

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

Item			
<b>Labor Wage Rate:</b>			
Equipment operators		\$/hour	\$7.55
General & Irrigators		\$/hour	\$6.75
<b>Purchased Inputs:</b>			
<b>Fertilizer:</b>			
Nitrogen (N)		\$/pound	\$0.36
Phosphate (P205)		\$/pound	\$0.33
<b>Seed:</b>			
Wheat		\$/pound	\$0.13
Grain Sorghum		\$/pound	\$1.20
<b>Fuel:</b>			
Diesel fuel		\$/gallon	\$1.30
Gasoline		\$/gallon	\$1.35
Employee Liability Insurance		\$/wages	\$20.00
Employee Benefits		percent/wages	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	\$40.00	/acre (full value)	\$0.29
Personal Property Tax Rate - NR		\$/wages (Assessed Value)	\$21.61
- R			\$19.62
Supervision Factor		\$/labor hour	\$0.50
Management Rate		percent	7.00%

BUDGET AREA..... SOUTHERN HIGH PLAINS, LEA COUNTY, 2003.  
 FARM SIZE..... 1600 ACRES  
 IRRIGATION TYPE... DRYLAND  
 NUMBER OF CROPS... 2

ACREAGE SUMMARY:	LAND USE (ACRES)
WHEAT	680.00
ARP	0.00
FLEX IN WHEAT	120.00
GRAIN SORGHUM	646.00
ARP	0.00
FLEX IN WHEAT	114.00
FALLOW	0.00
ROADS, HOMESTEAD	40.00
<b>TOTAL</b>	<b>1600.00</b>

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

ITEM			
Electricity (Domestic & Shop)		\$210.00 per month	\$2,520
Telephone		\$115.00 per month	\$1,380
Accounting & Legal			\$1,550
Misc. Supplies & Hand Tools			\$2,330
Pickup and Auto			
miles	31,000	@ \$0.365 per mile	\$11,315
<b>Insurance</b>			
- general liability (non-employee)			\$1,625
- fire/theft			\$1,290
<b>Property Taxes</b>			
- non-planted land			\$12
- other than land & machinery			\$955
Building repairs and maintenance			\$1,235
Dues, fees, publications			\$370
Farmstead Equipment			\$160
<b>Total</b>			<b>\$24,741</b>
<b>Total per planted acre</b>			<b>\$15.86</b>

TABLE 2. Equipment summary for a 1600 acre dryland farm with above average management, Lea County, 2003.

EQUIPMENT			VARIABLE COSTS					FIXED COSTS		
ITEM & SIZE	ANNUAL HOURS OF USE	NUMBER	TOTAL VALUE	FUEL, OIL LUBRICANT	REPAIR	FUEL, OIL PER HR	REPAIR PER HR	DEPRECIATION	TAXES	TOTAL PER HOUR
TRACTOR 226 HP	344	1	\$70,435	\$5,792	\$1,490	\$16.85	\$4.33	\$9,628	\$520	\$29.52
TRUCK 2-TON	218	1	\$22,000	\$1,804	\$1,759	\$8.26	\$8.05	\$4,400	\$158	\$20.87
COMBINE 145 HP	218	1	\$38,150	\$2,371	\$5,392	\$10.86	\$24.69	\$7,600	\$411	\$36.68
GRAIN HEAD 22 FT	218	1	\$3,100		\$513		\$2.35	\$501	\$27	\$2.42
CULTIVATOR 12-ROW	78	1	\$5,000		\$236		\$3.05	\$667	\$36	\$9.06
CHISEL 40 FT	91	1	\$6,750		\$350		\$3.85	\$900	\$49	\$10.43
SPRAYER 12-ROW	45	1	\$2,250		\$199		\$4.41	\$300	\$16	\$6.99
PLANTER 12-ROW	52	1	\$8,500		\$861		\$16.66	\$1,700	\$61	\$34.08
DRILL 40 FT	46	1	\$7,750		\$645		\$14.11	\$1,550	\$56	\$35.14
FERT SPREADER DEALER FURN	78	1								
			\$163,935	\$9,967	\$11,445			\$27,247	\$1,334	

TABLE 3. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County, 2003.

Planting dates: August 15 - September 30

Harvest dates: June 15 - July 5

ITEM	PRICE	YIELD		TOTAL
<b>GROSS RETURNS</b>				
WHEAT	\$4.50	20.00	BUSHELS	\$90.00
DIRECT PAYMENT	\$0.52	20.00	BUSHELS	\$10.40
COUNTER CYCLICAL PAYMENT	\$0.00			\$0.00
<b>TOTAL</b>				<b>\$100.40</b>

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	TOTAL
SEED	\$0.13	30 LBS	\$3.90	\$3.90
NITROGEN (N)	\$0.36	16 LBS	\$5.76	\$5.76
PHOSPHATE (P205)	\$0.33	20 LBS	\$6.60	\$6.60
INSECTICIDE	\$16.99	1 X/ACRE	\$16.99	\$16.99
CROP INSURANCE	\$0.05		\$0.05	\$0.05
<b>SUBTOTAL</b>			<b>\$33.30</b>	<b>\$33.30</b>

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & OIL	REPAIRS	FIXED COST	TOTAL
CHISEL	225 HP	0.05 HR		\$0.38	\$0.84	\$0.41	\$2.00	\$3.63
DRILL	225 HP	0.05 HR		\$0.38	\$0.84	\$0.92	\$3.23	\$5.37
FERT SPREADER	225 HP	0.05 HR		\$0.38	\$0.84	\$0.22	\$1.48	\$2.91
<b>SUBTOTAL</b>		<b>0.15 HR</b>	<b>0.00</b>	<b>1.13</b>	<b>2.53</b>	<b>1.55</b>	<b>6.71</b>	<b>11.91</b>

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & OIL	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.06	\$1.52	\$3.56	\$5.47	\$11.61
HAUL	2 TON	0.14 HR		\$1.06	\$1.16	\$0.96	\$2.92	\$6.10
<b>SUBTOTAL</b>		<b>0.28 HR</b>	<b>\$0.00</b>	<b>\$2.11</b>	<b>\$2.68</b>	<b>\$4.52</b>	<b>\$8.40</b>	<b>\$17.71</b>

OVERHEAD EXPENSES	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & OIL	REPAIRS	FIXED COST	TOTAL
DOWNTIME	0.11 HR		\$0.81				\$0.81
EMPLOYEE BENEFITS			\$0.58				\$0.58
INSURANCE		\$0.06					\$0.06
LAND TAXES						\$0.29	\$0.29
SUPERVISION AND MANAGEMENT			\$9.93				\$9.93
OTHER EXPENSES		\$15.86					\$15.86
<b>SUBTOTAL</b>	<b>0.11 HR</b>	<b>\$15.92</b>	<b>\$11.33</b>			<b>\$0.29</b>	<b>\$27.54</b>

<b>TOTAL OPERATING EXPENSES</b>	<b>0.54 HR</b>	<b>\$49.23</b>	<b>\$14.57</b>	<b>\$5.20</b>	<b>\$6.07</b>	<b>\$15.39</b>	<b>\$90.46</b>
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<b>NET OPERATING PROFIT</b>							<b>\$9.94</b>
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INTEREST ON OPERATING CAPITAL	(	\$18.27	@	8.00%	)		\$1.46
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INTEREST ON EQUIPMENT INVESTMENT							\$7.74
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<b>RETURN TO LAND AND RISK</b>							<b>\$0.74</b>
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**BUDGET SUMMARY**

GROSS RETURN	\$100.40	
VARIABLE OPERATING EXPENSES	\$60.50	
RETURN OVER VARIABLE EXPENSES	\$39.90	(GROSS MARGIN)
FIXED EXPENSES	\$15.39	
NET FARM INCOME	\$24.51	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$14.57	
NET OPERATING PROFIT	\$9.94	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$9.20	
RETURN TO LAND AND RISK	\$0.74	

TABLE 4. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County, 2003.  
 Planting dates: May 15 - June 10  
 Harvest dates: October 15 - November 15

ITEM	PRICE	YIELD	TOTAL
<b>GROSS RETURNS</b>			
GRAIN SORGHUM	\$3.95	12.00 CWT	\$47.40
COUNTER CYCLICAL PAYMENT	\$0.00	0.00 CWT	\$0.00
DIRECT PAYMENT	\$0.625	12.00 CWT	\$7.50
<b>TOTAL</b>			<b>\$54.90</b>

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	TOTAL
SEED	\$1.20	3 LBS	\$3.60	\$3.60
NITROGEN (N)	\$0.36	16 LBS	\$5.76	\$5.76
PHOSPHATE (P205)	\$0.33	20 LBS	\$6.60	\$6.60
HERBICIDE	\$18.82	1 X/ACRE	\$18.82	\$18.82
CROP INSURANCE	\$0.08		\$0.08	\$0.08
<b>SUBTOTAL</b>			<b>\$34.85</b>	<b>\$34.85</b>

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & OIL	REPAIRS	FIXED COST	TOTAL
FERT SPREADER	225 HP	0.05 HR		\$0.38	\$0.84	\$0.22	\$1.48	\$2.91
CHISEL & SPRAY	225 HP	0.07 HR		\$0.53	\$1.18	\$0.88	\$3.29	\$5.87
PLANTER	225 HP	0.08 HR		\$0.60	\$1.35	\$1.68	\$5.09	\$8.72
CULTIVATOR (2X)	225 HP	0.12 HR		\$0.91	\$2.02	\$0.89	\$4.63	\$8.44
<b>SUBTOTAL</b>		0.32 HR		2.42	5.39	3.66	14.48	25.95

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & OIL	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.06	\$1.52	\$3.89	\$5.47	\$11.94
HAUL	2 TON	0.14 HR		\$1.06	\$1.16	\$1.09	\$2.92	\$6.23
<b>SUBTOTAL</b>		0.28 HR		\$2.11	\$2.68	\$4.98	\$8.40	\$18.17

OVERHEAD EXPENSES	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & OIL	REPAIRS	FIXED COST	TOTAL
DOWNTIME	0.15 HR		\$1.13				\$1.13
EMPLOYEE BENEFITS			\$0.82				\$0.82
INSURANCE			\$0.09				\$0.09
LAND TAXES						\$0.29	\$0.29
SUPERVISION AND MANAGEMENT			\$7.89				\$7.89
OTHER EXPENSES			\$15.86				\$15.86
<b>SUBTOTAL</b>	0.15 HR		\$15.95	\$9.84		\$0.29	\$26.08

<b>TOTAL OPERATING EXPENSES</b>	0.75 HR		\$50.80	\$14.37	\$8.07	\$8.64	\$23.16	\$105.05
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<b>NET OPERATING PROFIT</b>								(\$50.15)
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INTEREST ON OPERATING CAPITAL	(	\$20.33	@	8.00%	)			\$1.63
INTEREST ON EQUIPMENT INVESTMENT								\$11.99

<b>RETURN TO LAND AND RISK</b>								(\$63.76)
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**BUDGET SUMMARY**

GROSS RETURN		\$54.90	
VARIABLE OPERATING EXPENSES	\$67.51		
RETURN OVER VARIABLE EXPENSES		(\$12.61)	(GROSS MARGIN)
FIXED EXPENSES	\$23.16		
NET FARM INCOME		(\$35.78)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$14.37		
NET OPERATING PROFIT		(\$50.15)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$13.61		
RETURN TO LAND AND RISK		(\$63.76)	

TABLE 5. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, 2003.

	GRAIN	
	WHEAT	SORGHUM
	-----DRYLAND-----	
	BU	CWT
PRIMARY YIELD	20.00	12.00
PRIMARY PRICE	4.50	3.95
GOVERNMENT PAYMENTS	10.40	7.50
SECOND INCOME	0.00	0.00
GROSS RETURN	\$100.40	\$54.90
VARIABLE OPERATING EXPENSES		
SEED	\$3.90	\$3.60
FERTILIZER	\$12.36	\$12.36
CHEMICALS	\$16.99	\$18.82
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$5.20	\$8.07
FUEL-IRRIGATION		
REPAIRS	\$6.07	\$8.64
CUSTOM CHARGES	\$0.00	\$0.00
LAND TAXES	\$0.29	\$0.29
OTHER EXPENSES	\$15.92	\$15.95
TOTAL VARIABLE EXPENSES	\$60.78	\$67.80
RETURN OVER VARIABLE EXPENSES	\$39.62	(\$12.90)
FIXED EXPENSES	\$15.10	\$22.88
TOTAL EXPENSES	\$75.89	\$90.68
RETURNS TO CAPITAL, LABOR, LAND & RISK	\$24.51	(\$35.78)
LABOR AND MANAGEMENT COSTS	\$14.57	\$14.37
RETURNS TO CAPITAL, LAND & RISK	\$9.94	(\$50.15)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.46	\$1.63
INTEREST ON EQUIPMENT INVESTMENT	\$7.74	\$11.99
TOTAL CAPITAL COSTS	\$9.20	\$13.61
RETURN TO LAND AND RISK	\$0.74	(\$63.76)

TABLE 6. Whole farm summary, Lea County, 2003.

GROSS RETURNS		
WHEAT	914 ACRES	
CROP		\$82,260
DIRECT PAYMENT		\$7,072
COUNTER CYCLICAL PAYMENT		\$0
GRAIN SORGHUM	646 ACRES	
CROP		\$30,620
DIRECT PAYMENT		\$4,845
GROSS RETURN		<u>\$124,797</u>
VARIABLE OPERATING EXPENSES		
SEED		\$5,890
FERTILIZER		\$19,282
CHEMICALS		\$27,680
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$9,967
FUEL-IRRIGATION		\$0
REPAIRS		\$11,129
CUSTOM CHARGES		\$0
LAND TAXES		\$449
OTHER EXPENSES		\$24,859
TOTAL VARIABLE EXPENSES		<u>\$99,356</u>
RETURN OVER VARIABLE EXPENSES		\$25,441
FIXED EXPENSES		\$28,581
TOTAL EXPENSES		<u>\$127,937</u>
NET FARM INCOME		(\$3,140)
LABOR AND MANAGEMENT COSTS		\$22,603
NET OPERATING PROFIT		(\$25,743)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$2,386
INTEREST ON EQUIPMENT INVESTMENT		\$14,818
TOTAL CAPITAL COSTS		<u>\$17,204</u>
RETURN TO LAND AND RISK		<u>(\$42,947)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$52,547)	-6.37%
\$200 /ACRE	(\$55,747)	-5.32%
\$250 /ACRE	(\$58,947)	-4.56%
\$300 /ACRE	(\$62,147)	-4.00%
\$350 /ACRE	(\$65,347)	-3.56%

\* 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)