

TABLE 1. Acreage Summary, Valencia and Southern Bernalillo Counties, Projected 2005.

| BUDGET AREA..... VALENCIA AND SOUTHERN BERNALILLO COUNTIES | | | |
|--|------------------|----------------|--------------|
| FARM SIZE..... | 30 ACRES | | |
| IRRIGATION TYPE..... | FLOOD | | |
| NUMBER OF CROPS... | 5 | | |
| | | WATER USE | |
| ACREAGE SUMMARY: | LAND USE (ACRES) | AC.IN. PER AC. | TOTAL AC.IN. |
| ALFALFA ESTABLISHMENT | 3.50 * | 12 | 42 |
| ALFALFA | 20.00 | 44 | 880 |
| OAT HAY | 5.00 | 24 | 120 |
| SORGHUM HAY | 5.00 * | 24 | 120 |
| GREEN CHILE | 1.00 | 48 | 48 |
| JALAPENOS | 1.00 | 48 | 48 |
| DITCHES, HOMESTEAD | 3.00 | | |
| TOTAL | 30.00 | | 1,258 |
| ACRE FEET PER ACRE OF WATER RIGHTS | | | 3.49 |

* DOUBLE-CROPPED

TABLE 2. Basic cost information for Valencia and Southern Bernalillo Counties, Projected 2005.

| Item | | |
|---------------------------------|-----------------------------|--|
| Labor Wage Rate: | \$/hour | \$5.15 |
| Purchased Inputs: | | |
| Fertilizer: | | |
| Nitrogen (N) | \$/pound | \$0.40 |
| Phosphate (P205) | \$/pound | \$0.31 |
| Seed: | | |
| Alfalfa | \$/pound | \$2.88 |
| Oats | \$/pound | \$0.27 |
| Green Chile | \$/pound | \$16.00 |
| Jalapenos | \$/pound | \$38.00 |
| Sorghum | \$/pound | \$1.23 |
| Baling wire | \$/pound | \$0.50 |
| Chile Sacks | \$/sack | \$0.18 |
| Canal water | \$/acre | \$28.00 |
| Energy: | | |
| Butane | \$/gallon | \$1.65 |
| Diesel fuel | \$/gallon | \$2.10 |
| Gasoline | \$/gallon | \$2.00 |
| Electricity | cents/KwHr | 10.45 |
| Natural Gas | \$/MCF | \$3.28 |
| Employee Liability Insurance | \$/1,000 wages | \$12.00 |
| Employee Benefits | percent/wages | 12.00% |
| Labor Downtime | percent | 25.00% |
| Financial Rates: | | |
| Operating Capital Interest Rate | percent | 7.00% |
| Land Interest Rate | percent | 7.00% |
| Equipment Interest Rate | percent | 7.00% |
| Real Interest Rate | percent | 3.00% |
| Land Taxes | \$483.00 /acre (full value) | \$5.33 |
| Personal Property Tax Rate | - NR - R | (\$/1,000 (Assessed Value) \$33.13 \$27.12) |
| Supervision Factors | | |
| Field Crop-Irrigation | \$/labor hour | \$1.00 |
| Field Crop-Equip & General | \$/labor hour | \$0.50 |
| Vegetable Crop-Irrigation | \$/labor hour | \$2.90 |
| Vegetable Crop-Equip & General | \$/labor hour | \$1.00 |
| Management Rate | | |
| Field Crops | percent/GR | 4.00% |
| Vegetable Crops | percent/TOE | 10.00% |

TABLE 3. Overhead cost information for Valencia and Southern Bernalillo Counties, Projected 2005.

| Item | | |
|------------------------------------|--------------------|------------------|
| Electricity (Domestic & Shop) | \$215.00 per month | \$2,580 |
| Telephone | \$115.00 per month | \$1,380 |
| Accounting & Legal | | \$1,525 |
| Misc. Supplies & Hand Tools | | \$1,430 |
| Pickup and Auto | | |
| miles | 20,036 @ | \$0.365 per mile |
| Insurance | | |
| - general liability (non-employee) | | \$1,710 |
| - fire/theft | | \$1,525 |
| Property Taxes | | |
| - non-planted land | | \$0 |
| - other than land & machinery | | \$6,010 |
| Building repairs and maintenance | | \$1,290 |
| Dues, fees, publications | | \$405 |
| Farmstead Equipment | | \$185 |
| Total | | \$25,353 |
| Total per planted acre | | \$939.01 |

TABLE 4. Equipment summary for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Projected 2005.

| 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 | 50 HP | 79 | 1 | \$7,609 | \$593 | \$85 | \$7.48 | \$1.08 | \$899 | \$99 | \$12.59 |
| TRACTOR | 95 HP | 41 | 1 | \$9,473 | \$504 | \$86 | \$12.18 | \$2.07 | \$1,152 | \$191 | \$32.41 |
| BALER, PTO | 2 WIRE | 66 | 1 | \$1,600 | | \$10 | | \$0.15 | \$385 | \$43 | \$6.48 |
| CULTIVATOR | 4 ROW | 4 | 1 | \$1,500 | | \$8 | | \$1.86 | \$200 | \$17 | \$51.56 |
| LAND PLANE | 12 FT | 5 | 1 | \$2,500 | | \$0 | | \$0.10 | \$333 | \$28 | \$75.20 |
| DISC | 12 FT | 13 | 1 | \$2,250 | | \$35 | | \$2.79 | \$300 | \$25 | \$25.82 |
| LISTER/PLANTER | 4 ROW | 3 | 1 | \$5,000 | | \$6 | | \$2.40 | \$1,000 | \$55 | \$405.85 |
| PLOW (2-WAY) | 3 BOTTOM | 21 | 1 | \$3,350 | | \$89 | | \$4.15 | \$447 | \$37 | \$22.56 |
| DRILL | 10 FT | 8 | 1 | \$1,800 | | \$7 | | \$0.86 | \$360 | \$20 | \$47.48 |
| SWATHER | 14 FT | 50 | 1 | \$3,900 | \$395 | \$29 | \$7.86 | \$0.58 | \$1,450 | \$160 | \$32.05 |
| BORDER DISC | 6 DISC | 1 | 1 | \$750 | | \$1 | | \$0.93 | \$100 | \$8 | \$98.44 |
| | | | | \$39,732 | \$1,492 | \$357 | | | \$6,625 | \$682 | |

TABLE 5. Alfalfa establishment, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties
 Projected 2005
 Planting dates: August 15 - September 15

| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
|---------------------------------|---------------|------------------------|---------------------|---------|----------------|---------|---------------|----------|
| PURCHASED INPUTS | | | | | | | | |
| SEED | \$2.88 | 20 LBS | \$57.60 | | | | | \$57.60 |
| PHOSPHATE (P2O5) | \$0.31 | 90 LBS | \$27.90 | | | | | \$27.90 |
| NITROGEN (N) | \$0.40 | 35 LBS | \$14.00 | | | | | \$14.00 |
| CANAL WATER | | 12 AC. IN. | | | | | | |
| SUBTOTAL | | | \$99.50 | | | | | \$99.50 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC | 96 HP | 0.17 HR | | \$0.88 | \$2.07 | \$0.83 | \$9.90 | \$13.67 |
| PLOW | 96 HP | 0.67 HR | | \$3.45 | \$8.16 | \$4.17 | \$36.83 | \$52.61 |
| DISC | 96 HP | 0.17 HR | | \$0.88 | \$2.07 | \$0.83 | \$9.90 | \$13.67 |
| LASER PLANE (CUSTOM) | | | \$70.71 | | | | | \$70.71 |
| BORDER DISC | 50 HP | 0.05 HR | | \$0.26 | \$0.37 | \$0.10 | \$5.55 | \$6.28 |
| DRILL | 50 HP | 0.25 HR | | \$1.29 | \$1.87 | \$0.49 | \$15.02 | \$18.66 |
| IRRIGATE (2X) | | 1.00 HR | | \$5.15 | | | | \$5.15 |
| SUBTOTAL | | 2.31 HR | \$70.71 | \$11.90 | \$14.54 | \$6.41 | \$77.20 | \$180.76 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.33 HR | | \$1.69 | | | | \$1.69 |
| EMPLOYEE BENEFITS | | | | \$2.14 | | | | \$2.14 |
| INSURANCE | | | \$0.24 | | | | | \$0.24 |
| SUPERVISION AND MANAGEMENT | | | | \$21.27 | | | | \$21.27 |
| SUBTOTAL | | 0.33 HR | \$0.24 | \$25.10 | | | | \$25.34 |
| TOTAL OPERATING EXPENSES | | 2.64 HR | \$170.45 | \$37.00 | \$14.54 | \$6.41 | \$77.20 | \$305.60 |

TABLE 6. Alfalfa hay, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Projected 2005
Harvesting dates: June 1 - October 15

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|----------------|----------------|---------------|-----------------|-----------------|
| GROSS RETURNS | | | | | | | | |
| ALFALFA HAY | \$130.00 | 5.00 TONS (STACKED) | | | | | | \$650.00 |
| GRAZING | \$10.00 | 1.00 ACRE | | | | | | \$10.00 |
| TOTAL | | | | | | | | \$660.00 |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
| PHOSPHATE (P2O5) | \$0.31 | 90 LBS | \$27.90 | | | | | \$27.90 |
| INSECTICIDE (CUSTOM) | \$21.71 | 1 X/ACRE | \$21.71 | | | | | \$21.71 |
| WIRE | \$0.36 | 43 LBS | \$15.39 | | | | | \$15.39 |
| ESTABLISHMENT: Principal | | 6 YEARS | | | | | \$50.93 | \$50.93 |
| : Interest | | | | | | | \$9.85 | \$9.85 |
| CANAL WATER | | 44 AC. IN. | \$28.00 | | | | | \$28.00 |
| SUBTOTAL | | | \$93.00 | | | | \$60.78 | \$153.79 |
| PREHARVEST OPERATIONS | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| IRRIGATE (8X) | | 4.00 HR | | \$20.60 | | | | \$20.60 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER (4X) | 14 FT. | 0.64 HR | | \$3.30 | \$5.03 | \$0.37 | \$20.51 | \$29.21 |
| BALER, PTO (4X) | 50 HP | 0.84 HR | | \$4.33 | \$6.28 | \$1.04 | \$16.03 | \$27.67 |
| BALE WAGON (CUSTOM) (2X) | | | \$23.40 | | | | | \$23.40 |
| SUBTOTAL | | 1.48 HR | \$23.40 | \$7.62 | \$11.32 | \$1.41 | \$36.54 | \$80.28 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.37 HR | | \$1.91 | | | | \$1.91 |
| EMPLOYEE BENEFITS | | | | \$5.08 | | | | \$5.08 |
| INSURANCE | | | \$0.56 | | | | | \$0.56 |
| LAND TAXES | | | | | | | \$5.33 | \$5.33 |
| SUPERVISION AND MANAGEMENT | | | | \$50.94 | | | | \$50.94 |
| OTHER EXPENSES | | | \$278.61 | | | | | \$278.61 |
| SUBTOTAL | | 0.37 HR | \$279.17 | \$57.93 | | | \$5.33 | \$342.43 |
| TOTAL OPERATING EXPENSES | | 5.85 HR | \$395.58 | \$86.15 | \$11.32 | \$1.41 | \$102.66 | \$597.10 |
| NET OPERATING PROFIT | | | | | | | | \$62.90 |
| INTEREST ON OPERATING CAPITAL | | (\$49.51 @ 7.00% | | | | | | \$3.47 |
| INTEREST ON EQUIPMENT INVESTMENT | |) | | | | | | \$23.03 |
| RETURN TO LAND AND RISK | | | | | | | | \$36.40 |

BUDGET SUMMARY

| | | | |
|--------------------------------|----------|----------------|---|
| GROSS RETURN | | \$660.00 | |
| VARIABLE OPERATING EXPENSES | \$408.30 | | |
| RETURN OVER VARIABLE EXPENSES | \$251.70 | | (GROSS MARGIN) |
| FIXED EXPENSES | \$102.66 | | |
| NET FARM INCOME | \$149.05 | | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$86.15 | | |
| NET OPERATING PROFIT | \$62.90 | | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$26.50 | | |
| RETURN TO LAND AND RISK | | \$36.40 | |

TABLE 7. Small grain hay, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Projected 2005
 Planting dates: March 1 - May 1
 Harvesting dates: June 15 - July 15

| ITEM | PRICE | YIELD | | | | | TOTAL | |
|----------------------------------|------------|---------------------|---|----------------|----------------|-----------------|-------------------|-----------------|
| GROSS RETURNS | | | | | | | | |
| SMALL GRAIN HAY | \$120.00 | 2.50 TONS (STACKED) | | | | | \$300.00 | |
| TOTAL | | | | | | \$300.00 | | |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
| SEED | \$0.27 | 80 LBS | \$21.60 | | | | | \$21.60 |
| WIRE | \$0.36 | 26 LBS | \$9.31 | | | | | \$9.31 |
| CANAL WATER | | 24 AC. IN. | \$28.00 | | | | | \$28.00 |
| SUBTOTAL | | | \$58.91 | | | | | \$58.91 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| PLOW | 96 HP | 0.67 HR | | \$3.45 | \$8.16 | \$4.17 | \$36.83 | \$52.61 |
| DISC (2X) | 96 HP | 0.34 HR | | \$1.75 | \$4.14 | \$1.65 | \$19.80 | \$27.34 |
| PLANE | 96 HP | 0.24 HR | | \$1.24 | \$2.92 | \$0.52 | \$25.83 | \$30.51 |
| BORDER DISC | 50 HP | 0.05 HR | | \$0.26 | \$0.37 | \$0.10 | \$5.55 | \$6.28 |
| DRILL | 50 HP | 0.25 HR | | \$1.29 | \$1.87 | \$0.49 | \$15.02 | \$18.66 |
| IRRIGATE (4X) | | 2.00 HR | | \$10.30 | | | | \$10.30 |
| SUBTOTAL | | 3.55 HR | | \$18.28 | \$17.47 | \$6.93 | \$103.03 | \$145.71 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER | 14 FT. | 0.16 HR | | \$0.82 | \$1.26 | \$0.09 | \$5.13 | \$7.30 |
| BALER, PTO | 50 HP | 0.21 HR | | \$1.08 | \$1.57 | \$0.26 | \$4.01 | \$6.92 |
| BALEWAGON | | | \$27.30 | | | | | \$27.30 |
| SUBTOTAL | | 0.37 HR | | \$1.91 | \$2.83 | \$0.35 | \$9.13 | \$41.52 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.48 HR | | \$2.47 | | | | \$2.47 |
| EMPLOYEE BENEFITS | | | | \$3.63 | | | | \$3.63 |
| INSURANCE | | | \$0.40 | | | | | \$0.40 |
| LAND TAXES | | | | | | | \$2.67 | \$2.67 |
| SUPERVISION AND MANAGEMENT | | | | \$23.96 | | | | \$23.96 |
| OTHER EXPENSES | | | \$139.30 | | | | | \$139.30 |
| SUBTOTAL | | 0.48 HR | \$139.71 | \$30.07 | | | \$2.67 | \$172.44 |
| TOTAL OPERATING EXPENSES | | 4.40 HR | \$198.62 | \$50.25 | \$20.30 | \$7.28 | \$114.83 | \$418.58 |
| NET OPERATING PROFIT | | | | | | | (\$118.58) | |
| INTEREST ON OPERATING CAPITAL | | (| \$35.82 | @ | 7.00% |) | \$2.51 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$24.53 | |
| RETURN TO LAND AND RISK | | | | | | | (\$145.62) | |
| BUDGET SUMMARY | | | | | | | | |
| GROSS RETURN | | \$300.00 | | | | | | |
| VARIABLE OPERATING EXPENSES | \$226.20 | | | | | | | |
| RETURN OVER VARIABLE EXPENSES | \$73.80 | (GROSS MARGIN) | | | | | | |
| FIXED EXPENSES | \$114.83 | | | | | | | |
| NET FARM INCOME | | (\$41.03) | (RETURN TO CAPITAL, LABOR, LAND & RISK) | | | | | |
| LABOR AND MANAGEMENT COST | \$50.25 | | | | | | | |
| NET OPERATING PROFIT | | (\$91.28) | (RETURN TO CAPITAL, LAND & RISK) | | | | | |
| CAPITAL COSTS | \$27.04 | | | | | | | |
| RETURN TO LAND AND RISK | | (\$118.32) | | | | | | |

TABLE 8. Sorghum hay, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Count Projected 2005.

Planting dates: July 1 - July 31

Harvesting dates: August 10 - September 30

| ITEM | PRICE | YIELD | TOTAL |
|---------------|----------|---------------------|-----------------|
| GROSS RETURNS | | | |
| SORGHUM HAY | \$105.00 | 2.00 TONS (STACKED) | \$210.00 |
| GRAZING | \$5.00 | 1.00 ACRE | \$5.00 |
| TOTAL | | | \$215.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|------------------|--------|------------|------------------|------------|----------------|
| SEED | \$1.23 | 35 LBS | \$43.05 | | \$43.05 |
| WIRE | \$0.36 | 17 LBS | \$6.09 | | \$6.09 |
| CANAL WATER | | 24 AC. IN. | \$28.00 | | \$28.00 |
| SUBTOTAL | | | \$77.14 | | \$77.14 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|---------------|---------------|----------------|----------------|
| DISC | 96 HP | 0.17 HR | | \$0.88 | \$2.07 | \$0.83 | \$9.90 | \$13.67 |
| DRILL | 50 HP | 0.25 HR | | \$1.29 | \$1.87 | \$0.49 | \$15.02 | \$18.66 |
| IRRIGATE (4X) | | 2.00 HR | | \$10.30 | | | | \$10.30 |
| SUBTOTAL | | 2.42 HR | | \$12.46 | \$3.94 | \$1.31 | \$24.92 | \$42.64 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|---------------|---------------|---------------|----------------|----------------|
| SWATHER (2X) | 14 FT. | 0.32 HR | | \$1.65 | \$2.52 | \$0.19 | \$10.26 | \$14.61 |
| BALER, PTO (2X) | 50 HP | 0.42 HR | | \$2.16 | \$3.14 | \$0.52 | \$8.01 | \$13.84 |
| BALEWAGON | | | \$23.40 | | | | | \$23.40 |
| SUBTOTAL | | 0.74 HR | | \$3.81 | \$5.66 | \$0.70 | \$18.27 | \$51.84 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-------------|---------|---------------|-----------------|
| DOWNTIME | 0.29 HR | | \$1.49 | | | | \$1.49 |
| EMPLOYEE BENEFITS | | | \$2.93 | | | | \$2.93 |
| INSURANCE | | \$0.33 | | | | | \$0.33 |
| LAND TAXES | | | | | | \$2.67 | \$2.67 |
| SUPERVISION AND MANAGEMENT | | | \$17.63 | | | | \$17.63 |
| OTHER EXPENSES | | \$139.30 | | | | | \$139.30 |
| SUBTOTAL | 0.29 HR | | \$22.05 | | | \$2.67 | \$164.35 |

TOTAL OPERATING EXPENSES 3.45 HR \$216.77 \$38.33 \$9.60 \$2.02 \$45.85 \$335.96

NET OPERATING PROFIT (\$120.96)

INTEREST ON OPERATING CAPITAL (\$40.41 @ 7.00%) \$2.83
 INTEREST ON EQUIPMENT INVESTMENT \$24.53

RETURN TO LAND AND RISK (\$148.32)

BUDGET SUMMARY

| | | | |
|-------------------------------|------------|---|--|
| GROSS RETURN | | \$215.00 | |
| VARIABLE OPERATING EXPENSES | \$228.38 | | |
| RETURN OVER VARIABLE EXPENSES | (\$13.38) | (GROSS MARGIN) | |
| FIXED EXPENSES | \$45.85 | | |
| NET FARM INCOME | (\$59.23) | (RETURN TO CAPITAL, LABOR, LAND & RISK) | |
| LABOR AND MANAGEMENT COST | \$38.33 | | |
| NET OPERATING PROFIT | (\$97.56) | (RETURN TO CAPITAL, LAND & RISK) | |
| CAPITAL COSTS | \$27.36 | | |
| RETURN TO LAND AND RISK | (\$124.92) | | |

TABLE 9. Corn silage, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Projected 2005.
 Planting dates: May 1 - June 15
 Harvesting dates: August 15 - September 30

| ITEM | PRICE | YIELD | TOTAL |
|---------------|---------|-----------------------|----------|
| GROSS RETURNS | | | |
| CORN SILAGE | \$16.00 | 20.00 TONS (STANDING) | \$320.00 |
| TOTAL | | | \$320.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-------------------------|---------|------------|------------------|------------|----------|
| SEED | \$1.06 | 30 000 | \$31.88 | | \$31.88 |
| ANHYDROUS AMMONIA (NH3) | \$0.20 | 125 LBS | \$25.00 | | \$25.00 |
| HERBICIDE (GRANULAR) | \$6.85 | 1 ACRE | \$6.85 | | \$6.85 |
| INSECTICIDE (GRANULAR) | \$34.24 | 1 ACRE | \$34.24 | | \$34.24 |
| CANAL WATER | | 42 AC. IN. | \$28.00 | | \$28.00 |
| SUBTOTAL | | | \$125.96 | | \$125.96 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| PLOW | 96 HP | 0.67 HR | | \$3.45 | \$8.16 | \$4.17 | \$36.83 | \$52.61 |
| DISC (2X) | 96 HP | 0.34 HR | | \$1.75 | \$4.14 | \$1.65 | \$19.80 | \$27.34 |
| LAND PLANE | 96 HP | 0.24 HR | | \$1.24 | \$2.92 | \$0.52 | \$25.83 | \$30.51 |
| LISTER/PLANTER | 96 HP | 0.26 HR | | \$1.34 | \$3.17 | \$1.16 | \$113.95 | \$119.62 |
| CULTIVATOR (2X) | 50 HP | 0.42 HR | | \$2.16 | \$3.14 | \$1.23 | \$26.95 | \$33.49 |
| IRRIGATE (8X) | | 4.00 HR | | \$20.60 | | | | \$20.60 |
| SUBTOTAL | | 5.93 HR | | \$30.54 | \$21.53 | \$8.74 | \$223.35 | \$284.16 |

OVERHEAD EXPENSES

| | | | | | | | | |
|----------------------------|--|---------|----------|---------|--|--------|--|----------|
| DOWNTIME | | 0.48 HR | | \$2.48 | | | | \$2.48 |
| EMPLOYEE BENEFITS | | | | \$5.50 | | | | \$5.50 |
| INSURANCE | | | \$0.61 | | | | | \$0.61 |
| LAND TAXES | | | | | | \$5.33 | | \$5.33 |
| SUPERVISION AND MANAGEMENT | | | | \$27.37 | | | | \$27.37 |
| OTHER EXPENSES | | | \$278.61 | | | | | \$278.61 |
| SUBTOTAL | | 0.48 HR | \$279.22 | \$35.35 | | \$5.33 | | \$319.90 |

| | | | | | | | | |
|--------------------------|--|---------|----------|---------|---------|--------|----------|----------|
| TOTAL OPERATING EXPENSES | | 6.41 HR | \$405.18 | \$65.89 | \$21.53 | \$8.74 | \$228.68 | \$730.03 |
|--------------------------|--|---------|----------|---------|---------|--------|----------|----------|

| | | | | | | | | |
|----------------------|--|--|--|--|--|--|--|------------|
| NET OPERATING PROFIT | | | | | | | | (\$410.03) |
|----------------------|--|--|--|--|--|--|--|------------|

| | | | | | | | | |
|----------------------------------|---|---------|---|-------|---|--|--|----------|
| INTEREST ON OPERATING CAPITAL | (| \$70.55 | @ | 7.00% |) | | | \$4.94 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$113.25 |

| | | | | | | | | |
|-------------------------|--|--|--|--|--|--|--|------------|
| RETURN TO LAND AND RISK | | | | | | | | (\$528.22) |
|-------------------------|--|--|--|--|--|--|--|------------|

BUDGET SUMMARY

| | | | | | | | | |
|-------------------------------|----------|------------|---|--|--|--|--|--|
| GROSS RETURN | | \$320.00 | | | | | | |
| VARIABLE OPERATING EXPENSES | \$435.46 | | | | | | | |
| RETURN OVER VARIABLE EXPENSES | | (\$115.46) | (GROSS MARGIN) | | | | | |
| FIXED EXPENSES | \$228.68 | | | | | | | |
| NET FARM INCOME | | (\$344.14) | (RETURN TO CAPITAL, LABOR, LAND & RISK) | | | | | |
| LABOR AND MANAGEMENT COST | \$65.89 | | | | | | | |
| NET OPERATING PROFIT | | (\$410.03) | (RETURN TO CAPITAL, LAND & RISK) | | | | | |
| CAPITAL COSTS | \$118.19 | | | | | | | |
| RETURN TO LAND AND RISK | | (\$528.22) | | | | | | |

TABLE 10. Summary of per acre costs and returns for a 100 acre farm with above average average management
Projected 2005.

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | SMALL GRAIN HAY | SORGHUM HAY | CORN FOR SILAGE |
|----------------------------------|--------------------------|----------------|--------------------|----------------|--------------------|
| | | TONS | TONS | TONS | TONS |
| PRIMARY YIELD | | 5.00 | 2.50 | 2.00 | 20.00 |
| PRIMARY PRICE | | \$130.00 | \$120.00 | \$105.00 | \$16.00 |
| GOVERNMENT PAYMENTS | | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SECOND INCOME | | \$10.00 | \$0.00 | \$5.00 | \$0.00 |
| GROSS RETURN | | \$660.00 | \$300.00 | \$215.00 | \$320.00 |
| CASH OPERATING EXPENSES | | | | | |
| SEED | \$57.60 | | \$21.60 | \$43.05 | \$31.88 |
| FERTILIZER | \$41.90 | \$27.90 | | | \$25.00 |
| CHEMICALS | | \$21.71 | | | \$41.09 |
| CROP INSURANCE | | | | | |
| OTHER PURCHASED INPUTS | | \$15.39 | \$9.31 | \$6.09 | |
| CANAL WATER | | \$28.00 | \$28.00 | \$28.00 | \$28.00 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$14.54 | \$11.32 | \$20.30 | \$9.60 | \$21.53 |
| FUEL-IRRIGATION | | | | | |
| REPAIRS | \$6.41 | \$1.41 | \$7.28 | \$2.02 | \$8.74 |
| CUSTOM CHARGES | \$70.71 | \$23.40 | | | |
| LAND TAXES | | \$5.33 | \$2.67 | \$2.67 | \$5.33 |
| OTHER EXPENSES | \$0.24 | \$279.17 | \$139.71 | \$139.63 | \$279.22 |
| TOTAL CASH EXPENSES | \$191.40 | \$413.63 | \$228.87 | \$231.05 | \$440.79 |
| RETURN OVER CASH EXPENSES | (\$191.40) | \$246.37 | \$71.13 | (\$16.05) | (\$120.79) |
| FIXED EXPENSES | \$77.20 | \$97.32 | \$112.16 | \$43.19 | \$223.35 |
| TOTAL EXPENSES | \$268.60 | \$510.95 | \$341.03 | \$274.23 | \$664.14 |
| NET FARM INCOME | (\$268.60) | \$149.05 | (\$41.03) | (\$59.23) | (\$344.14) |
| LABOR AND MANAGEMENT COSTS | \$37.00 | \$86.15 | \$50.25 | \$38.33 | \$65.89 |
| NET OPERATING PROFIT | (\$305.60) | \$62.90 | (\$91.28) | (\$97.56) | (\$410.03) |
| CAPITAL COSTS | | | | | |
| INTEREST ON OPERATING CAPITAL | | \$3.47 | \$2.51 | \$2.83 | \$4.94 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$23.03 | \$24.53 | \$24.53 | \$113.25 |
| TOTAL CAPITAL COSTS | \$0.00 | \$26.50 | \$27.04 | \$27.36 | \$118.19 |
| RETURN TO LAND AND RISK | (\$305.60) | \$36.40 | (\$118.32) | (\$124.92) | (\$528.22) |

TABLE 11. Whole farm summary, Valencia and Southern Bernalillo Counties,
Projected 2005.

| | | |
|----------------------------------|-------------|------------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 71.00 ACRES | |
| CROP | | \$46,150 |
| GRAZING | | \$710 |
| SMALL GRAIN HAY | 10.00 ACRES | |
| CROP | | \$3,000 |
| SORGHUM HAY | 10.00 ACRES | |
| CROP | | \$2,100 |
| GRAZING | | \$50 |
| CORN FOR SILAGE | 10.00 ACRES | |
| CROP | | \$3,200 |
| GROSS RETURN | | <u>\$55,210</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$1,656 |
| FERTILIZER | | \$2,734 |
| CHEMICALS | | \$1,952 |
| CROP INSURANCE | | \$0 |
| OTHER PURCHASED INPUTS | | \$1,247 |
| CANAL WATER | | \$2,828 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$1,492 |
| FUEL-IRRIGATION | | \$0 |
| REPAIRS | | \$357 |
| CUSTOM CHARGES | | \$2,510 |
| LAND TAXES | | \$485 |
| OTHER EXPENSES | | \$25,410 |
| TOTAL CASH EXPENSES | | <u>\$40,672</u> |
| RETURN OVER CASH EXPENSES | | \$14,538 |
| FIXED EXPENSES | | \$8,007 |
| TOTAL EXPENSES | | \$48,679 |
| NET FARM INCOME | | \$6,531 |
| LABOR AND MANAGEMENT COSTS | | \$8,105 |
| NET OPERATING PROFIT | | (\$1,574) |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$349 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$3,258 |
| TOTAL CAPITAL COSTS | | <u>\$3,607</u> |
| RETURN TO LAND AND RISK | | <u>(\$5,181)</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|----------------|-----------------|------------------------|
| \$5,000 /ACRE | (\$20,181) | -0.29% |
| \$6,500 /ACRE | (\$24,681) | -0.23% |
| \$8,000 /ACRE | (\$29,181) | -0.19% |
| \$9,500 /ACRE | (\$33,681) | -0.16% |
| \$11,000 /ACRE | (\$38,181) | -0.14% |
| \$12,500 /ACRE | (\$42,681) | -0.12% |

* 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)