

TABLE 7. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Actual 2004

	WHEAT	GRAIN SORGHUM
	BU	CWT
PRIMARY YIELD	20.00	12.00
PRIMARY PRICE	\$3.75	\$3.70
GOVERNMENT PAYMENTS	\$0.00	\$0.00
SECOND INCOME	\$0.00	\$0.00
GROSS RETURN	\$75.00	\$44.36
VARIABLE OPERATING EXPENSES		
SEED	\$7.20	\$3.69
FERTILIZER	\$12.60	\$12.60
CHEMICALS	\$16.99	\$18.82
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$7.87	\$11.90
FUEL-IRRIGATION		
REPAIRS	\$6.30	\$9.22
CUSTOM CHARGES	\$0.00	\$0.00
LAND TAXES	\$0.33	\$0.33
OTHER EXPENSES	\$20.12	\$20.14
TOTAL VARIABLE EXPENSES	\$71.46	\$76.77
RETURN OVER VARIABLE EXPENSES	\$3.54	(\$32.42)
FIXED EXPENSES	\$15.64	\$22.99
TOTAL EXPENSES	\$87.11	\$99.76
RETURNS TO CAPITAL, LABOR, LAND & RISK	(\$12.11)	(\$55.40)
LABOR AND MANAGEMENT COSTS	\$12.67	\$13.46
RETURNS TO CAPITAL, LAND & RISK	(\$24.78)	(\$68.86)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.28	\$1.33
INTEREST ON EQUIPMENT INVESTMENT	\$6.24	\$9.34
TOTAL CAPITAL COSTS	\$7.52	\$10.67
RETURN TO LAND AND RISK	(\$32.29)	(\$79.53)

TABLE 8. Whole farm summary, Lea County,
Actual 2004

GROSS RETURNS		
WHEAT	914.00 ACRES	
CROP		\$68,550
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$0
GRAIN SORGHUM	646.00 ACRES	
CROP		\$28,655
DIRECT PAYMENT		\$0
GROSS RETURN		<u>\$97,205</u>
VARIABLE OPERATING EXPENSES		
SEED		\$8,965
FERTILIZER		\$19,656
CHEMICALS		\$27,680
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$14,885
FUEL-IRRIGATION		\$0
REPAIRS		\$11,710
CUSTOM CHARGES		\$0
LAND TAXES		\$521
OTHER EXPENSES		\$31,397
TOTAL VARIABLE EXPENSES		<u>\$114,914</u>
RETURN OVER VARIABLE EXPENSES		(\$17,709)
FIXED EXPENSES		\$29,147
TOTAL EXPENSES		\$144,061
NET FARM INCOME		(\$46,856)
LABOR AND MANAGEMENT COSTS		\$20,273
NET OPERATING PROFIT		(\$67,129)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$2,031
INTEREST ON EQUIPMENT INVESTMENT		\$11,732
TOTAL CAPITAL COSTS		<u>\$13,764</u>
RETURN TO LAND AND RISK		<u>(\$80,892)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$88,092)	-15.94%
\$200 /ACRE	(\$90,492)	-13.39%
\$250 /ACRE	(\$92,892)	-11.55%
\$300 /ACRE	(\$95,292)	-10.15%
\$350 /ACRE	(\$97,692)	-9.06%

* 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)