

TABLE 1. Basic cost information for Dell City area, Otero County, 2003.

| Item                            |                              |  |          |
|---------------------------------|------------------------------|--|----------|
| <b>Labor Wage Rate:</b>         |                              |  |          |
| Equipment operators             | \$/hour                      |  | \$7.50   |
| General & Irrigators            | \$/hour                      |  | \$6.75   |
| <b>Purchased Inputs:</b>        |                              |  |          |
| Fertilizer:                     |                              |  |          |
| Nitrogen (N)                    | \$/pound                     |  | \$0.36   |
| Phosphate (P205)                | \$/pound                     |  | \$0.33   |
| Anhydrous Ammonia (NH3)         | \$/ton                       |  | \$310.00 |
| Seed:                           |                              |  |          |
| Alfalfa                         | \$/pound                     |  | \$3.00   |
| Wheat                           | \$/pound                     |  | \$0.13   |
| White Corn                      | \$/bag                       |  | \$89.75  |
| Cotton                          | \$/pound                     |  | \$0.56   |
| Diesel fuel                     | \$/gallon                    |  | \$1.30   |
| Gasoline                        | \$/gallon                    |  | \$1.35   |
| Electricity (Rio Grande Elec)   | cents/KwHr                   |  | 5.09     |
| LP Gas                          | \$/gallon                    |  | \$1.21   |
| Baling Wire                     | \$/pound                     |  | \$0.37   |
| Employee Liability Insurance    | \$/ \$1,000 wages            |  | \$20.00  |
| Employee Benefits               | percent/w ages               |  | 18.00%   |
| Labor Downtime                  | percent                      |  | 25.00%   |
| <b>Financial Rates:</b>         |                              |  |          |
| 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                      | \$300.00 /acre (full value)  |  | \$3.08   |
| Personal Property Tax Rate - NR | \$/ \$1,000 (Assessed Value) |  | \$30.76  |
| - R                             |                              |  | \$24.62  |
| <b>Supervision Factors</b>      |                              |  |          |
| 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 Dell City area, Otero County, 2003.

| ITEM                               |        |   |                               |                 |
|------------------------------------|--------|---|-------------------------------|-----------------|
| Electricity (Domestic & Shop)      |        |   | \$215.00 per month            | \$2,580         |
| Telephone                          |        |   | \$210.00 per month            | \$2,520         |
| Accounting & Legal                 |        |   |                               | \$1,600         |
| Misc. Supplies & Hand Tools        |        |   |                               | \$4,960         |
| Pickup and Auto                    |        |   |                               |                 |
| miles                              | 51,500 | @ | \$0.365 per mile              | \$18,798        |
| <b>Insurance</b>                   |        |   |                               |                 |
| - general liability (non-employee) |        |   |                               | \$1,725         |
| - fire/theft                       |        |   |                               | \$1,370         |
| <b>Property Taxes</b>              |        |   |                               |                 |
| - non-planted land                 |        |   |                               | \$176           |
| - other than land & machinery      |        |   |                               | \$610           |
| Building repairs and maintenance   |        |   |                               | \$1,310         |
| Dues, fees, publications           |        |   |                               | \$390           |
| Farmstead Equipment                |        |   |                               | \$175           |
|                                    |        |   | <b>Total</b>                  | <b>\$36,214</b> |
|                                    |        |   | <b>Total per planted acre</b> | <b>\$59.37</b>  |

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

INPUT DATA

|                             |        |                        |     |
|-----------------------------|--------|------------------------|-----|
| DELIVERY PSI:               |        | DEPTH CHARACTERISTICS: |     |
| SPRINKLER...                | 40     | STATIC... ..           | 75  |
|                             |        | DRAW DOWN .....        | 50  |
|                             |        | TOTAL HEAD.....        | 125 |
|                             |        | CASING... ..           | 350 |
| GALLONS PER MINUTE (GPM)... | 1100   |                        |     |
| WORK HORSEPOWER... ..       | 60     |                        |     |
| EFFICIENCY FACTOR:          |        |                        |     |
| ELECTRICITY. ....           | 0.540  |                        |     |
| LP GAS..... ..              | 0.140  |                        |     |
| DIESEL..... ..              | 0.180  |                        |     |
| FUEL COST PER UNIT:         |        |                        |     |
| ELECTRICITY. ....           | 5.09   | CENTS/K                | wHr |
| LP GAS..... ..              | \$1.21 | \$/GAL                 |     |
| DIESEL..... ..              | \$1.30 | \$/GAL                 |     |

FUEL PUMPING COSTS

|                    |         |         |
|--------------------|---------|---------|
| ELECTRIC WELL:     |         |         |
| COST PER HOUR..... | .....\$ | \$4.28  |
| COST PER ACRE INCH | .....\$ | \$1.76  |
| LP GAS WELL:       |         |         |
| COST PER HOUR..... | .....\$ | \$14.49 |
| COST PER ACRE INCH | .....\$ | \$5.96  |
| DIESEL WELL:       |         |         |
| COST PER HOUR..... | .....\$ | \$7.87  |
| COST PER ACRE INCH | .....\$ | \$3.24  |

TABLE 3. Equipment summary for a 1,280 acre sprinkler-irrigated farm with above average management, Otero County, 2003.

| EQUIPMENT                |                     | VARIABLE COSTS |             |                    |                  |         |               | FIXED COSTS   |         |                |
|--------------------------|---------------------|----------------|-------------|--------------------|------------------|---------|---------------|---------------|---------|----------------|
| ITEM & SIZE              | ANNUAL HOURS OF USE | NUMBE          | TOTAL VALUE | FUEL AND LUBRICANT | FUEL,LUBE REPAIR | PER HR  | REPAIR PER HR | DEPRE-CIATION | TAXES   | TOTAL PER HOUR |
| TRACTOR 93 HP            | 857                 | 1              | \$19,240    | \$8,226            | \$7,506          | \$9.59  | \$8.75        | \$1,226       | \$220   | \$1.69         |
| TRACTOR 155 HP           | 329                 | 1              | \$31,290    | \$4,361            | \$1,548          | \$13.25 | \$4.70        | \$5,600       | \$431   | \$18.33        |
| COTTON STRIPPER 2-ROW    | 52                  | 1              | \$2,520     |                    | \$187            |         | \$3.57        | \$767         | \$59    | \$15.76        |
| SWATHER 16 FT            | 154                 | 1              | \$24,740    | \$778              | \$1,338          | \$5.05  | \$8.69        | \$3,621       | \$371   | \$25.92        |
| BALER                    | 238                 | 3              | \$12,300    |                    | \$288            |         | \$1.21        | \$1,650       | \$169   | \$7.64         |
| BALE WAGON               | 280                 | 1              | \$13,230    |                    | \$5,992          |         | \$21.40       | \$2,250       | \$231   | \$8.86         |
| PLANTER 6-ROW            | 27                  | 1              | \$4,250     |                    | \$164            |         | \$6.04        | \$850         | \$44    | \$32.85        |
| CHISEL 7 SHANK           | 26                  | 1              | \$1,200     |                    | \$6              |         | \$0.22        | \$160         | \$12    | \$6.55         |
| ROLLING CULTIVATOR 6-ROW | 73                  | 1              | \$3,000     |                    | \$134            |         | \$1.83        | \$400         | \$31    | \$5.87         |
| DISC 14 FT               | 132                 | 1              | \$3,000     |                    | \$221            |         | \$1.68        | \$400         | \$31    | \$3.28         |
| PLOW 4-BTM               | 67                  | 1              | \$4,000     |                    | \$167            |         | \$2.48        | \$533         | \$41    | \$8.52         |
| DRAG 14 FT               | 59                  | 1              | \$250       |                    | \$5              |         | \$0.08        | \$33          | \$3     | \$0.61         |
| FLOAT 14 FT              | 27                  | 1              | \$600       |                    | \$2              |         | \$0.08        | \$60          | \$5     | \$2.39         |
| DRILL 20 FT              | 27                  | 1              | \$3,600     |                    | \$139            |         | \$5.11        | \$720         | \$37    | \$27.91        |
| LISTER 4 ROW             | 19                  | 1              | \$1,600     |                    | \$24             |         | \$1.25        | \$213         | \$16    | \$11.97        |
| SPRAYER 30 FT            | 14                  | 1              | \$1,500     |                    | \$22             |         | \$1.53        | \$200         | \$15    | \$15.01        |
| SHREDDER 2 ROW           | 25                  | 1              | \$1,250     |                    | \$14             |         | \$0.58        | \$167         | \$13    | \$7.32         |
| COTTON TRAILER 8 BALE    | 85                  | 2              | \$2,400     |                    | \$26             |         | \$0.31        | \$320         | \$25    | \$4.08         |
| SIDEROLL SPRINKLER       | 4746                | 8              | \$20,000    | \$0                | \$223            | \$0.00  | \$0.05        | \$2,667       | \$205   | \$0.61         |
| ELECTRIC WELL            | 8903                | 5              | \$97,500    | \$38,088           | \$868            | \$4.28  | \$0.10        | \$10,263      | \$1,000 | \$1.27         |
|                          |                     |                | \$247,470   | \$51,453           | \$18,874         |         |               | \$32,100      | \$2,957 |                |

TABLE 4. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 20023  
Planting dates: August 1 - September 1

| ITEM                       | PRICE      | QUANTITY            | PURCHASED INPUTS |         |             |         |            | TOTAL    |
|----------------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| <u>PURCHASED INPUTS</u>    |            |                     |                  |         |             |         |            |          |
| SEED                       | \$3.00     | 30 LBS              |                  |         |             |         |            | \$90.00  |
| PUMP WATER*                |            | 6 AC. IN.           |                  |         |             |         |            | \$90.00  |
| SUBTOTAL                   |            |                     |                  |         |             |         |            | \$90.00  |
| PREHARVEST OPERATIONS      | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
| DISC                       | 155 HP     | 0.14 HR             |                  | \$1.05  | \$1.86      | \$0.89  | \$3.02     | \$6.82   |
| CHISEL                     | 155 HP     | 0.20 HR             |                  | \$1.50  | \$2.65      | \$0.98  | \$4.98     | \$10.11  |
| PLOW                       | 155 HP     | 0.48 HR             |                  | \$3.60  | \$6.36      | \$3.45  | \$12.88    | \$26.29  |
| DISC (2X)                  | 155 HP     | 0.28 HR             |                  | \$2.10  | \$3.71      | \$1.79  | \$6.05     | \$13.65  |
| DRAG (2X)                  | 155 HP     | 0.30 HR             |                  | \$2.25  | \$3.98      | \$1.44  | \$5.68     | \$13.34  |
| DRILL                      | 93 HP      | 0.12 HR             |                  | \$0.90  | \$1.15      | \$1.66  | \$3.55     | \$7.27   |
| IRRIGATE (3X)              |            | 0.75 HR             |                  | \$5.06  | \$10.56     | \$0.36  | \$4.62     | \$20.60  |
| SUBTOTAL                   |            | 2.27 HR             |                  | \$16.46 | \$30.27     | \$10.57 | \$40.78    | \$98.08  |
| <u>OVERHEAD EXPENSES</u>   |            |                     |                  |         |             |         |            |          |
| DOWNTIME                   |            | 0.12 HR             |                  | \$0.86  |             |         |            | \$0.86   |
| EMPLOYEE BENEFITS          |            |                     |                  | \$2.96  |             |         |            | \$2.96   |
| INSURANCE                  |            |                     | \$0.33           |         |             |         |            | \$0.33   |
| SUPERVISION AND MANAGEMENT |            |                     |                  | \$14.15 |             |         |            | \$14.15  |
| SUBTOTAL                   |            | 0.12                | 0.33             | 17.97   |             |         |            | 18.30    |
| TOTAL OPERATING EXPENSES   |            | 2.39 HR             | \$90.33          | \$34.43 | \$30.27     | \$10.57 | \$40.78    | \$206.38 |

TABLE 5. Alfalfa hay, sideroll sprinkler-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.  
Harvesting dates: June 1 - October 10

| ITEM                             | PRICE      | YIELD               |                  |         |             |         |            | TOTAL    |
|----------------------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| <b>GROSS RETURNS</b>             |            |                     |                  |         |             |         |            |          |
| ALFALFA HAY                      | \$140.00   | 4.50 TONS (STACKED) |                  |         |             |         |            | \$630.00 |
| GRAZING                          | \$15.00    | 1 ACRE              |                  |         |             |         |            | \$15.00  |
| TOTAL                            |            |                     |                  |         |             |         |            | \$645.00 |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |         |             |         |            |          |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            | PURCHASED INPUTS |         |             |         | FIXED COST | TOTAL    |
| NITROGEN (N)                     | \$0.36     | 75 LBS              | \$27.00          |         |             |         |            | \$27.00  |
| PHOSPHATE (P2O5)                 | \$0.33     | 200 LBS             | \$66.00          |         |             |         |            | \$66.00  |
| INSECTICIDE                      | \$16.03    | 2 X/ACRE            | \$32.05          |         |             |         |            | \$32.05  |
| ESTABLISHMENT: Principal         |            | 5 YEARS             |                  |         |             |         | \$41.28    | \$41.28  |
| : Interest                       |            |                     |                  |         |             |         | \$8.36     | \$8.36   |
| BALING TWINE                     | \$0.37     | 39 LBS              | \$0.14           |         |             |         |            | \$0.14   |
| PUMP WATER*                      |            | 40 AC. IN.          |                  |         |             |         |            |          |
| SUBTOTAL                         |            |                     | \$125.19         |         |             |         | \$49.63    | \$174.83 |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |                  |         |             |         |            |          |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
| DRAG                             | 93 HP      | 0.15 HR             |                  | \$1.13  | \$1.44      | \$1.33  | \$0.34     | \$4.23   |
| IRRIGATE (11X)                   |            | 2.75 HR             |                  | \$18.56 | \$70.41     | \$2.38  | \$30.78    | \$122.12 |
| SUBTOTAL                         |            | 2.90 HR             |                  | \$19.69 | \$71.84     | \$3.70  | \$31.12    | \$126.36 |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |         |             |         |            |          |
| SWATHER (5X)                     | 16 FT      | 0.55 HR             |                  | \$4.13  | \$2.78      | \$4.78  | \$14.26    | \$25.94  |
| BALER (5X)                       | 93 HP      | 0.85 HR             |                  | \$6.38  | \$8.15      | \$8.47  | \$7.93     | \$30.93  |
| LOAD (5X)                        | 93 HP      | 1.00 HR             |                  | \$7.50  | \$9.59      | \$25.89 | \$10.55    | \$53.53  |
| SUBTOTAL                         |            | 2.40 HR             |                  | \$18.00 | \$20.53     | \$39.14 | \$32.73    | \$110.40 |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |         |             |         |            |          |
| DOWNTIME                         |            | 0.60 HR             |                  | \$4.50  |             |         |            | \$4.50   |
| EMPLOYEE BENEFITS                |            |                     |                  | \$6.78  |             |         |            | \$6.78   |
| INSURANCE                        |            |                     | \$0.75           |         |             |         |            | \$0.75   |
| LAND TAXES                       |            |                     |                  |         |             |         | \$3.08     | \$3.08   |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$49.10 |             |         |            | \$49.10  |
| OTHER EXPENSES                   |            |                     | \$59.37          |         |             |         |            | \$59.37  |
| SUBTOTAL                         |            | 0.60 HR             | \$60.12          | \$60.38 |             |         | \$3.08     | \$123.58 |
| TOTAL OPERATING EXPENSES         |            | 5.90 HR             | \$185.32         | \$98.07 | \$92.37     | \$42.84 | \$116.56   | \$535.16 |
| NET OPERATING PROFIT             |            |                     |                  |         |             |         |            | \$109.84 |
| INTEREST ON OPERATING CAPITAL    | (          | \$86.46             | @                | 8.00%   | )           |         |            | \$6.92   |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |         |             |         |            | \$25.98  |
| RETURN TO LAND AND RISK          |            |                     |                  |         |             |         |            | \$76.95  |

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

BUDGET SUMMARY

|                               |          |          |   |
|-------------------------------|----------|----------|---|
| GROSS RETURN                  |          | \$645.00 |   |
| VARIABLE OPERATING EXPENSES   | \$320.53 |          |   |
| RETURN OVER VARIABLE EXPENSES |          | \$324.47 | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$116.56 |          |   |
| NET FARM INCOME               |          | \$207.91 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$98.07  |          |   |
| NET OPERATING PROFIT          |          | \$109.84 | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$32.89  |          |   |
| RETURN TO LAND AND RISK       |          | \$76.95  |   |

TABLE 6. Wheat, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.  
 Planting dates: August 15 - September 15  
 Harvesting dates: July 15 - July 15

| ITEM                             | PRICE      | YIELD               |                  |                |                |               |                  | TOTAL           |
|----------------------------------|------------|---------------------|------------------|----------------|----------------|---------------|------------------|-----------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                |                |               |                  |                 |
| WHEAT                            | \$5.75     | 24.00 CWT           |                  |                |                |               |                  | \$138.00        |
| DIRECT PAYMENT                   | \$0.867    | 35.00 CWT           |                  |                |                |               |                  | \$30.35         |
| COUNTER CYCLICAL PAYMENT         | \$0.00     |                     |                  |                |                |               |                  | \$0.00          |
| GRAZING                          | \$25.00    | 1.00 ACRE           |                  |                |                |               |                  | \$25.00         |
| <b>TOTAL</b>                     |            |                     |                  |                |                |               | <b>\$193.35</b>  |                 |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |                |                |               |                  |                 |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            | PURCHASED INPUTS |                |                | FIXED COST    | TOTAL            |                 |
| SEED                             | \$0.13     | 150 LBS             | \$19.50          |                |                |               | \$19.50          |                 |
| ANHYDROUS (NH3)                  | \$0.1550   | 125 LBS             | \$19.38          |                |                |               | \$19.38          |                 |
| LIVESTOCK FAC & EQUIP            |            |                     |                  |                |                | \$5.00        | \$5.00           |                 |
| PUMP WATER*                      |            | 25 AC. IN.          |                  |                |                |               | \$0.00           |                 |
| CROP INSURANCE                   | \$0.29     |                     |                  |                |                |               | \$0.29           |                 |
| <b>SUBTOTAL</b>                  |            |                     | <b>\$38.88</b>   |                |                | <b>\$5.00</b> | <b>\$44.17</b>   |                 |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |                  |                |                |               |                  |                 |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS       | FIXED COST       | TOTAL           |
| DISC                             | 155 HP     | 0.14 HR             |                  | \$1.05         | \$1.86         | \$0.89        | \$3.02           | \$6.82          |
| ANHYDROUS APPL                   | 155 HP     | 0.20 HR             | \$7.00           | \$1.50         | \$2.65         | \$0.94        | \$3.67           | \$15.76         |
| DISC                             | 155 HP     | 0.14 HR             |                  | \$1.05         | \$1.86         | \$0.89        | \$3.02           | \$6.82          |
| DRILL                            | 93 HP      | 0.12 HR             |                  | \$0.90         | \$1.15         | \$1.66        | \$3.55           | \$7.27          |
| IRRIGATE (5X)                    |            | 2.50 HR             |                  | \$16.88        | \$44.00        | \$1.00        | \$13.01          | \$74.89         |
| <b>SUBTOTAL</b>                  |            | <b>3.10 HR</b>      | <b>\$7.00</b>    | <b>\$21.38</b> | <b>\$51.52</b> | <b>\$5.40</b> | <b>\$26.28</b>   | <b>\$111.56</b> |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                |                |               |                  |                 |
| COMBINE (CUSTOM)                 |            |                     | \$26.00          |                |                |               |                  | \$26.00         |
| <b>SUBTOTAL</b>                  |            |                     | <b>\$26.00</b>   | <b>\$0.00</b>  | <b>\$0.00</b>  | <b>\$0.00</b> | <b>\$0.00</b>    | <b>\$26.00</b>  |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                |                |               |                  |                 |
| DOWNTIME                         |            | 0.15 HR             |                  | \$1.13         |                |               |                  | \$1.13          |
| EMPLOYEE BENEFITS                |            |                     |                  | \$3.85         |                |               |                  | \$3.85          |
| INSURANCE                        |            |                     | \$0.43           |                |                |               |                  | \$0.43          |
| LAND TAXES                       |            |                     |                  |                |                |               | \$3.08           | \$3.08          |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$16.33        |                |               |                  | \$16.33         |
| OTHER EXPENSES                   |            |                     | \$59.37          |                |                |               |                  | \$59.37         |
| <b>SUBTOTAL</b>                  |            | <b>0.15 HR</b>      | <b>\$59.80</b>   | <b>\$21.31</b> |                |               | <b>\$3.08</b>    | <b>\$84.18</b>  |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>3.25 HR</b>      | <b>\$131.67</b>  | <b>\$42.68</b> | <b>\$51.52</b> | <b>\$5.40</b> | <b>\$34.35</b>   | <b>\$265.91</b> |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                |                |               | <b>(\$72.57)</b> |                 |
| INTEREST ON OPERATING CAPITAL    | (          | \$33.81             | @                | 8.00%          | )              |               | \$2.70           |                 |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                |                |               | \$8.73           |                 |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                |                |               | <b>(\$84.00)</b> |                 |

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

**BUDGET SUMMARY**

|                               |          |           |   |
|-------------------------------|----------|-----------|---|
| GROSS RETURN                  |          | \$193.35  |   |
| VARIABLE OPERATING EXPENSES   | \$188.58 |           |   |
| RETURN OVER VARIABLE EXPENSES |          | \$4.76    | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$34.35  |           |   |
| NET FARM INCOME               |          | (\$29.59) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$42.68  |           |   |
| NET OPERATING PROFIT          |          | (\$72.27) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$11.43  |           |   |
| RETURN TO LAND AND RISK       |          | (\$83.71) |   |

TABLE 7. White corn, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.

Planting dates: April 15 - May 15

Harvesting dates: October 1 - November 15

| ITEM                             | PRICE      | YIELD               |                  |                  |                |                 |                |                 | TOTAL           |
|----------------------------------|------------|---------------------|------------------|------------------|----------------|-----------------|----------------|-----------------|-----------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                  |                |                 |                |                 |                 |
| CORN                             | \$7.50     | 70.00 CWT           |                  |                  |                |                 |                |                 | \$525.00        |
| GRAZING                          | \$20.00    | 1.00 ACRE           |                  |                  |                |                 |                |                 | \$20.00         |
| <b>TOTAL</b>                     |            |                     |                  |                  |                |                 |                | <b>\$545.00</b> |                 |
| PURCHASED INPUTS                 |            | PRICE               | QUANTITY         | PURCHASED INPUTS |                |                 |                | TOTAL           |                 |
| SEED                             | \$0.90     |                     | 25 000           | \$22.44          |                |                 |                | \$22.44         |                 |
| NITROGEN (N)                     | \$0.36     |                     | 30 LBS           | \$10.80          |                |                 |                | \$10.80         |                 |
| PHOSPHATE (P2O5)                 | \$0.33     |                     | 70 LBS           | \$23.10          |                |                 |                | \$23.10         |                 |
| TRACE ELEMENTS                   | \$0.15     |                     | 65 LBS           | \$9.75           |                |                 |                | \$9.75          |                 |
| ANHYDROUS (NH3)                  | \$0.1550   |                     | 175 LBS          | \$27.13          |                |                 |                | \$27.13         |                 |
| INSECTICIDE (CUSTOM)             | \$16.03    |                     | 3 ACRE           | \$48.08          |                |                 |                | \$48.08         |                 |
| HERBICIDE                        | \$9.45     |                     | 1 ACRE           | \$9.45           |                |                 |                | \$9.45          |                 |
| LIVESTOCK FAC & EQUIP            |            |                     |                  |                  |                |                 |                | \$5.00          |                 |
| PUMP WATER*                      |            |                     | 48 AC. IN.       |                  |                |                 |                | \$0.00          |                 |
| <b>SUBTOTAL</b>                  |            |                     |                  | <b>\$150.74</b>  |                |                 |                | <b>\$5.00</b>   | <b>\$155.74</b> |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR            | FUEL & LUBE    | REPAIRS         | FIXED COST     | TOTAL           |                 |
| DISC                             | 155 HP     | 0.14 HR             |                  | \$1.05           | \$1.86         | \$0.89          | \$3.02         | \$6.82          |                 |
| CHISEL                           | 155 HP     | 0.20 HR             |                  | \$1.50           | \$2.65         | \$0.98          | \$4.98         | \$10.11         |                 |
| ANHYDROUS APPL                   | 155 HP     | 0.20 HR             | \$7.00           | \$1.50           | \$2.65         | \$0.94          | \$3.67         | \$15.76         |                 |
| DISC & SPRAY                     | 155 HP     | 0.19 HR             |                  | \$1.43           | \$2.52         | \$1.50          | \$6.96         | \$12.40         |                 |
| LISTER                           | 155 HP     | 0.12 HR             |                  | \$0.90           | \$1.59         | \$0.71          | \$3.64         | \$6.84          |                 |
| PLANTER                          | 93 HP      | 0.17 HR             |                  | \$1.28           | \$1.63         | \$2.51          | \$5.87         | \$11.29         |                 |
| ROLLING CULT (3X)                | 93 HP      | 0.39 HR             |                  | \$2.93           | \$3.74         | \$4.13          | \$2.95         | \$13.74         |                 |
| IRRIGATE (8X)                    |            | 4.00 HR             |                  | \$27.00          | \$84.49        | \$1.93          | \$24.98        | \$138.40        |                 |
| <b>SUBTOTAL</b>                  |            |                     | <b>5.41 HR</b>   | <b>\$7.00</b>    | <b>\$37.58</b> | <b>\$101.12</b> | <b>\$13.60</b> | <b>\$56.06</b>  | <b>\$215.36</b> |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                  |                |                 |                |                 |                 |
| COMBINE (CUSTOM)                 |            |                     |                  | \$23.25          |                |                 |                | \$23.25         |                 |
| HAUL (CUSTOM)                    |            |                     |                  | \$14.00          |                |                 |                | \$14.00         |                 |
| <b>SUBTOTAL</b>                  |            |                     |                  | <b>\$37.25</b>   | <b>\$0.00</b>  | <b>\$0.00</b>   | <b>\$0.00</b>  | <b>\$0.00</b>   | <b>\$37.25</b>  |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                  |                |                 |                |                 |                 |
| DOWNTIME                         |            | 0.27 HR             |                  | \$2.04           |                |                 |                | \$2.04          |                 |
| EMPLOYEE BENEFITS                |            |                     |                  | \$6.76           |                |                 |                | \$6.76          |                 |
| INSURANCE                        |            |                     |                  | \$0.75           |                |                 |                | \$0.75          |                 |
| LAND TAXES                       |            |                     |                  |                  |                |                 | \$3.08         | \$3.08          |                 |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$44.27          |                |                 |                | \$44.27         |                 |
| OTHER EXPENSES                   |            |                     |                  | \$59.37          |                |                 |                | \$59.37         |                 |
| <b>SUBTOTAL</b>                  |            |                     |                  | <b>0.27 HR</b>   | <b>\$60.12</b> | <b>\$53.07</b>  | <b>\$3.08</b>  | <b>\$116.27</b> |                 |
| <b>TOTAL OPERATING EXPENSES</b>  |            |                     | <b>5.68 HR</b>   | <b>\$255.10</b>  | <b>\$90.65</b> | <b>\$101.12</b> | <b>\$13.60</b> | <b>\$64.14</b>  | <b>\$524.62</b> |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                  |                |                 |                | <b>\$20.38</b>  |                 |
| INTEREST ON OPERATING CAPITAL    | (          | \$104.05            | @                | 8.00%            | )              |                 |                | \$8.32          |                 |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                  |                |                 |                | \$20.38         |                 |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                  |                |                 |                | <b>(\$8.32)</b> |                 |

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

**BUDGET SUMMARY**

|                               |          |          |   |
|-------------------------------|----------|----------|---|
| GROSS RETURN                  |          | \$545.00 |   |
| VARIABLE OPERATING EXPENSES   | \$369.83 |          |   |
| RETURN OVER VARIABLE EXPENSES |          | \$175.17 | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$64.14  |          |   |
| NET FARM INCOME               |          | \$111.03 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$90.65  |          |   |
| NET OPERATING PROFIT          |          | \$20.38  | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$28.71  |          |   |
| RETURN TO LAND AND RISK       |          | (\$8.32) |   |

TABLE 8. Upland cotton (stripper), flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.  
 Planting dates: April 15 - May 15  
 Harvesting dates: November 1 - January 15

| ITEM                             | PRICE      | YIELD               |         | PURCHASED INPUTS |                 |                |                |                | TOTAL           |
|----------------------------------|------------|---------------------|---------|------------------|-----------------|----------------|----------------|----------------|-----------------|
| <b>GROSS RETURNS</b>             |            |                     |         |                  |                 |                |                |                |                 |
| COTTON LINT                      | \$0.520    | 1,000               | LBS     |                  |                 |                |                |                | \$520.00        |
| COTTON SEED                      | \$0.08     | 1,600               | LBS     |                  |                 |                |                |                | \$120.00        |
| DIRECT PAYMENT                   | \$0.0667   | 1,000               | LBS     |                  |                 |                |                |                | \$66.70         |
| COUNTER CYCLICAL PAYMEN          | \$0.1373   | 1,000               | LBS     |                  |                 |                |                |                | \$137.30        |
| <b>TOTAL</b>                     |            |                     |         |                  |                 |                |                |                | <b>\$844.00</b> |
| <b>PURCHASED INPUTS</b>          |            |                     |         |                  |                 |                |                |                |                 |
| SEED                             | \$0.56     | 25                  | LBS     | \$14.00          |                 |                |                |                | \$14.00         |
| NITROGEN (N)                     | \$0.36     | 72                  | LBS     | \$25.92          |                 |                |                |                | \$25.92         |
| PHOSPHATE (P2O5)                 | \$0.33     | 184                 | LBS     | \$60.72          |                 |                |                |                | \$60.72         |
| HERBICIDE (CUSTOM)               | \$19.93    | 1                   | X/ACRE  | \$19.93          |                 |                |                |                | \$19.93         |
| INSECTICIDE (CUSTOM)             | \$18.91    | 1                   | X/ACRE  | \$18.91          |                 |                |                |                | \$18.91         |
| CROP INSURANCE                   |            |                     | FCIC    | \$0.59           |                 |                |                |                | \$0.59          |
| PUMP WATER*                      |            | 30                  | AC. IN. |                  |                 |                |                |                |                 |
| <b>SUBTOTAL</b>                  |            |                     |         | <b>\$140.07</b>  |                 |                |                |                | <b>\$140.07</b> |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |         |                  |                 |                |                |                |                 |
|                                  | POWER UNIT | ACCOMPLISHMENT RATE |         | PURCHASED INPUTS | LABOR           | FUEL & LUBE    | REPAIRS        | FIXED COST     | TOTAL           |
| DISC                             | 155 HP     | 0.14 HR             |         |                  | \$1.05          | \$1.86         | \$0.89         | \$3.02         | \$6.82          |
| FLOW                             | 155 HP     | 0.48 HR             |         |                  | \$3.60          | \$6.36         | \$3.45         | \$12.88        | \$26.29         |
| DISC (2X)                        | 155 HP     | 0.28 HR             |         |                  | \$2.10          | \$3.71         | \$1.79         | \$6.05         | \$13.65         |
| FLOAT (2X)                       | 93 HP      | 0.32 HR             |         |                  | \$2.40          | \$3.07         | \$2.83         | \$1.30         | \$9.60          |
| LISTER                           | 155 HP     | 0.12 HR             |         |                  | \$0.90          | \$1.59         | \$0.71         | \$3.64         | \$6.84          |
| PLANTER                          | 155 HP     | 0.17 HR             |         |                  | \$1.28          | \$2.25         | \$1.83         | \$8.70         | \$14.05         |
| ROLLING CULT. (4X)               | 93 HP      | 0.52 HR             |         |                  | \$3.90          | \$4.99         | \$5.50         | \$3.93         | \$18.32         |
| HAND HOE (CUSTOM)                |            |                     |         | \$25.00          |                 |                |                |                | \$25.00         |
| IRRIGATE (6X)                    |            | 3.00 HR             |         |                  | \$20.25         | \$52.80        | \$1.20         | \$15.61        | \$89.87         |
| <b>SUBTOTAL</b>                  |            | <b>5.03 HR</b>      |         | <b>\$25.00</b>   | <b>\$35.48</b>  | <b>\$76.63</b> | <b>\$18.20</b> | <b>\$55.14</b> | <b>\$210.45</b> |
| <b>HARVEST OPERATIONS</b>        |            |                     |         |                  |                 |                |                |                |                 |
| COTTON STRIPPER                  | 93 HP      | 0.62 HR             |         |                  | \$4.65          | \$5.95         | \$7.64         | \$10.82        | \$29.05         |
| HAUL                             | 93 HP      | 1.00 HR             |         |                  | \$7.50          | \$9.59         | \$9.07         | \$5.76         | \$31.92         |
| GIN COTTON (CUSTOM)              |            |                     |         | \$204.40         |                 |                |                |                | \$204.40        |
| <b>SUBTOTAL</b>                  |            | <b>1.62 HR</b>      |         | <b>\$204.40</b>  | <b>\$12.15</b>  | <b>\$15.54</b> | <b>\$16.70</b> | <b>\$16.58</b> | <b>\$265.37</b> |
| <b>POST HARVEST OPERATIONS</b>   |            |                     |         |                  |                 |                |                |                |                 |
| SHREDDER                         | 93 HP      | 0.29 HR             |         |                  | \$2.18          | \$2.78         | \$2.71         | \$2.61         | \$10.28         |
| <b>OVERHEAD EXPENSES</b>         |            |                     |         |                  |                 |                |                |                |                 |
| DOWNTIME                         |            | 0.91 HR             |         |                  | \$6.79          |                |                |                | \$6.79          |
| EMPLOYEE BENEFITS                |            |                     |         |                  | \$8.57          |                |                |                | \$8.57          |
| INSURANCE                        |            |                     |         | \$0.95           |                 |                |                |                | \$0.95          |
| LAND TAXES                       |            |                     |         |                  |                 |                | \$3.08         |                | \$3.08          |
| SUPERVISION AND MANAGEMENT       |            |                     |         |                  | \$65.17         |                |                |                | \$65.17         |
| OTHER EXPENSES                   |            |                     |         | \$59.37          |                 |                |                |                | \$59.37         |
| <b>SUBTOTAL</b>                  |            | <b>0.91 HR</b>      |         | <b>\$60.32</b>   | <b>\$80.53</b>  |                |                | <b>\$3.08</b>  | <b>\$143.92</b> |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>7.85 HR</b>      |         | <b>\$429.79</b>  | <b>\$130.33</b> | <b>\$94.96</b> | <b>\$37.61</b> | <b>\$77.41</b> | <b>\$770.09</b> |
| <b>NET OPERATING PROFIT</b>      |            |                     |         |                  |                 |                |                |                | <b>\$73.91</b>  |
| INTEREST ON OPERATING CAPITAL    | (          | \$96.43             | @       | 8.00%            | )               |                |                |                | \$7.71          |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |         |                  |                 |                |                |                | \$35.68         |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |         |                  |                 |                |                |                | <b>\$30.52</b>  |

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

**BUDGET SUMMARY**

|                               |          |          |   |
|-------------------------------|----------|----------|---|
| GROSS RETURN                  |          | \$844.00 |   |
| VARIABLE OPERATING EXPENSES   | \$562.36 |          |   |
| RETURN OVER VARIABLE EXPENSES | \$281.64 |          | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$77.41  |          |   |
| NET FARM INCOME               | \$204.23 |          | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$130.33 |          |   |
| NET OPERATING PROFIT          | \$73.91  |          | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$43.39  |          |   |
| RETURN TO LAND AND RISK       | \$30.52  |          |   |



TABLE 9. Grain sorghum, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2003.  
 Planting dates: May 1 - June 15  
 Harvesting dates: October 15 - November 15

| ITEM                             | PRICE      | YIELD               |                  |                  |                |                |                |                   | TOTAL           |                |
|----------------------------------|------------|---------------------|------------------|------------------|----------------|----------------|----------------|-------------------|-----------------|----------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                  |                |                |                |                   |                 |                |
| GRAIN SORGHUM                    | \$4.39     | 28.00               | CWT              |                  |                |                |                |                   | \$122.92        |                |
| DIRECT PAYMENT                   | \$0.625    | 50.00               | CWT              |                  |                |                |                |                   | \$31.25         |                |
| COUNTER CYCLICAL PAYMEN          | \$0.00     | 0.00                | CWT              |                  |                |                |                |                   | \$0.00          |                |
| GRAZING                          | \$13.00    | 1                   | ACRE             |                  |                |                |                |                   | \$13.00         |                |
| <b>TOTAL</b>                     |            |                     |                  |                  |                |                |                | <b>\$167.17</b>   |                 |                |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |                  |                |                |                |                   |                 |                |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            | PURCHASED INPUTS |                  |                |                |                |                   |                 | TOTAL          |
| SEED                             | \$1.04     | 12                  | LBS              | \$12.48          |                |                |                |                   |                 | \$12.48        |
| ANHYDROUS (NH3)                  | \$0.1550   | 150                 | LBS              | \$23.25          |                |                |                |                   |                 | \$23.25        |
| NITROGEN (N)                     | \$0.36     | 18                  | LBS              | \$6.48           |                |                |                |                   |                 | \$6.48         |
| PHOSPHATE (P2O5)                 | \$0.33     | 46                  | LBS              | \$15.18          |                |                |                |                   |                 | \$15.18        |
| INSECTICIDE                      | \$15.07    | 1                   | ACRE             | \$15.07          |                |                |                |                   |                 | \$15.07        |
| HERBICIDE                        | \$12.26    | 1                   | ACRE             | \$12.26          |                |                |                |                   |                 | \$12.26        |
| LIVESTOCK FAC & EQUIP            |            |                     |                  |                  |                |                |                | \$5.00            | \$5.00          |                |
| PUMP WATER                       |            | 36                  | AC. IN.          | \$0.00           |                |                |                |                   |                 | \$0.00         |
| CROP INSURANCE                   | \$1.96     |                     |                  |                  |                |                |                |                   |                 | \$1.96         |
| <b>SUBTOTAL</b>                  |            |                     |                  | <b>\$84.72</b>   |                |                |                |                   |                 | <b>\$91.68</b> |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |                  |                  |                |                |                |                   |                 |                |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE |                  | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS        | FIXED COST        | TOTAL           |                |
| DISC                             | 155 HP     | 0.14                | HR               |                  | \$1.05         | \$1.86         | \$0.89         | \$3.02            | \$6.82          |                |
| CHISEL                           | 155 HP     | 0.20                | HR               |                  | \$1.50         | \$2.65         | \$0.98         | \$4.98            | \$10.11         |                |
| ANHYDROUS APPL                   | 155 HP     | 0.20                | HR               | \$7.00           | \$1.50         | \$2.65         | \$0.94         | \$3.67            | \$15.76         |                |
| DISC & SPRAY                     | 155 HP     | 0.19                | HR               |                  | \$1.43         | \$2.52         | \$1.50         | \$6.96            | \$12.40         |                |
| LISTER                           | 155 HP     | 0.12                | HR               |                  | \$0.90         | \$1.59         | \$0.71         | \$3.64            | \$6.84          |                |
| PLANTER                          | 155 HP     | 0.17                | HR               |                  | \$1.28         | \$2.25         | \$1.83         | \$8.70            | \$14.05         |                |
| ROLLING CULT (3X)                | 93 HP      | 0.39                | HR               |                  | \$2.93         | \$3.74         | \$4.13         | \$2.95            | \$13.74         |                |
| IRRIGATE (6X)                    |            | 3.00                | HR               |                  | \$22.50        | \$63.37        | \$1.44         | \$18.74           | \$106.05        |                |
| <b>SUBTOTAL</b>                  |            | <b>4.41</b>         | <b>HR</b>        | <b>\$7.00</b>    | <b>\$33.08</b> | <b>\$80.63</b> | <b>\$12.43</b> | <b>\$52.64</b>    | <b>\$185.78</b> |                |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                  |                |                |                |                   |                 |                |
| COMBINE (CUSTOM)                 | 14 FT SP   |                     |                  | \$15.00          |                |                |                |                   | \$15.00         |                |
| <b>SUBTOTAL</b>                  |            | <b>0.00</b>         | <b>HR</b>        | <b>\$15.00</b>   | <b>\$0.00</b>  | <b>\$0.00</b>  | <b>\$0.00</b>  | <b>\$0.00</b>     | <b>\$15.00</b>  |                |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                  |                |                |                |                   |                 |                |
| DOWNTIME                         |            | 1.10                | HR               |                  | \$8.27         |                |                |                   | \$8.27          |                |
| EMPLOYEE BENEFITS                |            |                     |                  |                  | \$5.95         |                |                |                   | \$5.95          |                |
| INSURANCE                        |            |                     |                  | \$0.66           |                |                |                |                   | \$0.66          |                |
| LAND TAXES                       |            |                     |                  |                  |                |                | \$3.08         |                   | \$3.08          |                |
| SUPERVISION AND MANAGEMENT       |            |                     |                  |                  | \$13.91        |                |                |                   | \$13.91         |                |
| OTHER EXPENSES                   |            |                     |                  | \$59.37          |                |                |                |                   | \$59.37         |                |
| <b>SUBTOTAL</b>                  |            | <b>1.10</b>         | <b>HR</b>        | <b>\$60.03</b>   | <b>\$28.13</b> |                |                | <b>\$3.08</b>     | <b>\$91.23</b>  |                |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>5.51</b>         | <b>HR</b>        | <b>\$166.75</b>  | <b>\$61.20</b> | <b>\$80.63</b> | <b>\$12.43</b> | <b>\$60.72</b>    | <b>\$383.69</b> |                |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                  |                |                |                | <b>(\$216.52)</b> |                 |                |
| INTEREST ON OPERATING CAPITAL    | (          | \$69.10             | @                | 8.00%            | )              |                |                |                   |                 | \$5.53         |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                  |                |                |                |                   | \$20.91         |                |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                  |                |                |                | <b>(\$242.96)</b> |                 |                |

**BUDGET SUMMARY**

|                               |            |   |
|-------------------------------|------------|---|
| GROSS RETURN                  | \$167.17   |   |
| VARIABLE OPERATING EXPENSES   | \$259.81   |   |
| RETURN OVER VARIABLE EXPENSES | (\$92.64)  | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$60.72    |   |
| NET FARM INCOME               | (\$153.35) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$61.20    |   |
| NET OPERATING PROFIT          | (\$214.56) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$26.44    |   |
| RETURN TO LAND AND RISK       | (\$241.00) |   |

TABLE 10. Summary of per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, 2002.

|                                  | ALFALFA<br>ESTABLISHMENT<br>-----SPRINKLER----- | ALFALFA<br>HAY | WHEAT     | WHITE<br>CORN<br>-----FLOOD----- | STRIPPER<br>COTTON | GRAIN<br>SORGHUM |
|----------------------------------|---|----------------|-----------|----------------------------------|--------------------|------------------|
|                                  |   | TONS           | CWT       | CWT                              | LBS                | CWT              |
| PRIMARY YIELD                    |   | 4.50           | 24.00     | 70.00                            | 1000.00            | 28.00            |
| PRIMARY PRICE                    |   | 140.00         | 5.75      | 7.50                             | 0.52               | 4.39             |
| GOVERNMENT PAYMENTS              |   | 0.00           | 30.35     | 0.00                             | 204.00             | 31.25            |
| SECOND INCOME                    |   | 15.00          | 25.00     | 20.00                            | 120.00             | 13.00            |
| GROSS RETURN                     |   | \$645.00       | \$193.35  | \$545.00                         | \$844.00           | \$167.17         |
| CASH OPERATING EXPENSES          |   |                |           |                                  |                    |                  |
| SEED                             | \$90.00   |                | \$19.50   | \$22.44                          | \$14.00            | \$12.48          |
| FERTILIZER                       |   | \$125.05       | \$19.38   | \$70.78                          | \$25.92            | \$44.91          |
| CHEMICALS                        |   |                |           | \$57.52                          | \$38.84            | \$27.33          |
| CROP INSURANCE                   |   |                | \$0.29    |                                  | \$0.59             | \$1.96           |
| OTHER PURCHASED INPUTS           |   | \$0.14         |           |                                  | \$60.72            |                  |
| CANAL WATER                      |   |                |           |                                  |                    |                  |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$19.71   | \$21.97        | \$7.51    | \$16.64                          | \$42.15            | \$17.26          |
| FUEL-IRRIGATION                  | \$10.56   | \$70.41        | \$44.00   | \$84.49                          | \$52.80            | \$63.37          |
| REPAIRS                          | \$10.57   | \$42.84        | \$5.40    | \$13.60                          | \$37.61            | \$12.43          |
| CUSTOM CHARGES                   |   |                | \$33.00   | \$44.25                          | \$229.40           | \$22.00          |
| LAND TAXES                       |   | \$3.08         | \$3.08    | \$3.08                           | \$3.08             | \$3.08           |
| OTHER EXPENSES                   | \$0.33  | \$60.12        | \$59.80   | \$60.12                          | \$60.32            | \$60.03          |
| TOTAL CASH EXPENSES              | \$131.17  | \$323.60       | \$191.95  | \$372.91                         | \$565.43           | \$264.84         |
| RETURN OVER CASH EXPENSES        | (\$131.17)                                      | \$321.40       | \$1.39    | \$172.09                         | \$278.57           | (\$97.67)        |
| FIXED EXPENSES                   | \$40.78   | \$113.49       | \$31.28   | \$61.06                          | \$74.33            | \$57.64          |
| TOTAL EXPENSES                   | \$171.95  | \$437.09       | \$223.23  | \$433.97                         | \$639.77           | \$322.48         |
| NET FARM INCOME                  | (\$171.95)                                      | \$207.91       | (\$29.88) | \$111.03                         | \$204.23           | (\$155.31)       |
| LABOR AND MANAGEMENT COSTS       | \$34.43   | \$98.07        | \$42.68   | \$90.65                          | \$130.33           | \$61.20          |
| NET OPERATING PROFIT             | (\$206.38)                                      | \$109.84       | (\$72.57) | \$20.38                          | \$73.91            | (\$216.52)       |
| CAPITAL COSTS                    |   |                |           |                                  |                    |                  |
| INTEREST ON OPERATING CAPITAL    |   | \$6.92         | \$2.70    | \$8.32                           | \$7.71             | \$5.53           |
| INTEREST ON EQUIPMENT INVESTMENT |   | \$25.98        | \$8.73    | \$20.38                          | \$35.68            | \$20.91          |
| TOTAL CAPITAL COSTS              | \$0.00  | \$32.89        | \$11.43   | \$28.71                          | \$43.39            | \$26.44          |
| RETURN TO LAND AND RISK          | (\$206.38)                                      | \$76.95        | (\$84.00) | (\$8.32)                         | \$30.52            | (\$242.96)       |

TABLE 11. Whole farm summary, Dell City area, Otero County, 2002.

|                                  |            |                  |
|----------------------------------|------------|------------------|
| GROSS RETURNS                    |            |                  |
| ALFALFA HAY                      | 280 ACRES  |                  |
| CROP                             |            | \$180,600        |
| WHEAT                            | 170 ACRES  |                  |
| CROP                             |            | \$23,460         |
| GRAZING                          |            | \$4,250          |
| DIRECT PAYMENT                   |            | \$5,159          |
| COUNTER CYCLICAL PAYMENT         |            | \$0              |
| WHITE CORN                       | 50 ACRES   |                  |
| CROP                             |            | \$26,250         |
| GRAZING                          |            | \$1,000          |
| COTTON                           | 84.5 ACRES |                  |
| LINT                             |            | \$43,940         |
| SEED                             |            | \$10,140         |
| DIRECT PAYMENT                   |            | \$2,835          |
| COUNTER CYCLICAL PAYMENT         |            | \$11,602         |
| GRAIN SORGHUM                    | 25.5 ACRES |                  |
| CROP                             |            | \$3,134          |
| DIRECT PAYMENT                   |            | \$797            |
| COUNTER CYCLICAL PAYMENT         |            | \$0              |
| GRAZING                          |            | \$332            |
| GROSS RETURN                     |            | <u>\$313,498</u> |
| CASH OPERATING EXPENSES          |            |                  |
| SEED                             |            | \$10,978         |
| FERTILIZER                       |            | \$45,182         |
| CHEMICALS                        |            | \$6,855          |
| CROP INSURANCE                   |            | \$150            |
| OTHER PURCHASED INPUTS           |            | \$5,171          |
| CANAL WATER                      |            | \$0              |
| FUEL, OIL & LUBRICANTS-EQUIPMENT |            | \$13,365         |
| FUEL-IRRIGATION                  |            | \$38,088         |
| REPAIRS                          |            | \$17,680         |
| CUSTOM CHARGES                   |            | \$27,768         |
| LAND TAXES                       |            | \$1,876          |
| OTHER EXPENSES                   |            | \$36,651         |
| TOTAL CASH EXPENSES              |            | <u>\$203,764</u> |
| RETURN OVER CASH EXPENSES        |            | \$109,734        |
| FIXED EXPENSES                   |            | \$38,624         |
| TOTAL EXPENSES                   |            | \$242,388        |
| NET FARM INCOME                  |            | \$71,110         |
| LABOR AND MANAGEMENT COSTS       |            | \$53,750         |
| NET OPERATING PROFIT             |            | \$17,360         |
| CAPITAL COSTS                    |            |                  |
| INTEREST ON OPERATING CAPITAL    |            | \$3,606          |
| INTEREST ON EQUIPMENT INVESTMENT |            | \$13,324         |
| TOTAL CAPITAL COSTS              |            | <u>\$16,930</u>  |
| RETURN TO LAND AND RISK          |            | <u>\$430</u>     |

| LAND VALUE    | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$500 /ACRE   | (\$12,370)      | 3.06%                  |
| \$750 /ACRE   | (\$18,770)      | 2.39%                  |
| \$1,000 /ACRE | (\$25,170)      | 1.96%                  |
| \$1,250 /ACRE | (\$31,570)      | 1.66%                  |
| \$1,500 /ACRE | (\$37,970)      | 1.44%                  |

\* 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)