

TABLE 1. Acreage Summary, Lea County,
Projected 2004.

BUDGET AREA.....	SOUTHERN HIGH PLAINS, LEA COUNTY	
FARM SIZE.....	1600 ACRES	
IRRIGATION TYPE.....	DRYLAND	
NUMBER OF CROPS.....	2	
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ACREAGE SUMMARY:	LAND USE (ACRES)	
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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	
TOTAL		1,600.00

TABLE 2. Basic cost information for Lea County,
Projected 2004.

Item			
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Labor Wage Rate:			
Equipment operators	\$/hour		\$7.55
General & Irrigators	\$/hour		\$6.75
Purchased Inputs:			
Fertilizer:			
Nitrogen (N)	\$/pound		\$0.29
Phosphate (P205)	\$/pound		\$0.20
Seed:			
Wheat	\$/pound		\$0.18
Grain Sorghum	\$/pound		\$1.30
Fuel:			
Diesel fuel	\$/gallon		\$1.50
Gasoline	\$/gallon		\$1.45
Employee Liability Insurance	\$/ \$1,000 wages		\$20.00
Employee Benefits	percent/wages		18.00%
Labor Downtime	percent		25.00%
Financial Rates:			
Operating Capital Interest Rate	percent		6.50%
Land Interest Rate	percent		6.00%
Equipment Interest Rate	percent		6.50%
Real Interest Rate	percent		4.00%
Land Taxes	\$40.00 /acre (full value)		\$0.33
Personal Property Tax Rate	- NR	\$/ \$1,000 (Assessed Value)	\$25.06
	- R		\$21.60
Supervision Factor	\$/labor hour		\$0.50
Management Rate	percent		7.00%

TABLE 3. Overhead cost information for Lea County
Projected 2004.

Item			
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Electricity (Domestic & Shop)		\$215.00 per month	\$2,580
Telephone		\$120.00 per month	\$1,440
Accounting & Legal			\$1,595
Misc. Supplies & Hand Tools			\$2,400
Pickup and Auto			
miles	31,000	@ \$0.365 per mile	\$11,315
Insurance			
- general liability (non-employee)			\$1,675
- fire/theft			\$1,330
Property Taxes			
- non-planted land			\$16
- other than land & machinery			\$985
Building repairs and maintenance			\$1,275
Dues, fees, publications			\$381
Farmstead Equipment			\$165
Total			\$25,157
Total per planted acre			\$16.13

TABLE 4. Equipment summary for a 1600 acre dryland farm with above average management, Lea County, Projected 2004.

EQUIPMENT		ANNUAL HOURS OF USE	NUMBER	TOTAL VALUE	VARIABLE COSTS				FIXED COSTS		
ITEM & SIZE	FUEL, OIL, LUBRICANT				REPAIR	FUEL, OIL PER HR	REPAIR PER HR	DEPRECIATION	TAXES	TOTAL PER HR	
TRACTOR	226 HP	344	1	\$70,435	\$6,683	\$1,490	\$19.44	\$4.33	\$9,628	\$603	\$29.76
TRUCK	2 TON	218	1	\$22,000	\$2,081	\$1,759	\$9.53	\$8.05	\$4,400	\$184	\$20.99
COMBINE	145 HP	218	1	\$35,240	\$2,736	\$5,392	\$12.53	\$24.69	\$7,600	\$476	\$36.98
GRAIN HEAD	22 FT	218	1	\$3,600		\$513		\$2.35	\$501	\$31	\$2.44
CULTIVATOR	12 ROW	78	1	\$5,000		\$236		\$3.05	\$667	\$42	\$9.14
CHISEL	40 FT	91	1	\$6,750		\$350		\$3.85	\$900	\$56	\$10.52
SPRAYER	12 ROW	45	1	\$2,250		\$199		\$4.41	\$300	\$19	\$7.05
PLANTER	12 ROW	52	1	\$8,500		\$861		\$16.66	\$1,700	\$71	\$34.27
DRILL 40 FT	40 FT	46	1	\$7,750		\$645		\$14.11	\$1,550	\$65	\$35.33
FERT SPREADER DEALER FURNISHED		78	1								
				\$161,525	\$11,500	\$11,445			\$27,247	\$1,547	

TABLE 5. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County, Projected 2004.
 Planting dates: August 15 - September 30
 Harvest dates: June 15 - July 5

ITEM	PRICE	YIELD	BASE	TOTAL
GROSS RETURNS				
WHEAT	\$3.75	20.00 BUSHEL		\$75.00
DIRECT PAYMENT	\$0.52	20.00 BUSHEL	0.85	\$8.84
COUNTER CYCLICAL PAYMENT	\$0.00			\$0.00
TOTAL				\$83.84

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$0.18	30 LBS	\$5.40		\$5.40
NITROGEN (N)	\$0.29	16 LBS	\$4.64		\$4.64
PHOSPHATE (P205)	\$0.20	20 LBS	\$4.00		\$4.00
INSECTICIDE	\$16.99	1 X/ACRE	\$16.99		\$16.99
CROP INSURANCE	\$0.05		\$0.05		\$0.05
SUBTOTAL			\$31.08		\$31.08

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
CHISEL	225 HP	0.05 HR		\$0.38	\$0.97	\$0.41	\$2.01	\$3.77
DRILL	225 HP	0.05 HR		\$0.38	\$0.97	\$0.92	\$3.25	\$5.53
FERT SPREADER	225 HP	0.05 HR		\$0.38	\$0.97	\$0.22	\$1.49	\$3.05
SUBTOTAL		0.15 HR	\$0.00	\$1.13	\$2.92	\$1.55	\$6.76	\$12.35

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.06	\$1.75	\$3.56	\$5.52	\$11.89
HAUL	2 TON	0.14 HR		\$1.06	\$1.33	\$0.96	\$2.94	\$6.29
SUBTOTAL		0.28 HR	\$0.00	\$2.11	\$3.09	\$4.52	\$8.46	\$18.18

OVERHEAD EXPENSES	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	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						\$0.33	\$0.33
SUPERVISION AND MANAGEMENT			\$8.77				\$8.77
OTHER EXPENSES		\$16.13					\$16.13
SUBTOTAL	0.11 HR	\$16.19	\$10.17			\$0.33	\$26.69

TOTAL OPERATING EXPENSES	0.54 HR	\$47.27	\$13.41	\$6.00	\$6.07	\$15.55	\$88.30
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NET OPERATING PROFIT							(\$4.46)
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INTEREST ON OPERATING CAPITAL	(\$17.29	@	6.50%)		\$1.12
INTEREST ON EQUIPMENT INVESTMENT							\$6.29

RETURN TO LAND AND RISK							(\$11.88)
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BUDGET SUMMARY

GROSS RETURN		\$83.84	
VARIABLE OPERATING EXPENSES	\$59.34		
RETURN OVER VARIABLE EXPENSES		\$24.50	(GROSS MARGIN)
FIXED EXPENSES	\$15.55		
NET FARM INCOME		\$8.95	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$13.41		
NET OPERATING PROFIT		(\$4.46)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$7.41		
RETURN TO LAND AND RISK		(\$11.88)	

TABLE 6. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Projected 2004.

Planting dates: May 15 - June 10

Harvest dates: October 15 - November 15

ITEM	PRICE	YIELD	BASE	TOTAL
GROSS RETURNS				
GRAIN SORGHUM	\$4.03	16.80 CWT		\$67.70
COUNTER CYCLICAL PAYMENT	\$0.00	0.00 CWT		\$0.00
DIRECT PAYMENT	\$0.35	16.80 CWT	0.85	\$5.00
TOTAL				\$72.70

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$1.30	3 LBS	\$3.90		\$3.90
NITROGEN (N)	\$0.29	16 LBS	\$4.64		\$4.64
PHOSPHATE (P205)	\$0.20	20 LBS	\$4.00		\$4.00
HERBICIDE	\$18.82	1 X/ACRE	\$18.82		\$18.82
CROP INSURANCE	\$0.08		\$0.08		\$0.08
SUBTOTAL			\$31.43		\$31.43

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
FERT SPREADER	225 HP	0.05 HR		\$0.38	\$0.97	\$0.22	\$1.49	\$3.05
CHISEL & SPRAY	225 HP	0.07 HR		\$0.53	\$1.36	\$0.88	\$3.31	\$6.08
PLANTER	225 HP	0.08 HR		\$0.60	\$1.55	\$1.68	\$5.12	\$8.96
CULTIVATOR (2X)	225 HP	0.12 HR		\$0.91	\$2.33	\$0.89	\$4.67	\$8.79
SUBTOTAL		0.32 HR		\$2.42	\$6.22	\$3.66	\$14.59	\$26.89

HARVEST OPERATIONS								
COMBINE		0.14 HR		\$1.06	\$1.75	\$3.89	\$5.52	\$12.22
HAUL	2 TON	0.14 HR		\$1.06	\$1.33	\$1.09	\$2.94	\$6.42
SUBTOTAL		0.28 HR		\$2.11	\$3.09	\$4.98	\$8.46	\$18.64

OVERHEAD EXPENSES								
DOWNTIME		0.15 HR		\$1.13				\$1.13
EMPLOYEE BENEFITS				\$0.82				\$0.82
INSURANCE			\$0.09					\$0.09
LAND TAXES							\$0.33	\$0.33
SUPERVISION AND MANAGEMENT				\$9.14				\$9.14
OTHER EXPENSES			\$16.13					\$16.13
SUBTOTAL		0.15 HR	\$16.22	\$11.09			\$0.33	\$27.64

TOTAL OPERATING EXPENSES		0.75 HR	\$47.65	\$15.62	\$9.31	\$8.64	\$23.38	\$104.60
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NET OPERATING PROFIT								(\$31.90)
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INTEREST ON OPERATING CAPITAL	(\$18.86	@	6.50%)			\$1.23
INTEREST ON EQUIPMENT INVESTMENT								\$9.74

RETURN TO LAND AND RISK								(\$42.86)
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BUDGET SUMMARY

GROSS RETURN		\$72.70		
VARIABLE OPERATING EXPENSES	\$65.60			
RETURN OVER VARIABLE EXPENSES		\$7.10	(GROSS MARGIN)	
FIXED EXPENSES	\$23.38			
NET FARM INCOME		(\$16.28)	(RETURN TO CAPITAL, LABOR, LAND & RISK)	
LABOR AND MANAGEMENT COST	\$15.62			
NET OPERATING PROFIT		(\$31.90)	(RETURN TO CAPITAL, LAND & RISK)	
CAPITAL COSTS	\$10.97			
RETURN TO LAND AND RISK		(\$42.86)		

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

	WHEAT	GRAIN SORGHUM
	BU	CWT
PRIMARY YIELD	20.00	16.80
PRIMARY PRICE	\$3.75	\$4.03
GOVERNMENT PAYMENTS	\$8.84	\$5.00
SECOND INCOME	\$0.00	\$0.00
GROSS RETURN	\$83.84	\$72.70
VARIABLE OPERATING EXPENSES		
SEED	\$5.40	\$3.90
FERTILIZER	\$8.64	\$8.64
CHEMICALS	\$16.99	\$18.82
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$6.00	\$9.31
FUEL-IRRIGATION		
REPAIRS	\$6.07	\$8.64
CUSTOM CHARGES	\$0.00	\$0.00
LAND TAXES	\$0.33	\$0.33
OTHER EXPENSES	\$16.19	\$16.22
TOTAL VARIABLE EXPENSES	\$59.68	\$65.94
RETURN OVER VARIABLE EXPENSES	\$24.16	\$6.77
FIXED EXPENSES	\$15.21	\$23.05
TOTAL EXPENSES	\$74.89	\$88.98
RETURNS TO CAPITAL, LABOR, LAND & RISK	\$8.95	(\$16.28)
LABOR AND MANAGEMENT COSTS	\$13.41	\$15.62
RETURNS TO CAPITAL, LAND & RISK	(\$4.46)	(\$31.90)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.12	\$1.23
INTEREST ON EQUIPMENT INVESTMENT	\$6.29	\$9.74
TOTAL CAPITAL COSTS	\$7.41	\$10.97
RETURN TO LAND AND RISK	(\$11.88)	(\$42.86)

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

GROSS RETURNS		
WHEAT	914.00 ACRES	
CROP		\$68,550
DIRECT PAYMENT		\$6,011
COUNTER CYCLICAL PAYMENT		\$0
GRAIN SORGHUM	646.00 ACRES	
CROP		\$43,737
DIRECT PAYMENT		\$3,229
GROSS RETURN		<u>\$121,527</u>
VARIABLE OPERATING EXPENSES		
SEED		\$7,455
FERTILIZER		\$13,478
CHEMICALS		\$27,680
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$11,500
FUEL-IRRIGATION		\$0
REPAIRS		\$11,129
CUSTOM CHARGES		\$0
LAND TAXES		\$521
OTHER EXPENSES		\$25,274
TOTAL VARIABLE EXPENSES		<u>\$97,138</u>
RETURN OVER VARIABLE EXPENSES		\$24,388
FIXED EXPENSES		\$28,794
TOTAL EXPENSES		\$125,932
NET FARM INCOME		(\$4,405)
LABOR AND MANAGEMENT COSTS		\$22,349
NET OPERATING PROFIT		(\$26,754)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$1,819
INTEREST ON EQUIPMENT INVESTMENT		\$12,040
TOTAL CAPITAL COSTS		<u>\$13,859</u>
RETURN TO LAND AND RISK		<u>(\$40,613)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$50,213)	-6.66%
\$200 /ACRE	(\$53,413)	-5.56%
\$250 /ACRE	(\$56,613)	-4.76%
\$300 /ACRE	(\$59,813)	-4.17%
\$350 /ACRE	(\$63,013)	-3.71%

* 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)