

TABLE 1. Acreage Summary, Roosevelt County, Projected 2007.

| BUDGET AREA..... PORTALES VALLEY, ROOSEVELT COUNTY |                  |                |              |
|--|------------------|----------------|--------------|
| FARM SIZE..... 320 ACRES                           |                  |                |              |
| IRRIGATION TYPE..... SPRINKLER                     |                  |                |              |
| NUMBER OF CROPS... 4                               |                  |                |              |
| WATER USE  |                  |                |              |
| ACREAGE SUMMARY:                                   | LAND USE (ACRES) | AC.IN. PER AC. | TOTAL AC.IN. |
| WHEAT  | 53.55            | 18             | 964          |
| ARP  | 0.00             |                |              |
| FLEX IN WHEAT                                      | 9.45             | 18             | 170          |
| CORN   | 52.70            | 30             | 1,581        |
| ARP  | 0.00             |                |              |
| FLEX IN WHEAT                                      | 9.30             | 18             | 167          |
| GRAIN SORGHUM                                      | 52.70            | 20             | 1,054        |
| ARP  | 0.00             |                |              |
| FLEX IN WHEAT                                      | 9.30             | 18             | 167          |
| PEANUTS  | 63.00            | 22             | 1,386        |
| CORNERS, ROADS, HOMESTEAD                          | 70.00            |                |              |
| TOTAL  | 320.00           |                | 5,490        |
| ACRE FEET PER ACRE OF WATER RIGHTS                 |                  |                | 1.43         |

TABLE 2. Basic cost information for the Portales Valley, Roosevelt County, Projected 2007.

| Item                            |      |                            |         |
|---------------------------------|------|----------------------------|---------|
| <b>Labor Wage Rate:</b>         |      |                            |         |
| Equipment operators             |      | \$/hour                    | \$7.45  |
| General & Irrigators            |      | \$/hour                    | \$6.65  |
| <b>Purchased Inputs:</b>        |      |                            |         |
| <b>Fertilizer:</b>              |      |                            |         |
| Nitrogen (N)                    |      | \$/pound                   | \$0.52  |
| Phosphate (P205)                |      | \$/pound                   | \$0.40  |
| <b>Seed:</b>                    |      |                            |         |
| Wheat                           |      | \$/pound                   | \$0.22  |
| Corn                            |      | \$/bag                     | \$85.00 |
| Grain Sorghum                   |      | \$/pound                   | \$0.60  |
| Peanuts                         |      | \$/pound                   | \$0.80  |
| <b>Energy:</b>                  |      |                            |         |
| Natural gas (Gas NM)            |      | \$/MCF                     | \$3.24  |
| Diesel fuel                     |      | \$/gallon                  | \$2.70  |
| Gasoline                        |      | \$/gallon                  | \$2.45  |
| Electricity (SWPS)              |      | cents/KwHr                 | 8.17    |
| LP Gas                          |      | \$/gallon                  | \$1.95  |
| Employee Liability Insurance    |      | \$/1,000 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                    | 8.00%   |
| Equipment Interest Rate         |      | percent                    | 8.00%   |
| Real Interest Rate              |      | percent                    | 3.00%   |
| Land Taxes                      |      | \$89.00 /acre (full value) | \$0.74  |
| Personal Property Tax Rate      | - NR | \$/1,000 (Assessed Value)  | \$24.84 |
|                                 | - R  |                            | \$21.82 |
| Supervision Factor              |      | \$/labor hour              | \$0.50  |
| Management Rate                 |      | percent                    | 7.00%   |

TABLE 3. Overhead cost information for the Portales Valley, Roosevelt County, Projected 2007.

| Item                               |        |                    |          |
|------------------------------------|--------|--------------------|----------|
| Electricity (Domestic & Shop)      |        | \$218.00 per month | \$2,616  |
| Telephone                          |        | \$109.00 per month | \$1,308  |
| Accounting & Legal                 |        |                    | \$1,597  |
| Misc. Supplies & Hand Tools        |        |                    | \$2,403  |
| Pickup and Auto                    |        |                    |          |
| miles                              | 22,454 | @ \$0.415 per mile | \$9,318  |
| <b>Insurance</b>                   |        |                    |          |
| - general liability (non-employee) |        |                    | \$1,722  |
| - fire/theft                       |        |                    | \$1,363  |
| <b>Property Taxes</b>              |        |                    |          |
| - non-planted land                 |        |                    | \$0      |
| - other than land & machinery      |        |                    | \$6,010  |
| Building repairs and maintenance   |        |                    | \$1,308  |
| Dues, fees, publications           |        |                    | \$392    |
| Farmstead Equipment                |        |                    | \$164    |
| Total                              |        |                    | \$28,201 |
| Total Per Planted Acre             |        |                    | \$114.97 |



TABLE 6. Wheat, sprinkler-irrigated, budgeted per acre costs and returns for a 320 acre farm with above average management, Portales Valley, Roosevelt County  
 Projected 2007.  
 Planting Dates: August 20 - September 15  
 Harvest Dates: June 1 - June 25

| ITEM                     | PRICE   | YIELD         | BASE | TOTAL           |
|--------------------------|---------|---------------|------|-----------------|
| <b>GROSS RETURNS</b>     |         |               |      |                 |
| WHEAT                    | \$5.00  | 60.00 BUSHELS |      | \$300.00        |
| DIRECT PAYMENT           | \$0.00  | 60.00 BUSHELS | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.00  |               |      | \$0.00          |
| GRAZING                  | \$40.00 | 1.00 ACRE     |      | \$40.00         |
| <b>TOTAL</b>             |         |               |      | <b>\$340.00</b> |

| PURCHASED INPUTS     | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL           |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED                 | \$0.22  | 60 LBS     | \$13.20          |            | \$13.20         |
| NITROGEN (N)         | \$0.52  | 120 LBS    | \$62.40          |            | \$62.40         |
| PHOSPHATE (P205)     | \$0.40  | 40 LBS     | \$16.00          |            | \$16.00         |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 X/ACRE   | \$20.01          |            | \$20.01         |
| PUMP WATER*          |         | 18 AC. IN. |                  |            |                 |
| CROP INSURANCE       | \$0.61  |            | \$0.61           |            | \$0.61          |
| <b>SUBTOTAL</b>      |         |            | <b>\$112.22</b>  |            | <b>\$112.22</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR         | FUEL & LUBE    | REPAIRS       | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|---------------|----------------|---------------|----------------|-----------------|
| DISC (2X)             | 185 HP     | 0.28 HR             |                  | \$2.09        | \$7.83         | \$2.66        | \$8.19         | \$20.77         |
| FERT SPREADER         | 126 HP     | 0.05 HR             |                  | \$0.37        | \$1.01         | \$0.20        | \$0.97         | \$2.56          |
| DRILL                 | 126 HP     | 0.18 HR             |                  | \$1.34        | \$3.64         | \$0.90        | \$8.99         | \$14.87         |
| IRRIGATE (6X)         |            | 0.60 HR             |                  | \$3.99        | \$56.74        | \$0.00        | \$9.40         | \$70.12         |
| <b>SUBTOTAL</b>       |            | <b>1.11 HR</b>      |                  | <b>\$7.79</b> | <b>\$69.22</b> | <b>\$3.76</b> | <b>\$27.56</b> | <b>\$108.32</b> |

| HARVEST OPERATIONS |  |  |                |  |  |  |  |                |
|--------------------|--|--|----------------|--|--|--|--|----------------|
| COMBINE (CUSTOM)   |  |  | \$22.30        |  |  |  |  | \$22.30        |
| HAUL (CUSTOM)      |  |  | \$9.60         |  |  |  |  | \$9.60         |
| <b>SUBTOTAL</b>    |  |  | <b>\$31.90</b> |  |  |  |  | <b>\$31.90</b> |

| OVERHEAD EXPENSES          |  |                |          |                 |                |        |               |                 |
|----------------------------|--|----------------|----------|-----------------|----------------|--------|---------------|-----------------|
| DOWNTIME                   |  | 0.13 HR        |          | \$0.95          |                |        |               | \$0.95          |
| EMPLOYEE BENEFITS          |  |                |          | \$1.40          |                |        |               | \$1.40          |
| INSURANCE                  |  |                | \$0.16   |                 |                |        |               | \$0.16          |
| LAND TAXES                 |  |                |          |                 |                | \$0.74 |               | \$0.74          |
| SUPERVISION AND MANAGEMENT |  |                |          | \$24.36         |                |        |               | \$24.36         |
| OTHER EXPENSES             |  |                | \$114.97 |                 |                |        |               | \$114.97        |
| <b>SUBTOTAL</b>            |  | <b>0.13 HR</b> |          | <b>\$115.12</b> | <b>\$26.71</b> |        | <b>\$0.74</b> | <b>\$142.57</b> |

TOTAL OPERATING EXPENSES 1.24 HR \$259.24 \$34.50 \$69.22 \$3.76 \$28.29 \$395.01

NET OPERATING PROFIT (\$55.01)

INTEREST ON OPERATING CAPITAL ( \$77.01 @ 8.00% ) \$6.16  
 INTEREST ON EQUIPMENT INVESTMENT \$16.93

RETURN TO LAND AND RISK (\$78.10)

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

|                               |          |           |   |  |
|-------------------------------|----------|-----------|---|--|
| GROSS RETURN                  |          | \$340.00  |   |  |
| VARIABLE OPERATING EXPENSES   | \$332.22 |           |   |  |
| RETURN OVER VARIABLE EXPENSES |          | \$7.78    | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                | \$28.29  |           |   |  |
| NET FARM INCOME               |          | (\$20.51) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| LABOR AND MANAGEMENT COST     | \$34.50  |           |   |  |
| NET OPERATING PROFIT          |          | (\$55.01) | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                 | \$23.09  |           |   |  |
| RETURN TO LAND AND RISK       |          | (\$78.10) |   |  |

TABLE 7. Corn for grain, sprinkler-irrigated, budgeted per acre costs and returns for a 320 acre farm with above average management, Portales Valley, Roosevelt County, Projected 2007.  
 Planting Dates: April 25 - May 30  
 Harvest Dates: November 1 - November 30

| ITEM                     | PRICE   | YIELD     | BASE | TOTAL           |
|--------------------------|---------|-----------|------|-----------------|
| <b>GROSS RETURNS</b>     |         |           |      |                 |
| CORN FOR GRAIN           | \$6.25  | 70.00 CWT |      | \$437.50        |
| DIRECT PAYMENT           | \$0.00  | 70.00 CWT | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.00  | 0.00 CWT  |      | \$0.00          |
| GRAZING                  | \$15.00 | 1.00 ACRE |      | \$15.00         |
| <b>TOTAL</b>             |         |           |      | <b>\$452.50</b> |

| PURCHASED INPUTS     | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL           |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED                 | \$1.06  | 28 000     | \$29.75          |            | \$29.75         |
| NITROGEN (N)         | \$0.52  | 150 LBS    | \$78.00          |            | \$78.00         |
| PHOSPHATE (P205)     | \$0.40  | 60 LBS     | \$24.00          |            | \$24.00         |
| HERBICIDE            | \$16.96 | 1 X/ACRE   | \$16.96          |            | \$16.96         |
| INSECTICIDE (CUSTOM) | \$20.01 | 2 X/ACRE   | \$40.01          |            | \$40.01         |
| PUMP WATER*          |         | 30 AC. IN. |                  |            |                 |
| CROP INSURANCE       | \$0.95  |            | \$0.95           |            | \$0.95          |
| <b>SUBTOTAL</b>      |         |            | <b>\$189.67</b>  |            | <b>\$189.67</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE     | REPAIRS        | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.04         | \$3.92          | \$1.33         | \$4.10         | \$10.39         |
| PLOW                  | 185 HP     | 0.48 HR             |                  | \$3.58         | \$13.42         | \$5.16         | \$15.34        | \$37.50         |
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.04         | \$3.92          | \$1.33         | \$4.10         | \$10.39         |
| FERT SPREADER         | 126 HP     | 0.05 HR             |                  | \$0.37         | \$1.01          | \$0.20         | \$0.97         | \$2.56          |
| SPRAY & DISC          | 185 HP     | 0.17 HR             |                  | \$1.27         | \$4.75          | \$1.73         | \$6.15         | \$13.90         |
| PRE-IRRIGATE          |            | 0.10 HR             |                  | \$0.67         | \$7.27          | \$0.00         | \$1.20         | \$9.14          |
| LISTER                | 126 HP     | 0.12 HR             |                  | \$0.89         | \$2.43          | \$0.80         | \$4.14         | \$8.26          |
| ROD WEED              | 126 HP     | 0.08 HR             |                  | \$0.60         | \$1.62          | \$0.38         | \$2.40         | \$4.99          |
| PLANT ER              | 185 HP     | 0.17 HR             |                  | \$1.27         | \$4.75          | \$1.33         | \$9.50         | \$16.85         |
| CULTIVATOR (2X)       | 126 HP     | 0.26 HR             |                  | \$1.94         | \$5.25          | \$1.84         | \$7.17         | \$16.20         |
| IRRIGATE (12X)        |            | 1.20 HR             |                  | \$7.98         | \$87.29         | \$0.00         | \$14.46        | \$109.73        |
| <b>SUBTOTAL</b>       |            | <b>2.91 HR</b>      |                  | <b>\$20.64</b> | <b>\$135.64</b> | <b>\$14.09</b> | <b>\$69.53</b> | <b>\$239.89</b> |

| HARVEST OPERATIONS |  |  |  |                |  |  |  |                |
|--------------------|--|--|--|----------------|--|--|--|----------------|
| COMBINE (CUSTOM)   |  |  |  | \$24.50        |  |  |  | \$24.50        |
| HAUL (CUSTOM)      |  |  |  | \$12.60        |  |  |  | \$12.60        |
| <b>SUBTOTAL</b>    |  |  |  | <b>\$37.10</b> |  |  |  | <b>\$37.10</b> |

| OVERHEAD EXPENSES          |  |                |          |                 |                |        |               |                 |
|----------------------------|--|----------------|----------|-----------------|----------------|--------|---------------|-----------------|
| DOWNTIME                   |  | 0.20 HR        |          | \$1.45          |                |        |               | \$1.45          |
| EMPLOYEE BENEFITS          |  |                |          | \$3.72          |                |        |               | \$3.72          |
| INSURANCE                  |  |                | \$0.41   |                 |                |        |               | \$0.41          |
| LAND TAXES                 |  |                |          |                 |                | \$0.74 |               | \$0.74          |
| SUPERVISION AND MANAGEMENT |  |                |          | \$32.80         |                |        |               | \$32.80         |
| OTHER EXPENSES             |  |                | \$114.97 |                 |                |        |               | \$114.97        |
| <b>SUBTOTAL</b>            |  | <b>0.20 HR</b> |          | <b>\$115.38</b> | <b>\$37.96</b> |        | <b>\$0.74</b> | <b>\$154.08</b> |

|                                 |  |                |  |                 |                |                 |                |                |                 |
|---------------------------------|--|----------------|--|-----------------|----------------|-----------------|----------------|----------------|-----------------|
| <b>TOTAL OPERATING EXPENSES</b> |  | <b>3.11 HR</b> |  | <b>\$342.15</b> | <b>\$58.60</b> | <b>\$135.64</b> | <b>\$14.09</b> | <b>\$70.26</b> | <b>\$620.75</b> |
|---------------------------------|--|----------------|--|-----------------|----------------|-----------------|----------------|----------------|-----------------|

|                             |  |  |  |  |  |  |  |  |                   |
|-----------------------------|--|--|--|--|--|--|--|--|-------------------|
| <b>NET OPERATING PROFIT</b> |  |  |  |  |  |  |  |  | <b>(\$168.25)</b> |
|-----------------------------|--|--|--|--|--|--|--|--|-------------------|

|                                  |   |          |   |       |   |  |  |  |         |
|----------------------------------|---|----------|---|-------|---|--|--|--|---------|
| INTEREST ON OPERATING CAPITAL    | ( | \$135.36 | @ | 8.00% | ) |  |  |  | \$10.83 |
| INTEREST ON EQUIPMENT INVESTMENT |   |          |   |       |   |  |  |  | \$43.10 |

|                                |  |  |  |  |  |  |  |  |                   |
|--------------------------------|--|--|--|--|--|--|--|--|-------------------|
| <b>RETURN TO LAND AND RISK</b> |  |  |  |  |  |  |  |  | <b>(\$222.17)</b> |
|--------------------------------|--|--|--|--|--|--|--|--|-------------------|

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

**BUDGET SUMMARY**

|                               |          |            |   |  |
|-------------------------------|----------|------------|---|--|
| GROSS RETURN                  |          | \$452.50   |   |  |
| VARIABLE OPERATING EXPENSES   | \$491.88 |            |   |  |
| RETURN OVER VARIABLE EXPENSES |          | (\$39.38)  | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                | \$70.26  |            |   |  |
| NET FARM INCOME               |          | (\$109.64) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| LABOR AND MANAGEMENT COST     | \$58.60  |            |   |  |
| NET OPERATING PROFIT          |          | (\$168.25) | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                 | \$53.93  |            |   |  |
| RETURN TO LAND AND RISK       |          | (\$222.17) |   |  |

TABLE 8. Grain sorghum, sprinkler-irrigated, budgeted per acre costs and returns for a 320 acre farm with above average management, Portales Valley, Roosevelt County  
 Projected 2007.  
 Planting Dates: May 15 - June 10  
 Harvest Dates: October 15 - November 15

| ITEM                     | PRICE  | YIELD     | BASE | TOTAL           |
|--------------------------|--------|-----------|------|-----------------|
| <b>GROSS RETURNS</b>     |        |           |      |                 |
| GRAIN SORGHUM            | \$5.75 | 65.00 CWT |      | \$373.75        |
| DIRECT PAYMENT           | \$0.00 | 65.00 CWT | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.00 | 0.00 CWT  |      | \$0.00          |
| GRAZING                  | \$9.00 | 1.00 ACRE |      | \$9.00          |
| <b>TOTAL</b>             |        |           |      | <b>\$382.75</b> |

| PURCHASED INPUTS     | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL           |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED                 | \$0.60  | 6 LBS      | \$3.60           |            | \$3.60          |
| NITROGEN (N)         | \$0.52  | 150 LBS    | \$78.00          |            | \$78.00         |
| PHOSPHATE (P205)     | \$0.40  | 40 LBS     | \$16.00          |            | \$16.00         |
| HERBICIDE            | \$16.96 | 1 ACRE     | \$16.96          |            | \$16.96         |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 ACRE     | \$20.01          |            | \$20.01         |
| PUMP WATER*          |         | 20 AC. IN. |                  |            |                 |
| CROP INSURANCE       | \$0.95  |            | \$0.95           |            | \$0.95          |
| <b>SUBTOTAL</b>      |         |            | <b>\$135.52</b>  |            | <b>\$135.52</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE     | REPAIRS        | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.04         | \$3.92          | \$1.33         | \$4.10         | \$10.39         |
| PLOW                  | 185 HP     | 0.48 HR             |                  | \$3.58         | \$13.42         | \$5.16         | \$15.34        | \$37.50         |
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.04         | \$3.92          | \$1.33         | \$4.10         | \$10.39         |
| FERT SPREADER         | 126 HP     | 0.05 HR             |                  | \$0.37         | \$1.01          | \$0.20         | \$0.97         | \$2.56          |
| DISC & SPRAY          | 185 HP     | 0.17 HR             |                  | \$1.27         | \$4.75          | \$1.73         | \$6.15         | \$13.90         |
| LISTER                | 126 HP     | 0.12 HR             |                  | \$0.89         | \$2.43          | \$0.80         | \$4.14         | \$8.26          |
| PRE-IRRIGATE          |            | 0.10 HR             |                  | \$0.67         | \$5.73          | \$0.00         | \$0.95         | \$7.35          |
| ROD WEED              | 126 HP     | 0.08 HR             |                  | \$0.60         | \$1.62          | \$0.38         | \$2.40         | \$4.99          |
| PLANTER               | 185 HP     | 0.17 HR             |                  | \$1.27         | \$4.75          | \$1.33         | \$9.50         | \$16.85         |
| CULTIVATOR (2X)       | 126 HP     | 0.26 HR             |                  | \$1.94         | \$5.25          | \$1.84         | \$7.17         | \$16.20         |
| IRRIGATE (10X)        |            | 1.00 HR             |                  | \$6.65         | \$57.31         | \$0.00         | \$9.49         | \$73.45         |
| <b>SUBTOTAL</b>       |            | <b>2.71 HR</b>      |                  | <b>\$19.31</b> | <b>\$104.12</b> | <b>\$14.09</b> | <b>\$64.31</b> | <b>\$201.82</b> |

| HARVEST OPERATIONS |  |  |  |                |  |  |  |                |
|--------------------|--|--|--|----------------|--|--|--|----------------|
| COMBINE (CUSTOM)   |  |  |  | \$29.28        |  |  |  | \$29.28        |
| HAUL (CUSTOM)      |  |  |  | \$12.35        |  |  |  | \$12.35        |
| <b>SUBTOTAL</b>    |  |  |  | <b>\$41.63</b> |  |  |  | <b>\$41.63</b> |

| OVERHEAD EXPENSES          |  |                |        |                 |                |        |               |                 |
|----------------------------|--|----------------|--------|-----------------|----------------|--------|---------------|-----------------|
| DOWNTIME                   |  | 0.39 HR        |        | \$2.92          |                |        |               | \$2.92          |
| EMPLOYEE BENEFITS          |  |                |        | \$3.48          |                |        |               | \$3.48          |
| INSURANCE                  |  |                | \$0.39 |                 |                |        |               | \$0.39          |
| LAND TAXES                 |  |                |        |                 |                | \$0.74 |               | \$0.74          |
| SUPERVISION AND MANAGEMENT |  |                |        | \$28.08         |                |        |               | \$28.08         |
| OTHER EXPENSES             |  |                |        | \$114.97        |                |        |               | \$114.97        |
| <b>SUBTOTAL</b>            |  | <b>0.39 HR</b> |        | <b>\$115.35</b> | <b>\$34.48</b> |        | <b>\$0.74</b> | <b>\$150.57</b> |

TOTAL OPERATING EXPENSES 3.10 HR \$292.50 \$53.79 \$104.12 \$14.09 \$65.04 \$529.54

NET OPERATING PROFIT (\$146.79)

INTEREST ON OPERATING CAPITAL ( \$100.78 @ 8.00% ) \$8.06  
 INTEREST ON EQUIPMENT INVESTMENT \$39.69

RETURN TO LAND AND RISK (\$194.54)

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

BUDGET SUMMARY

|                               |          |            |   |  |
|-------------------------------|----------|------------|---|--|
| GROSS RETURN                  |          | \$382.75   |   |  |
| VARIABLE OPERATING EXPENSES   | \$410.71 |            |   |  |
| RETURN OVER VARIABLE EXPENSES |          | (\$27.96)  | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                | \$65.04  |            |   |  |
| NET FARM INCOME               |          | (\$93.00)  | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| LABOR AND MANAGEMENT COST     | \$53.79  |            |   |  |
| NET OPERATING PROFIT          |          | (\$146.79) | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                 | \$47.75  |            |   |  |
| RETURN TO LAND AND RISK       |          | (\$194.54) |   |  |

TABLE 9. Peanuts, sprinkler-irrigated, budgeted per acre costs and returns for a 320 acre farm with above average management, Portales Valley, Roosevelt County, Projected 2007.  
 Planting Dates: May 10 - June 10  
 Harvest Dates: October 10 - November 10

| ITEM          | PRICE  | YIELD        | TOTAL    |
|---------------|--------|--------------|----------|
| GROSS RETURNS |        |              |          |
| PEANUTS       | \$0.15 | 2,600.00 LBS | \$393.90 |
| TOTAL         |        |              | \$393.90 |

| PURCHASED INPUTS     | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL    |
|----------------------|---------|------------|------------------|------------|----------|
| SEED                 | \$0.80  | 100 LB     | \$80.00          |            | \$80.00  |
| NITROGEN (N)         | \$0.52  | 60 LB      | \$31.20          |            | \$31.20  |
| PHOSPHATE (P205)     | \$0.40  | 80 LB      | \$32.00          |            | \$32.00  |
| HERBICIDE            | \$16.96 | 1 X/ACRE   | \$16.96          |            | \$16.96  |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 X/ACRE   | \$20.01          |            | \$20.01  |
| FUNGICIDE            | \$37.67 | 1 X/ACRE   | \$37.67          |            | \$37.67  |
| TRACE ELEMENTS       | \$11.89 | 1 X/ACRE   | \$11.89          |            | \$11.89  |
| PUMP WATER*          |         | 22 AC. IN. |                  |            |          |
| SUBTOTAL             |         |            | \$229.73         |            | \$229.73 |

| PREHARVEST OPERATIONS    | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
|--------------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| DISC                     | 185 HP     | 0.14 HR             |                  | \$1.04  | \$3.92      | \$1.33  | \$4.10     | \$10.39  |
| PLOW                     | 185 HP     | 0.48 HR             |                  | \$3.58  | \$13.42     | \$5.16  | \$15.34    | \$37.50  |
| DISC                     | 185 HP     | 0.14 HR             |                  | \$1.04  | \$3.92      | \$1.33  | \$4.10     | \$10.39  |
| FERT SPREADER            | 126 HP     | 0.05 HR             |                  | \$0.37  | \$1.01      | \$0.20  | \$0.97     | \$2.56   |
| SPRAY & DISC             | 185 HP     | 0.17 HR             |                  | \$1.27  | \$4.75      | \$1.73  | \$6.15     | \$13.90  |
| PRE-IRRIGATE             |            | 0.10 HR             |                  | \$0.67  | \$6.30      | \$0.00  | \$1.04     | \$8.01   |
| LISTE R                  | 126 HP     | 0.12 HR             |                  | \$0.89  | \$2.43      | \$0.80  | \$4.14     | \$8.26   |
| PLANTER                  | 126 HP     | 0.17 HR             |                  | \$1.27  | \$4.75      | \$1.33  | \$9.50     | \$16.85  |
| APPLY FUNGICIDE (CUSTOM) |            |                     | \$27.00          |         |             |         |            | \$27.00  |
| CULTIVATOR (2X)          | 126 HP     | 0.26 HR             |                  | \$1.94  | \$5.25      | \$1.84  | \$7.17     | \$16.20  |
| HAND HOE (CUSTOM)        |            |                     | \$12.00          |         |             |         |            | \$12.00  |
| IRRIGATE (10X)           |            | 1.00 HR             |                  | \$6.65  | \$63.04     | \$0.00  | \$10.44    | \$80.13  |
| SUBTOTAL                 |            | 2.63 HR             | \$39.00          | \$18.71 | \$108.80    | \$13.71 | \$62.95    | \$243.18 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
|--------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| DIG AND INVERT     | 185 HP     | 0.24 HR             |                  | \$1.79  | \$6.71      | \$1.39  | \$7.39     | \$17.29  |
| COMBINE PEANUTS    | 185 HP     | 0.80 HR             |                  | \$5.96  | \$22.37     | \$5.56  | \$85.15    | \$119.04 |
| HAUL               | 126 HP     | 0.80 HR             |                  | \$5.96  | \$16.17     | \$3.29  | \$23.45    | \$48.86  |
| SUBTOTAL           |            | 1.84 HR             | \$0.00           | \$13.71 | \$45.26     | \$10.24 | \$115.99   | \$185.19 |

| OVERHEAD EXPENSES          | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
|----------------------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| DOWNTIME                   | 0.61 HR             |                  | \$4.54  |             |         |            | \$4.54   |
| EMPLOYEE BENEFITS          |                     |                  | \$5.84  |             |         |            | \$5.84   |
| INSURANCE                  |                     | \$0.65           |         |             |         |            | \$0.65   |
| LAND TAXES                 |                     |                  |         |             |         | \$0.74     | \$0.74   |
| SUPERVISION AND MANAGEMENT |                     |                  | \$29.42 |             |         |            | \$29.42  |
| OTHER EXPENSES             |                     | \$114.97         |         |             |         |            | \$114.97 |
| SUBTOTAL                   | 0.61 HR             | \$115.62         | \$39.80 |             |         | \$0.74     | \$156.16 |

|                          |         |          |         |          |         |          |          |
|--------------------------|---------|----------|---------|----------|---------|----------|----------|
| TOTAL OPERATING EXPENSES | 5.08 HR | \$384.34 | \$72.22 | \$154.06 | \$23.95 | \$179.68 | \$814.26 |
|--------------------------|---------|----------|---------|----------|---------|----------|----------|

|                      |  |  |  |  |  |  |            |
|----------------------|--|--|--|--|--|--|------------|
| NET OPERATING PROFIT |  |  |  |  |  |  | (\$420.36) |
|----------------------|--|--|--|--|--|--|------------|

|                                  |   |          |   |       |   |  |          |
|----------------------------------|---|----------|---|-------|---|--|----------|
| INTEREST ON OPERATING CAPITAL    | ( | \$150.12 | @ | 8.00% | ) |  | \$12.01  |
| INTEREST ON EQUIPMENT INVESTMENT |   |          |   |       |   |  | \$109.33 |

|                         |  |  |  |  |  |  |            |
|-------------------------|--|--|--|--|--|--|------------|
| RETURN TO LAND AND RISK |  |  |  |  |  |  | (\$541.69) |
|-------------------------|--|--|--|--|--|--|------------|

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

BUDGET SUMMARY

|                               |          |            |   |
|-------------------------------|----------|------------|---|
| GROSS RETURN                  |          | \$393.90   |   |
| VARIABLE OPERATING EXPENSES   | \$562.35 |            |   |
| RETURN OVER VARIABLE EXPENSES |          | (\$168.45) | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$179.68 |            |   |
| NET FARM INCOME               |          | (\$348.13) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$72.22  |            |   |
| NET OPERATING PROFIT          |          | (\$420.36) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$121.34 |            |   |
| RETURN TO LAND AND RISK       |          | (\$541.69) |   |

TABLE 10. Summary of per acre costs and returns for a 320 acre farm with above average management, Roosevelt County, Projected 2007.

|                                  | WHEAT     | CORN       | GRAIN<br>SORGHUM | PEANUTS    |
|----------------------------------|-----------|------------|------------------|------------|
|                                  | BU        | CWT        | CWT              | LBS        |
| PRIMARY YIELD                    | 60.00     | 70.00      | 65.00            | 2,600.00   |
| PRIMARY PRICE                    | \$5.00    | \$6.25     | \$5.75           | \$0.15     |
| GOVERNMENT PAYMENTS              | \$0.00    | \$0.00     | \$0.00           | \$0.00     |
| SECOND INCOME                    | \$40.00   | \$15.00    | \$9.00           | \$0.00     |
| GROSS RETURN                     | \$340.00  | \$452.50   | \$382.75         | \$393.90   |
| CASH OPERATING EXPENSES          |           |            |                  |            |
| SEED                             | \$13.20   | \$29.75    | \$3.60           | \$80.00    |
| FERTILIZER                       | \$78.40   | \$102.00   | \$94.00          | \$63.20    |
| CHEMICALS                        | \$20.01   | \$56.97    | \$36.97          | \$74.64    |
| CROP INSURANCE                   | \$0.61    | \$0.95     | \$0.95           |            |
| OTHER PURCHASED INPUTS           |           |            |                  | \$11.89    |
| CANAL WATER                      |           |            |                  |            |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$12.48   | \$41.07    | \$41.07          | \$84.71    |
| FUEL-IRRIGATION                  | \$56.74   | \$94.56    | \$63.04          | \$69.35    |
| REPAIRS                          | \$3.76    | \$14.09    | \$14.09          | \$23.95    |
| CUSTOM CHARGES                   | \$31.90   | \$37.10    | \$41.63          | \$39.00    |
| LAND TAXES                       | \$0.74    | \$0.74     | \$0.74           | \$0.74     |
| OTHER EXPENSES                   | \$115.12  | \$115.38   | \$115.35         | \$115.62   |
| TOTAL CASH EXPENSES              | \$332.96  | \$492.62   | \$411.45         | \$563.09   |
| RETURN OVER CASH EXPENSES        | \$7.04    | (\$40.12)  | (\$28.70)        | (\$169.19) |
| FIXED EXPENSES                   | \$27.56   | \$69.53    | \$64.31          | \$178.94   |
| TOTAL EXPENSES                   | \$360.51  | \$562.14   | \$475.75         | \$742.03   |
| NET FARM INCOME                  | (\$20.51) | (\$109.64) | (\$93.00)        | (\$348.13) |
| LABOR AND MANAGEMENT COSTS       | \$34.50   | \$58.60    | \$53.79          | \$72.22    |
| NET OPERATING PROFIT             | (\$55.01) | (\$168.25) | (\$146.79)       | (\$420.36) |
| CAPITAL COSTS                    |           |            |                  |            |
| INTEREST ON OPERATING CAPITAL    | \$6.16    | \$10.83    | \$8.06           | \$12.01    |
| INTEREST ON EQUIPMENT INVESTMENT | \$16.93   | \$43.10    | \$39.69          | \$109.33   |
| TOTAL CAPITAL COSTS              | \$23.09   | \$53.93    | \$47.75          | \$121.34   |
| RETURN TO LAND AND RISK          | (\$78.10) | (\$222.17) | (\$194.54)       | (\$541.69) |
| Flex Computation                 | -33.61    | -109.55    | -90.54           |            |

TABLE 11. Whole farm summary, Portales Valley, Roosevelt County,  
Projected 2007.

|                                  |             |                   |
|----------------------------------|-------------|-------------------|
| GROSS RETURNS                    |             |                   |
| WHEAT                            | 81.60 ACRES |                   |
| CROP                             |             | \$24,480          |
| GRAZING                          |             | \$3,264           |
| DIRECT PAYMENT                   |             | \$0               |
| COUNTER CYCLICAL PAYMENT         |             | \$0               |
| CORN FOR GRAIN                   | 52.70 ACRES |                   |
| CROP                             |             | \$23,056          |
| GRAZING                          |             | \$791             |
| DIRECT PAYMENT                   |             | \$0               |
| COUNTER CYCLICAL PAYMENT         |             | \$0               |
| GRAIN SORGHUM                    | 52.70 ACRES |                   |
| CROP                             |             | \$19,697          |
| GRAZING                          |             | \$474             |
| DIRECT PAYMENT                   |             | \$0               |
| COUNTER CYCLICAL PAYMENT         |             | \$0               |
| PEANUTS                          | 63.00 ACRES |                   |
| CROP                             |             | \$24,816          |
| GROSS RETURN                     |             | <u>\$96,577</u>   |
| CASH OPERATING EXPENSES          |             |                   |
| SEED                             |             | \$7,875           |
| FERTILIZER                       |             | \$20,708          |
| CHEMICALS                        |             | \$11,285          |
| CROP INSURANCE                   |             | \$150             |
| OTHER PURCHASED INPUTS           |             | \$749             |
| CANAL WATER                      |             | \$0               |
| FUEL, OIL & LUBRICANTS-EQUIPMENT |             | \$10,684          |
| FUEL-IRRIGATION                  |             | \$17,305          |
| REPAIRS                          |             | \$3,301           |
| CUSTOM CHARGES                   |             | \$9,209           |
| LAND TAXES                       |             | \$184             |
| OTHER EXPENSES                   |             | \$28,837          |
| TOTAL CASH EXPENSES              |             | <u>\$110,288</u>  |
| RETURN OVER CASH EXPENSES        |             | (\$13,711)        |
| FIXED EXPENSES                   |             | \$20,575          |
| TOTAL EXPENSES                   |             | \$130,863         |
| NET FARM INCOME                  |             | (\$34,286)        |
| LABOR AND MANAGEMENT COSTS       |             | \$13,288          |
| NET OPERATING PROFIT             |             | (\$47,574)        |
| CAPITAL COSTS                    |             |                   |
| INTEREST ON OPERATING CAPITAL    |             | \$2,255           |
| INTEREST ON EQUIPMENT INVESTMENT |             | \$12,632          |
| TOTAL CAPITAL COSTS              |             | <u>\$14,887</u>   |
| RETURN TO LAND AND RISK          |             | <u>(\$62,461)</u> |

| LAND VALUE    | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$500 /ACRE   | (\$67,261)      | -15.31%                |
| \$750 /ACRE   | (\$69,661)      | -12.17%                |
| \$1,000 /ACRE | (\$72,061)      | -10.11%                |
| \$1,250 /ACRE | (\$74,461)      | -8.64%                 |
| \$1,500 /ACRE | (\$76,861)      | -7.54%                 |
| \$1,750 /ACRE | (\$79,261)      | -6.69%                 |
| \$2,000 /ACRE | (\$81,661)      | -6.02%                 |

\* 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)