | \$36.06 | \$168.68 | \$534.22 |
| NET OPERATING PROFIT | | | | | | | \$375.78 | |
| INTEREST ON OPERATING CAPITAL | (| \$59.76 | @ | 8.00% |) | | \$4.78 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$26.89 | |
| RETURN TO LAND AND RISK | | | | | | | \$344.11 | |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|----------|---|
| GROSS RETURN | | \$910.00 | |
| VARIABLE OPERATING EXPENSES | \$254.27 | | |
| RETURN OVER VARIABLE EXPENSES | | \$655.73 | (GROSS MARGIN) |
| FIXED EXPENSES | \$168.68 | | |
| NET FARM INCOME | | \$487.05 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$111.27 | | |
| NET OPERATING PROFIT | | \$375.78 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$31.67 | | |
| RETURN TO LAND AND RISK | | \$344.11 | |

TABLE 6. Wheat, sprinkler-irrigated, budgeted per acre costs and returns for a 480 acre farm with above average management, Lea County, 2003.

Planting dates: August 15 - October 30

Harvest dates: June 20 - July 5

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|-----------------|----------------|----------------|----------------|-------------------|
| GROSS RETURNS | | | | | | | | |
| WHEAT | \$3.45 | 21.00 | BUSHELS | | | | | \$72.45 |
| DIRECT PAYMENT | \$0.52 | 48.00 | BUSHELS | | | | | \$24.96 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | | | | | | | \$0.00 |
| GRAZING | \$50.00 | 1.00 | ACRE | | | | | \$50.00 |
| TOTAL | | | | | | | | \$147.41 |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
| SEED | \$0.13 | 90 | LBS | \$11.70 | | | | \$11.70 |
| PHOSPHATE (P205) | \$0.33 | 70 | LBS | \$23.10 | | | | \$23.10 |
| ANHYDROUS AMMONIA (NH3) | \$0.1500 | 200 | LBS | \$30.00 | | | | \$30.00 |
| PUMP WATER* | | 20 | ACRE IN. | | | | | |
| CROP INSURANCE | \$0.47 | | | \$0.47 | | | | \$0.47 |
| SUBTOTAL | | | | \$65.27 | | | | \$65.27 |
| PREHARVEST OPERATIONS | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| CHISEL | 155 HP | 0.15 HR | | \$1.13 | \$1.70 | \$1.78 | \$2.96 | \$7.57 |
| DISC | 155 HP | 0.14 HR | | \$1.06 | \$1.58 | \$1.76 | \$1.87 | \$6.26 |
| ANNHYDROUS APPL | 155 HP | 0.17 HR | | \$1.28 | \$1.92 | \$2.14 | \$3.32 | \$8.67 |
| FERT SPREADER | 126 HP | 0.05 HR | | \$0.38 | \$0.46 | \$0.33 | \$0.44 | \$1.61 |
| DISC | 155 HP | 0.14 HR | | \$1.06 | \$1.58 | \$1.76 | \$1.87 | \$6.26 |
| DRILL | 126 HP | 0.18 HR | | \$1.36 | \$1.66 | \$1.67 | \$5.11 | \$9.80 |
| IRRIGATE (12X) | | 1.20 HR | | \$8.10 | \$26.79 | \$4.34 | \$26.19 | \$65.43 |
| SUBTOTAL | | 2.03 HR | | \$14.37 | \$35.70 | \$13.78 | \$41.76 | \$105.60 |
| HARVEST OPERATIONS | | | | | | | | |
| COMBINE (CUSTOM) | | | | \$7.54 | | | | \$7.54 |
| HAUL (CUSTOM) | | | | \$3.36 | | | | \$3.36 |
| SUBTOTAL | | | | \$10.90 | | | | \$10.90 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.21 HR | | \$1.57 | | | | \$1.57 |
| EMPLOYEE BENEFITS | | | | \$2.59 | | | | \$2.59 |
| INSURANCE | | | | \$0.29 | | | | \$0.29 |
| LAND TAXES | | | | | | | \$0.78 | \$0.78 |
| SUPERVISION AND MANAGEMENT | | | | \$11.93 | | | | \$11.93 |
| OTHER EXPENSES | | | | \$55.24 | | | | \$55.24 |
| SUBTOTAL | | 0.21 HR | | \$55.53 | \$16.09 | | \$0.78 | \$72.40 |
| TOTAL OPERATING EXPENSES | | 2.24 HR | | \$131.70 | \$30.45 | \$35.70 | \$13.78 | \$254.17 |
| NET OPERATING PROFIT | | | | | | | | (\$106.76) |
| INTEREST ON OPERATING CAPITAL | (| \$45.91 | @ | 8.00% | | | | \$3.67 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$6.72 |
| RETURN TO LAND AND RISK | | | | | | | | (\$117.14) |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|------------|---|
| GROSS RETURN | | \$147.41 | |
| VARIABLE OPERATING EXPENSES | \$181.17 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$33.76) | (GROSS MARGIN) |
| FIXED EXPENSES | \$42.54 | | |
| NET FARM INCOME | | (\$76.30) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$30.45 | | |
| NET OPERATING PROFIT | | (\$106.76) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$10.39 | | |
| RETURN TO LAND AND RISK | | (\$117.14) | |

TABLE 7. Upland cotton (stripper), sprinkler-irrigated, budgeted per acre costs and returns for a 480 acre farm with above average management, Lea County, 2003.
 Planting dates: May 1 - May 25
 Harvest dates: November 1 - December 15

| ITEM | PRICE | YIELD | | | | | | | TOTAL | |
|----------------------------------|------------|---------------------|------------------|----------------|----------------|----------------|----------------|-----------------|------------------|----------------|
| GROSS RETURNS | | | | | | | | | | |
| LINT | \$0.470 | 675.00 | LBS | | | | | | \$317.25 | |
| SEED | \$0.08 | 1080.00 | LBS | | | | | | \$81.00 | |
| DIRECT PAYMENT | \$0.0599 | 675.00 | LBS | | | | | | \$40.43 | |
| COUNTER CYCLICAL PAYMENT | \$0.1373 | 425.00 | LBS | | | | | | \$58.35 | |
| TOTAL | | | | | | | | \$497.04 | | |
| PURCHASED INPUTS | | | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | | | | TOTAL |
| SEED | \$0.56 | 20 | LBS | \$11.20 | | | | | | \$11.20 |
| NITROGEN (N) | \$0.36 | 32 | LBS | \$11.52 | | | | | | \$11.52 |
| PHOSPHATE (P2O5) | \$0.33 | 40 | LBS | \$13.20 | | | | | | \$13.20 |
| INSECTICIDE | \$11.20 | 1 | X/ACRE | \$11.20 | | | | | | \$11.20 |
| HERBICIDE | \$8.00 | 1 | X/ACRE | \$8.00 | | | | | | \$8.00 |
| INSECTICIDE (CUSTOM) | \$11.07 | 1 | X/ACRE | \$11.07 | | | | | | \$11.07 |
| CROP INSURANCE | | | | \$0.35 | | | | | | \$0.35 |
| PUMP WATER* | | 20 | ACRE IN. | | | | | | | |
| SUBTOTAL | | | | \$66.54 | | | | | | \$66.54 |
| PREHARVEST OPERATIONS | | | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | | |
| PLOW | 155 HP | 0.48 HR | | \$3.62 | \$5.43 | \$6.29 | \$7.15 | \$22.50 | | |
| DISC | 155 HP | 0.14 HR | | \$1.06 | \$1.58 | \$1.76 | \$1.87 | \$6.26 | | |
| FERT SPREADER | 126 HP | 0.05 HR | | \$0.38 | \$0.46 | \$0.33 | \$0.44 | \$1.61 | | |
| DISC | 155 HP | 0.14 HR | | \$1.06 | \$1.58 | \$1.76 | \$1.87 | \$6.26 | | |
| PRE-IRRIGATE | | 0.10 HR | | \$0.68 | \$3.35 | \$0.54 | \$3.27 | \$7.84 | | |
| PLANTER | 155 HP | 0.17 HR | | \$1.28 | \$1.92 | \$2.73 | \$7.48 | \$13.42 | | |
| CULTIVATOR (3X) | 126 HP | 0.39 HR | | \$2.94 | \$3.59 | \$3.17 | \$5.91 | \$15.61 | | |
| HOE (CUSTOM 2X) | | | \$20.00 | | | | | \$20.00 | | |
| IRRIGATE (7X) | | 0.70 HR | | \$4.73 | \$23.44 | \$3.80 | \$22.91 | \$54.89 | | |
| SUBTOTAL | | 2.17 HR | \$20.00 | \$15.74 | \$41.36 | \$20.38 | \$50.91 | \$148.39 | | |
| HARVEST OPERATIONS | | | | | | | | | | |
| COTTON STRIPPER | 126 HP | 0.62 HR | | \$4.68 | \$5.70 | \$6.79 | \$13.82 | \$30.99 | | |
| MODULE BUILDER | 155 HP | 0.62 HR | | \$4.68 | \$7.01 | \$11.25 | \$12.69 | \$35.64 | | |
| GIN COTTON (CUSTOM) | | | \$127.04 | | | | | \$127.04 | | |
| SUBTOTAL | | 1.24 HR | \$127.04 | \$9.36 | \$12.71 | \$18.04 | \$26.51 | \$193.66 | | |
| PREHARVEST OPERATIONS | | | | | | | | | | |
| SHREDDER | 155 HP | 0.14 HR | | \$1.06 | \$1.58 | \$1.66 | \$3.55 | \$7.85 | | |
| OVERHEAD EXPENSES | | | | | | | | | | |
| DOWNTIME | | 0.68 HR | | \$5.10 | | | | \$5.10 | | |
| EMPLOYEE BENEFITS | | | | \$4.71 | | | | \$4.71 | | |
| INSURANCE | | | \$0.52 | | | | | \$0.52 | | |
| LAND TAXES | | | | | | | \$0.78 | \$0.78 | | |
| SUPERVISION AND MANAGEMENT | | | | \$36.94 | | | | \$36.94 | | |
| OTHER EXPENSES | | | \$55.24 | | | | | \$55.24 | | |
| SUBTOTAL | | 0.68 HR | \$55.77 | \$46.75 | | | | \$0.78 | \$103.30 | |
| TOTAL OPERATING EXPENSES | | 4.23 HR | \$269.34 | \$72.91 | \$55.66 | \$40.08 | \$81.75 | \$519.73 | | |
| NET OPERATING PROFIT | | | | | | | | | (\$22.70) | |
| INTEREST ON OPERATING CAPITAL | | (| \$62.66 | @ | 8.00% |) | | \$5.01 | | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$18.01 | | |
| RETURN TO LAND AND RISK | | | | | | | | | (\$45.72) | |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|-----------|---|
| GROSS RETURN | | \$497.04 | |
| VARIABLE OPERATING EXPENSES | \$365.07 | | |
| RETURN OVER VARIABLE EXPENSES | | \$131.96 | (GROSS MARGIN) |
| FIXED EXPENSES | \$81.75 | | |
| NET FARM INCOME | | \$50.21 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$72.91 | | |
| NET OPERATING PROFIT | | (\$22.70) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$23.02 | | |
| RETURN TO LAND AND RISK | | (\$45.72) | |

TABLE 8. Summary of per acre costs and returns for a 480 acre farm with above average management, Lea County, 2002.

| | ALFALFA ESTABLISHMENT | ALFALFA HAY -----SPRINKLER----- | WHEAT | STRIPPER COTTON |
|--|--------------------------|---------------------------------------|------------|--------------------|
| | | TONS | BU | LBS |
| PRIMARY YIELD | | 6.50 | 21.00 | 675.00 |
| PRIMARY PRICE | | 140.00 | 3.45 | 0.47 |
| GOVERNMENT PAYMENTS | | 0.00 | 24.96 | 98.79 |
| SECOND INCOME | | 0.00 | 50.00 | 81.00 |
| GROSS RETURN | | \$910.00 | \$147.41 | \$497.04 |
| CASH OPERATING EXPENSES | | | | |
| SEED | \$90.00 | | \$11.70 | \$11.20 |
| FERTILIZER | \$66.00 | \$29.70 | \$53.10 | \$24.72 |
| CHEMICALS | | \$26.88 | | \$30.27 |
| CROP INSURANCE | | | \$0.47 | \$0.35 |
| OTHER PURCHASED INPUTS | | \$20.69 | | |
| CANAL WATER | | | | |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$12.86 | \$28.77 | \$8.90 | \$28.86 |
| FUEL-IRRIGATION | \$8.04 | \$56.27 | \$26.79 | \$26.79 |
| REPAIRS | \$15.15 | \$36.06 | \$13.78 | \$40.08 |
| CUSTOM CHARGES | | | \$10.90 | \$147.04 |
| LAND TAXES | | \$0.78 | \$0.78 | \$0.78 |
| OTHER EXPENSES | \$0.22 | \$55.90 | \$55.53 | \$55.77 |
| TOTAL CASH EXPENSES | \$192.26 | \$255.05 | \$181.96 | \$365.86 |
| RETURN OVER CASH EXPENSES | (\$192.26) | \$654.95 | (\$34.55) | \$131.18 |
| FIXED EXPENSES | \$28.47 | \$167.90 | \$41.76 | \$80.97 |
| TOTAL EXPENSES | \$220.73 | \$422.95 | \$223.71 | \$446.82 |
| RETURNS TO CAPITAL, LABOR, LAND & RISK | (\$220.73) | \$487.05 | (\$76.30) | \$50.21 |
| LABOR AND MANAGEMENT COSTS | \$32.22 | \$111.27 | \$30.45 | \$72.91 |
| RETURNS TO CAPITAL, LAND & RISK | (\$252.95) | \$375.78 | (\$106.76) | (\$22.70) |
| CAPITAL COSTS | | | | |
| INTEREST ON OPERATING CAPITAL | | \$4.78 | \$3.67 | \$5.01 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$26.89 | \$6.72 | \$18.01 |
| TOTAL CAPITAL COSTS | \$0.00 | \$31.67 | \$10.39 | \$23.02 |
| RETURN TO LAND AND RISK | (\$252.95) | \$344.11 | (\$117.14) | (\$45.72) |

TABLE 9. Whole farm summary, Lea County, 2002.

| | | |
|----------------------------------|-----------|------------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 125 ACRES | |
| CROP | | \$113,750 |
| WHEAT | 106 ACRES | |
| CROP | | \$7,698 |
| GRAZING | | \$5,313 |
| DIRECT PAYMENT | | \$1,716 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| COTTON | 144 ACRES | |
| LINT | | \$45,605 |
| SEED | | \$11,644 |
| DIRECT PAYMENT | | \$5,812 |
| COUNTER CYCLICAL PAYMENT | | \$8,388 |
| GROSS RETURN | | <u>\$199,925</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$4,743 |
| FERTILIZER | | \$14,294 |
| CHEMICALS | | \$7,712 |
| CROP INSURANCE | | \$100 |
| OTHER PURCHASED INPUTS | | \$2,587 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$8,961 |
| FUEL-IRRIGATION | | \$13,901 |
| REPAIRS | | \$12,051 |
| CUSTOM CHARGES | | \$22,294 |
| LAND TAXES | | \$293 |
| OTHER EXPENSES | | \$20,909 |
| TOTAL CASH EXPENSES | | <u>\$107,844</u> |
| RETURN OVER CASH EXPENSES | | \$92,081 |
| FIXED EXPENSES | | \$32,391 |
| TOTAL EXPENSES | | \$140,235 |
| NET FARM INCOME | | \$59,690 |
| LABOR AND MANAGEMENT COSTS | | \$28,302 |
| NET OPERATING PROFIT | | \$31,389 |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$1,708 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$6,664 |
| TOTAL CAPITAL COSTS | | <u>\$8,372</u> |
| RETURN TO LAND AND RISK | | <u>\$23,016</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|--------------------|---------------------------|
| \$500 /ACRE | \$13,416 | 6.70% |
| \$700 /ACRE | \$9,576 | 5.56% |
| \$900 /ACRE | \$5,736 | 4.75% |
| \$1,100 /ACRE | \$1,896 | 4.15% |
| \$1,300 /ACRE | (\$1,944) | 3.68% |
| \$1,500 /ACRE | (\$5,784) | 3.31% |

* 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)