

TABLE 1. Acreage Summary, Chaves County, Roswell-Hagerman Area, Projected 2007.

|                      |                                      |  |  |
|----------------------|--------------------------------------|--|--|
| BUDGET AREA.....     | ROSWELL-HAGERMAN AREA, CHAVES COUNTY |  |  |
| FARM SIZE.....       | 640 ACRES                            |  |  |
| IRRIGATION TYPE..... | FLOOD                                |  |  |
| NUMBER OF CROPS..... | 6                                    |  |  |

  

| ACREAGE SUMMARY:                          | LAND USE (ACRES) | WATER USE      |               |
|---|------------------|----------------|---------------|
|   |                  | AC.IN. PER AC. | TOTAL AC.IN.  |
| ALFALFA ESTABLISHMENT                     | 60.00 *          | 16             | 960           |
| ALFALFA                                   | 300.00           | 54             | 16,200        |
| WHEAT                                     | 51.00            | 28             | 1,428         |
| ARP                                       | 0.00             |                |               |
| FLEX IN OAT HAY                           | 9.00             | 28             | 252           |
| OAT HAY                                   | 60.00            | 21             | 1,260         |
| PICKER COTTON                             | 51.00            | 28             | 1,428         |
| ARP                                       | 0.00             |                |               |
| FLEX IN OAT HAY                           | 9.00             | 28             | 252           |
| STRIPPER COTTON                           | 51.00            | 28             | 1,428         |
| ARP                                       | 0.00             |                |               |
| FLEX IN OAT HAY                           | 9.00             | 28             | 252           |
| CORN SILAGE                               | 60.00            | 48             | 2,880         |
| ROADS, DITCHES, HOMESTEAD                 | 40.00            |                |               |
| <b>TOTAL</b>                              | <b>640.00</b>    |                | <b>26,340</b> |
| <b>ACRE FEET PER ACRE OF WATER RIGHTS</b> |                  |                | <b>3.43</b>   |

\* DOUBLE-CROPPED

TABLE 2. Basic cost information for the Roswell-Hagerman area, Chaves County, Projected 2007.

| Item                            |                             |         |
|---------------------------------|-----------------------------|---------|
| <b>Labor Wage Rate:</b>         |                             |         |
| Equipment operators             | \$/hour                     | \$7.45  |
| General & Irrigators            | \$/hour                     | \$6.35  |
| <b>Purchased Inputs:</b>        |                             |         |
| <b>Fertilizer:</b>              |                             |         |
| Nitrogen (N)                    | \$/pound                    | \$0.52  |
| Phosphate (P205)                | \$/pound                    | \$0.40  |
| <b>Seed:</b>                    |                             |         |
| Alfalfa                         | \$/pound                    | \$3.05  |
| Wheat                           | \$/pound                    | \$0.22  |
| Cotton                          |                             |         |
| picker                          | \$/pound                    | \$2.00  |
| stripper                        | \$/pound                    | \$2.00  |
| Oat                             | \$/pound                    | \$0.26  |
| Corn                            | \$/bag                      | \$85.00 |
| Plastic Twine:                  | \$/roll                     | \$0.26  |
| Natural gas (service charge)    | \$/MCF                      | \$3.25  |
| Wheat                           | \$/month                    | \$8.00  |
| Diesel fuel                     | \$/gallon                   | \$2.70  |
| Gasoline                        | \$/gallon                   | \$2.45  |
| Electricity                     | cents/KwHr                  | 7.75    |
| LP Gas                          | \$/gallon                   | \$1.85  |
| 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                     | 8.00%   |
| Equipment Interest Rate         | percent                     | 8.00%   |
| Real Interest Rate              | percent                     | 3.00%   |
| Land Taxes                      | \$185.00 /acre (full value) | \$1.37  |
| Personal Property Tax Rate - NR | \$/1,000 (Assessed Value)   | \$22.16 |
| - R                             |                             | \$20.04 |
| <b>Supervision Factors</b>      |                             |         |
| Field Crop-Irrigation           | \$/labor hour               | \$1.00  |
| Field Crop-Equipment & General  | \$/labor hour               | \$0.50  |
| <b>Management Rate</b>          | percent                     | 7.00%   |

TABLE 3. Overhead cost information for Roswell-Hagerman area, Chaves County, Projected 2007.

| Item                               |          |                    |
|------------------------------------|----------|--------------------|
| Electricity (Domestic & Shop)      |          | \$213.64 per month |
| Telephone                          |          | \$106.82 per month |
| Accounting & Legal                 |          | \$1,515            |
| Misc. Supplies & Hand Tools        |          | \$2,279            |
| Pickup and Auto                    |          |                    |
| miles                              | 21,800 @ | \$0.415 per mile   |
| Insurance                          |          |                    |
| - general liability (non-employee) |          | \$1,656            |
| - fire/theft                       |          | \$1,308            |
| <b>Property Taxes</b>              |          |                    |
| - non-planted land                 |          | \$0                |
| - other than land & machinery      |          | \$0                |
| Building repairs and maintenance   |          | \$1,251            |
| Dues, fees, publications           |          | \$382              |
| Farmstead Equipment                |          | \$162              |
| <b>Total</b>                       |          | <b>\$21,446</b>    |
| <b>Total Per Planted Acre</b>      |          | <b>\$35.74</b>     |



TABLE 6. Alfalfa establishment, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Roswell-Hagerman area, Projected 2007.  
Planting dates: September 1 - September 31

| ITEM                                | PRICE         | QUANTITY                | PURCHASED<br>INPUTS |         |                |         |               | TOTAL    |
|-------------------------------------|---------------|-------------------------|---------------------|---------|----------------|---------|---------------|----------|
| <b>PURCHASED INPUTS</b>             |               |                         |                     |         |                |         |               |          |
| SEED                                | \$3.05        | 30.00 LBS               | \$91.50             |         |                |         |               | \$91.50  |
| INSECTICIDE (CUSTOM)<br>PUMP WATER* | \$13.38       | 1 ACRE<br>16.00 AC. IN. | \$13.38             |         |                |         |               | \$13.38  |
| SUBTOTAL                            |               |                         | \$104.88            |         |                |         |               | \$104.88 |
| <b>PREHARVEST OPERATIONS</b>        |               |                         |                     |         |                |         |               |          |
|                                     | POWER<br>UNIT | ACCOMPLISHMENT<br>RATE  | PURCHASED<br>INPUTS | LABOR   | FUEL &<br>LUBE | REPAIRS | FIXED<br>COST | TOTAL    |
| DISC                                | 145 HP        | 0.17 HR                 |                     | \$1.27  | \$7.57         | \$1.89  | \$2.73        | \$13.46  |
| PLOW                                | 145 HP        | 0.48 HR                 |                     | \$3.58  | \$10.69        | \$4.94  | \$6.65        | \$25.86  |
| DISC (2X)                           | 145 HP        | 0.34 HR                 |                     | \$2.53  | \$7.57         | \$3.77  | \$5.46        | \$19.34  |
| PLANE (2X)                          | 130 HP        | 0.48 HR                 |                     | \$3.58  | \$10.69        | \$1.95  | \$12.97       | \$29.19  |
| DRILL                               | 96 HP         | 0.21 HR                 |                     | \$1.56  | \$3.13         | \$0.65  | \$2.96        | \$8.31   |
| DITCHER (2X)                        | 130 HP        | 0.10 HR                 |                     | \$0.75  | \$2.23         | \$0.40  | \$2.04        | \$5.41   |
| IRRIGATE (2X)                       |               | 1.00 HR                 |                     | \$6.35  | \$19.60        | \$0.00  | \$2.16        | \$28.11  |
| SUBTOTAL                            |               | 2.78 HR                 |                     | \$19.61 | \$61.48        | \$13.61 | \$34.97       | \$129.68 |
| <b>OVERHEAD EXPENSES</b>            |               |                         |                     |         |                |         |               |          |
| DOWNTIME                            |               | 0.45 HR                 |                     | \$3.32  |                |         |               | \$3.32   |
| EMPLOYEE BENEFITS                   |               |                         |                     | \$3.53  |                |         |               | \$3.53   |
| INSURANCE                           |               |                         | \$0.39              |         |                |         | \$0.39        |          |
| SUPERVISION AND MANAGEMENT          |               |                         |                     | \$18.26 |                |         |               | \$18.26  |
| SUBTOTAL                            |               | 0.45 HR                 | \$0.39              | \$25.10 |                |         |               | \$25.50  |
| <b>TOTAL OPERATING EXPENSES</b>     |               | 3.23 HR                 | \$105.27            | \$44.71 | \$61.48        | \$13.61 | \$34.97       | \$260.05 |

TABLE 7. Alfalfa hay, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Roswell-Hagerman area, Projected 2007.  
Harvesting dates: May 20 - October 15

| ITEM                             | PRICE      | YIELD                |                  |                 |                |               |                 | TOTAL           |                 |
|----------------------------------|------------|----------------------|------------------|-----------------|----------------|---------------|-----------------|-----------------|-----------------|
| <b>GROSS RETURNS</b>             |            |                      |                  |                 |                |               |                 |                 |                 |
| ALFALFA HAY                      | \$150.00   | 6.5 TONS (DELIVERED) |                  |                 |                |               |                 | \$975.00        |                 |
| <b>TOTAL</b>                     |            |                      |                  |                 |                |               | <b>\$975.00</b> |                 |                 |
| <b>PURCHASED INPUTS</b>          |            |                      |                  |                 |                |               |                 |                 |                 |
| PURCHASED INPUTS                 | PRICE      | QUANTITY             | PURCHASED INPUTS |                 |                |               | FIXED COST      | TOTAL           |                 |
| FERTILIZER (10-26-10)            | \$0.18     | 200 LBS              | \$36.00          |                 |                |               |                 | \$36.00         |                 |
| INSECTICIDE (CUSTOM)             | \$44.48    | 1 ACRE               | \$44.48          |                 |                |               |                 | \$44.48         |                 |
| HERBICIDE (CUSTOM)               | \$28.11    | 1 ACRE               | \$28.11          |                 |                |               |                 | \$28.11         |                 |
| PLASTIC TWINE                    | \$0.26     | 170 FT/TON           | \$0.07           |                 |                |               |                 | \$0.07          |                 |
| ESTABLISHMENT: Principal         |            | 5 YEARS              |                  |                 |                |               | \$52.01         | \$52.01         |                 |
| : Interest                       |            |                      |                  |                 |                |               | \$11.36         | \$11.36         |                 |
| PUMP WATER*                      |            | 54 AC. IN.           |                  |                 |                |               |                 |                 |                 |
| <b>SUBTOTAL</b>                  |            |                      | <b>\$108.66</b>  |                 |                |               | <b>\$63.37</b>  | <b>\$172.03</b> |                 |
| <b>PREHARVEST OPERATIONS</b>     |            |                      |                  |                 |                |               |                 |                 |                 |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE  | PURCHASED INPUTS | LABOR           | FUEL & LUBE    | REPAIRS       | FIXED COST      | TOTAL           |                 |
| IRRIGATE (6X)                    |            | 3.00 HR              |                  | \$19.05         | \$66.14        | \$0.00        | \$7.29          | \$92.48         |                 |
| <b>SUBTOTAL</b>                  |            |                      |                  | <b>\$19.05</b>  | <b>\$66.14</b> | <b>\$0.00</b> | <b>\$7.29</b>   | <b>\$92.48</b>  |                 |
| <b>HARVEST OPERATIONS</b>        |            |                      |                  |                 |                |               |                 |                 |                 |
| SWATHER (5X)                     | 14 FT      | 0.55 HR              |                  | \$4.10          | \$5.56         | \$0.80        | \$11.95         | \$22.41         |                 |
| RAKE (5X)                        | 96 HP      | 0.25 HR              |                  | \$1.86          | \$3.73         | \$0.76        | \$1.99          | \$8.34          |                 |
| BALER (5X)                       | 145 HP     | 0.35 HR              |                  | \$2.61          | \$7.80         | \$2.00        | \$22.56         | \$34.96         |                 |
| FRONT END LOADER (5X)            | 130 HP     | 0.25 HR              |                  | \$1.86          | \$5.57         | \$1.78        | \$4.56          | \$13.78         |                 |
| HAUL                             | SEMI       | 0.50 HR              |                  | \$3.73          | \$0.00         | \$1.40        | \$9.38          | \$14.50         |                 |
| <b>SUBTOTAL</b>                  |            |                      |                  | <b>\$14.16</b>  | <b>\$22.65</b> | <b>\$6.74</b> | <b>\$50.45</b>  | <b>\$93.99</b>  |                 |
| <b>OVERHEAD EXPENSES</b>         |            |                      |                  |                 |                |               |                 |                 |                 |
| DOWNTIME                         |            | 0.48 HR              |                  | \$3.54          |                |               |                 | \$3.54          |                 |
| EMPLOYEE BENEFITS                |            |                      |                  | \$5.98          |                |               |                 | \$5.98          |                 |
| INSURANCE                        |            |                      | \$0.66           |                 |                |               |                 | \$0.66          |                 |
| LAND TAXES                       |            |                      |                  |                 |                |               | \$1.37          | \$1.37          |                 |
| SUPERVISION AND MANAGEMENT       |            |                      |                  | \$72.20         |                |               |                 | \$72.20         |                 |
| OTHER EXPENSES                   |            |                      | \$35.74          |                 |                |               |                 | \$35.74         |                 |
| <b>SUBTOTAL</b>                  |            |                      |                  | <b>\$81.72</b>  |                |               |                 | <b>\$1.37</b>   | <b>\$119.49</b> |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>5.38 HR</b>       | <b>\$145.07</b>  | <b>\$114.92</b> | <b>\$88.79</b> | <b>\$6.74</b> | <b>\$122.47</b> | <b>\$477.99</b> |                 |
| <b>NET OPERATING PROFIT</b>      |            |                      |                  |                 |                |               |                 | <b>\$497.01</b> |                 |
| INTEREST ON OPERATING CAPITAL    |            | (                    | \$73.31          | @               | 8.00%          | )             |                 | \$5.87          |                 |
| INTEREST ON EQUIPMENT INVESTMENT |            |                      |                  |                 |                |               |                 | \$34.03         |                 |
| <b>RETURN TO LAND AND RISK</b>   |            |                      |                  |                 |                |               |                 | <b>\$457.11</b> |                 |

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

**BUDGET SUMMARY**

|                               |          |          |   |
|-------------------------------|----------|----------|---|
| GROSS RETURN                  |          | \$975.00 |   |
| VARIABLE OPERATING EXPENSES   | \$240.60 |          |   |
| RETURN OVER VARIABLE EXPENSES | \$734.40 |          | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$122.47 |          |   |
| NET FARM INCOME               | \$611.93 |          | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$114.92 |          |   |
| NET OPERATING PROFIT          | \$497.01 |          | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$39.90  |          |   |
| RETURN TO LAND AND RISK       | \$457.11 |          |   |

TABLE 8. Wheat, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Roswell-Hagerman area, Projected 2007.  
Planting dates: August 15 - November 1  
Harvesting dates: June 15 - July 1

| ITEM                     | PRICE   | YIELD     | BASE | TOTAL           |
|--------------------------|---------|-----------|------|-----------------|
| <b>GROSS RETURNS</b>     |         |           |      |                 |
| WHEAT                    | \$8.33  | 40.00 CWT |      | \$333.33        |
| DIRECT PAYMENT           | \$0.00  | 40.00 CWT | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.00  |           |      | \$0.00          |
| GRAZING                  | \$44.00 | 1.00 ACRE |      | \$44.00         |
| <b>TOTAL</b>             |         |           |      | <b>\$377.33</b> |

| PURCHASED INPUTS | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL           |
|------------------|---------|------------|------------------|------------|-----------------|
| SEED             | \$0.22  | 100 LBS    | \$22.00          |            | \$22.00         |
| NITROGEN (N)     | \$0.52  | 150 LBS    | \$78.00          |            | \$78.00         |
| PHOSPHATE (P205) | \$0.40  | 50 LBS     | \$20.00          |            | \$20.00         |
| INSECTICIDE      | \$19.17 | 1 ACRE     | \$19.17          |            | \$19.17         |
| PUMP WATER*      |         | 28 AC. IN. |                  |            |                 |
| CROP INSURANCE   | \$0.98  |            | \$0.98           |            | \$0.98          |
| <b>SUBTOTAL</b>  |         |            | <b>\$140.15</b>  |            | <b>\$140.15</b> |

| PREHARVEST OPERATIONS | POWER UNIT     | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS       | FIXED COST     | TOTAL           |
|-----------------------|----------------|---------------------|------------------|----------------|----------------|---------------|----------------|-----------------|
| FLOW                  | 145 HP         | 0.48 HR             |                  | \$3.58         | \$10.69        | \$4.94        | \$6.65         | \$25.86         |
| DISC (2X)             | 145 HP         | 0.34 HR             |                  | \$2.53         | \$7.57         | \$3.77        | \$5.46         | \$19.34         |
| FERTILIZE             | DEALER APPLIED |                     |                  |                |                |               |                |                 |
| DRILL                 | 96 HP          | 0.21 HR             |                  | \$1.56         | \$3.13         | \$0.65        | \$2.96         | \$8.31          |
| DITCHER (2X)          | 130 HP         | 0.10 HR             |                  | \$0.75         | \$2.23         | \$0.40        | \$2.04         | \$5.41          |
| IRRIGATE (4X)         |                | 2.00 HR             |                  | \$12.70        | \$34.29        | \$0.00        | \$3.78         | \$50.77         |
| <b>SUBTOTAL</b>       |                | <b>3.13 HR</b>      |                  | <b>\$21.12</b> | <b>\$57.92</b> | <b>\$9.77</b> | <b>\$20.89</b> | <b>\$109.69</b> |

**HARVEST OPERATIONS**

|                  |  |  |                |  |  |  |  |                |
|------------------|--|--|----------------|--|--|--|--|----------------|
| COMBINE (CUSTOM) |  |  | \$28.04        |  |  |  |  | \$28.04        |
| HAUL (CUSTOM)    |  |  | \$6.80         |  |  |  |  | \$6.80         |
| <b>SUBTOTAL</b>  |  |  | <b>\$34.84</b> |  |  |  |  | <b>\$34.84</b> |

**OVERHEAD EXPENSES**

|                            |  |                |                |                |  |  |               |                |
|----------------------------|--|----------------|----------------|----------------|--|--|---------------|----------------|
| DOWNTIME                   |  | 0.28 HR        |                | \$2.10         |  |  |               | \$2.10         |
| EMPLOYEE BENEFITS          |  |                |                | \$3.80         |  |  |               | \$3.80         |
| INSURANCE                  |  |                | \$0.42         |                |  |  |               | \$0.42         |
| LAND TAXES                 |  |                |                |                |  |  | \$1.37        | \$1.37         |
| SUPERVISION AND MANAGEMENT |  |                |                | \$28.93        |  |  |               | \$28.93        |
| OTHER EXPENSES             |  |                | \$35.74        |                |  |  |               | \$35.74        |
| <b>SUBTOTAL</b>            |  | <b>0.28 HR</b> | <b>\$36.17</b> | <b>\$34.83</b> |  |  | <b>\$1.37</b> | <b>\$72.37</b> |

TOTAL OPERATING EXPENSES 3.41 HR \$211.16 \$55.95 \$57.92 \$9.77 \$22.25 \$357.05

NET OPERATING PROFIT \$20.28

|                                  |   |         |   |       |   |         |
|----------------------------------|---|---------|---|-------|---|---------|
| INTEREST ON OPERATING CAPITAL    | ( | \$89.90 | @ | 8.00% | ) | \$7.19  |
| INTEREST ON EQUIPMENT INVESTMENT |   |         |   |       |   | \$13.69 |

RETURN TO LAND AND RISK (\$0.61)

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

**BUDGET SUMMARY**

|                               |          |   |  |
|-------------------------------|----------|---|--|
| GROSS RETURN                  |          | \$377.33                                |  |
| VARIABLE OPERATING EXPENSES   | \$278.85 |   |  |
| RETURN OVER VARIABLE EXPENSES | \$98.48  | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                | \$22.25  |   |  |
| NET FARM INCOME               | \$76.23  | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| LABOR AND MANAGEMENT COST     | \$55.95  |   |  |
| NET OPERATING PROFIT          | \$20.28  | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                 | \$20.89  |   |  |
| RETURN TO LAND AND RISK       |          | (\$0.61)                                |  |

TABLE 9. Oat hay, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Roswell-Hagerman area, Projected 2007.  
 Planting dates: February 15 - April 1  
 Harvesting dates: June 15 - July 1

| ITEM                             | PRICE      | YIELD                 |                  |                |                |               |                 | TOTAL           |               |                |                |
|----------------------------------|------------|-----------------------|------------------|----------------|----------------|---------------|-----------------|-----------------|---------------|----------------|----------------|
| <b>GROSS RETURNS</b>             |            |                       |                  |                |                |               |                 |                 |               |                |                |
| OAT HAY                          | \$100.00   | 5.00 TONS (DELIVERED) |                  |                |                |               |                 | \$500.00        |               |                |                |
| <b>TOTAL</b>                     |            |                       |                  |                |                |               | <b>\$500.00</b> |                 |               |                |                |
| <b>PURCHASED INPUTS</b>          |            |                       |                  |                |                |               |                 |                 |               |                |                |
| PURCHASED INPUTS                 | PRICE      | QUANTITY              | PURCHASED INPUTS |                |                |               |                 | FIXED COST      | TOTAL         |                |                |
| SEED                             | \$0.26     | 80 LBS                | \$20.80          |                |                |               |                 |                 | \$20.80       |                |                |
| NITROGEN (N)                     | \$0.52     | 85 LBS                | \$44.20          |                |                |               |                 |                 | \$44.20       |                |                |
| PUMP WATER*                      |            | 21 AC. IN.            |                  |                |                |               |                 |                 |               |                |                |
| <b>SUBTOTAL</b>                  |            |                       |                  |                |                |               | <b>\$65.00</b>  | <b>\$65.00</b>  |               |                |                |
| <b>PREHARVEST OPERATIONS</b>     |            |                       |                  |                |                |               |                 |                 |               |                |                |
| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE   | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS       | FIXED COST      | TOTAL           |               |                |                |
| DISC (2X)                        | 145 HP     | 0.34 HR               |                  | \$2.53         | \$7.57         | \$3.77        | \$5.46          | \$19.34         |               |                |                |
| DRILL                            | 96 HP      | 0.21 HR               |                  | \$1.56         | \$3.13         | \$0.65        | \$2.96          | \$8.31          |               |                |                |
| DITCHER (2X)                     | 130 HP     | 0.05 HR               |                  | \$0.37         | \$1.11         | \$0.20        | \$1.02          | \$2.71          |               |                |                |
| IRRIGATE (3X)                    |            | 1.50 HR               |                  | \$9.53         | \$25.72        | \$0.00        | \$2.83          | \$38.08         |               |                |                |
| <b>SUBTOTAL</b>                  |            |                       |                  |                |                |               | <b>\$14.00</b>  | <b>\$37.54</b>  | <b>\$4.63</b> | <b>\$12.28</b> | <b>\$68.44</b> |
| <b>HARVEST OPERATIONS</b>        |            |                       |                  |                |                |               |                 |                 |               |                |                |
| SWATHER                          | 14 FT      | 0.16 HR               |                  | \$1.19         | \$1.62         | \$0.23        | \$3.48          | \$6.52          |               |                |                |
| RAKE                             | 96 HP      | 0.05 HR               |                  | \$0.37         | \$0.75         | \$0.15        | \$0.40          | \$1.67          |               |                |                |
| BALER                            | 145 HP     | 0.05 HR               |                  | \$0.37         | \$1.11         | \$0.29        | \$3.22          | \$4.99          |               |                |                |
| FRONT END LOADER                 | 130 HP     | 0.05 HR               |                  | \$0.37         | \$1.11         | \$0.36        | \$0.91          | \$2.76          |               |                |                |
| HAUL                             | SEMI       | 0.50 HR               |                  | \$3.73         | \$0.00         | \$1.40        | \$9.38          | \$14.50         |               |                |                |
| <b>SUBTOTAL</b>                  |            |                       |                  |                |                |               | <b>\$6.03</b>   | <b>\$4.59</b>   | <b>\$2.43</b> | <b>\$17.39</b> | <b>\$30.44</b> |
| <b>OVERHEAD EXPENSES</b>         |            |                       |                  |                |                |               |                 |                 |               |                |                |
| DOWNTIME                         |            | 0.35 HR               |                  | \$2.63         |                |               |                 | \$2.63          |               |                |                |
| EMPLOYEE BENEFITS                |            |                       |                  | \$3.61         |                |               |                 | \$3.61          |               |                |                |
| INSURANCE                        |            |                       | \$0.40           |                |                |               | \$0.40          |                 |               |                |                |
| LAND TAXES                       |            |                       |                  |                |                | \$1.37        | \$1.37          |                 |               |                |                |
| SUPERVISION AND MANAGEMENT       |            |                       |                  | \$37.18        |                |               |                 | \$37.18         |               |                |                |
| OTHER EXPENSES                   |            |                       | \$35.74          |                |                |               | \$35.74         |                 |               |                |                |
| <b>SUBTOTAL</b>                  |            |                       |                  |                |                |               | <b>\$36.14</b>  | <b>\$43.41</b>  | <b>\$1.37</b> | <b>\$80.92</b> |                |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>3.26 HR</b>        | <b>\$101.14</b>  | <b>\$63.44</b> | <b>\$42.13</b> | <b>\$7.05</b> | <b>\$31.03</b>  | <b>\$244.80</b> |               |                |                |
| <b>NET OPERATING PROFIT</b>      |            |                       |                  |                |                |               |                 | <b>\$255.20</b> |               |                |                |
| INTEREST ON OPERATING CAPITAL    |            | ( \$43.63 @ 8.00% )   |                  |                |                |               |                 | \$3.49          |               |                |                |
| INTEREST ON EQUIPMENT INVESTMENT |            |                       |                  |                |                |               | \$16.62         |                 |               |                |                |
| <b>RETURN TO LAND AND RISK</b>   |            |                       |                  |                |                |               | <b>\$235.09</b> |                 |               |                |                |

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

**BUDGET SUMMARY**

|                               |          |          |   |
|-------------------------------|----------|----------|---|
| GROSS RETURN                  |          | \$500.00 |   |
| VARIABLE OPERATING EXPENSES   | \$150.33 |          |   |
| RETURN OVER VARIABLE EXPENSES |          | \$349.67 | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$31.03  |          |   |
| NET FARM INCOME               |          | \$318.64 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$63.44  |          |   |
| NET OPERATING PROFIT          |          | \$255.20 | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$20.11  |          |   |
| RETURN TO LAND AND RISK       |          | \$235.09 |   |

TABLE 10. Upland cotton (picker), flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Roswell-Hagerman area, Projected 2007.

Planting dates: April 15 - June 1

Harvesting dates: October 1 - December 31

| ITEM                     | PRICE    | YIELD     | BASE | TOTAL           |
|--------------------------|----------|-----------|------|-----------------|
| <b>GROSS RETURNS</b>     |          |           |      |                 |
| COTTON LINT              | \$0.65   | 750 LBS   |      | \$487.50        |
| COTTON SEED              | \$0.07   | 1,200 LBS |      | \$84.00         |
| DIRECT PAYMENT           | \$0.0000 | 750 LBS   | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.1373 | 750 LBS   | 0.85 | \$87.53         |
| <b>TOTAL</b>             |          |           |      | <b>\$659.03</b> |

| PURCHASED INPUTS        | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL           |
|-------------------------|---------|------------|------------------|------------|-----------------|
| SEED                    | \$2.00  | 20 LBS     | \$40.00          |            | \$40.00         |
| NITROGEN (N)            | \$0.52  | 32 LBS     | \$16.64          |            | \$16.64         |
| PHOSPHATE (P205)        | \$0.40  | 40 LBS     | \$16.00          |            | \$16.00         |
| HERBICIDE               | \$15.88 | 1 ACRE     | \$15.88          |            | \$15.88         |
| HERBICIDE (CUSTOM)      | \$16.96 | 1 ACRE     | \$16.96          |            | \$16.96         |
| INSECTICIDE (CUSTOM) 2X | \$37.15 | 1 ACRE     | \$37.15          |            | \$37.15         |
| CROP INSURANCE          |         |            | \$0.98           |            | \$0.98          |
| PUMP WATER*             |         | 28 AC. IN. |                  |            |                 |
| <b>SUBTOTAL</b>         |         |            | <b>\$143.61</b>  |            | <b>\$143.61</b> |

| PREHARVEST OPERATIONS | POWER UNIT     | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS        | FIXED COST     | TOTAL           |
|-----------------------|----------------|---------------------|------------------|----------------|----------------|----------------|----------------|-----------------|
| DISC                  | 145 HP         | 0.17 HR             |                  | \$1.27         | \$3.79         | \$1.89         | \$2.73         | \$9.67          |
| PLOW                  | 145 HP         | 0.48 HR             |                  | \$3.58         | \$10.69        | \$4.94         | \$6.65         | \$25.86         |
| FLOAT                 | 130 HP         | 0.16 HR             |                  | \$1.19         | \$3.56         | \$0.64         | \$2.76         | \$8.15          |
| FERTILIZE             | DEALER APPLIED |                     |                  |                |                |                |                |                 |
| LISTER                | 130 HP         | 0.18 HR             |                  | \$1.34         | \$4.01         | \$1.07         | \$4.05         | \$10.48         |
| PRE-IRRIGATE          |                | 0.75 HR             |                  | \$4.76         | \$8.57         | \$0.00         | \$0.94         | \$14.28         |
| CULT & SPRAY          | 96 HP          | 0.26 HR             |                  | \$1.94         | \$3.88         | \$1.36         | \$2.63         | \$9.80          |
| PLANTER               | 130 HP         | 0.26 HR             |                  | \$1.94         | \$5.79         | \$1.46         | \$8.20         | \$17.39         |
| CULTIVATOR (3X)       | 96 HP          | 0.63 HR             |                  | \$4.69         | \$9.40         | \$2.87         | \$3.47         | \$20.43         |
| HAND HOE (CUSTOM)     |                |                     | \$20.00          |                |                |                |                | \$20.00         |
| DITCHER (2X)          | 130 HP         | 0.10 HR             |                  | \$0.75         | \$2.23         | \$0.40         | \$2.04         | \$5.41          |
| IRRIGATE (3X)         |                | 1.50 HR             |                  | \$9.53         | \$25.72        | \$0.00         | \$2.83         | \$38.08         |
| <b>SUBTOTAL</b>       |                | <b>4.49 HR</b>      | <b>\$20.00</b>   | <b>\$30.98</b> | <b>\$77.64</b> | <b>\$14.62</b> | <b>\$36.31</b> | <b>\$179.54</b> |

| HARVEST OPERATIONS  | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS        | FIXED COST      | TOTAL           |
|---------------------|------------|---------------------|------------------|----------------|----------------|----------------|-----------------|-----------------|
| COTTON PICKER (2X)  | 2-ROW      | 1.24 HR             |                  | \$9.24         | \$20.25        | \$8.87         | \$123.34        | \$161.69        |
| HAUL (2X)           | 65 HP      | 1.00 HR             |                  | \$7.45         | \$14.92        | \$2.12         | \$9.43          | \$33.92         |
| GIN COTTON (CUSTOM) |            |                     | \$123.60         |                |                |                |                 | \$123.60        |
| <b>SUBTOTAL</b>     |            | <b>2.24 HR</b>      | <b>\$123.60</b>  | <b>\$16.69</b> | <b>\$35.17</b> | <b>\$10.99</b> | <b>\$132.77</b> | <b>\$319.21</b> |

| POSTHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR         | FUEL & LUBE   | REPAIRS       | FIXED COST    | TOTAL         |
|------------------------|------------|---------------------|------------------|---------------|---------------|---------------|---------------|---------------|
| SHREDDER               | 96 HP      | 0.14 HR             |                  | \$1.04        | \$3.12        | \$0.60        | \$3.11        | \$7.87        |
| <b>SUBTOTAL</b>        |            | <b>0.14 HR</b>      |                  | <b>\$1.04</b> | <b>\$3.12</b> | <b>\$0.60</b> | <b>\$3.11</b> | <b>\$7.87</b> |

| OVERHEAD EXPENSES          | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE | REPAIRS | FIXED COST    | TOTAL           |
|----------------------------|------------|---------------------|------------------|----------------|-------------|---------|---------------|-----------------|
| DOWNTIME                   |            | 1.16 HR             |                  | \$8.60         |             |         |               | \$8.60          |
| EMPLOYEE BENEFITS          |            |                     |                  | \$8.77         |             |         |               | \$8.77          |
| INSURANCE                  |            |                     | \$0.97           |                |             |         |               | \$0.97          |
| LAND TAXES                 |            |                     |                  |                |             |         | \$1.37        | \$1.37          |
| SUPERVISION AND MANAGEMENT |            |                     |                  | \$50.64        |             |         |               | \$50.64         |
| OTHER EXPENSES             |            |                     | \$35.74          |                |             |         |               | \$35.74         |
| <b>SUBTOTAL</b>            |            | <b>1.16 HR</b>      | <b>\$36.72</b>   | <b>\$68.01</b> |             |         | <b>\$1.37</b> | <b>\$106.10</b> |

|                                  |  |                |                 |                 |                 |                |                 |                   |
|----------------------------------|--|----------------|-----------------|-----------------|-----------------|----------------|-----------------|-------------------|
| <b>TOTAL OPERATING EXPENSES</b>  |  | <b>8.03 HR</b> | <b>\$323.93</b> | <b>\$116.72</b> | <b>\$115.93</b> | <b>\$26.21</b> | <b>\$173.55</b> | <b>\$756.33</b>   |
| <b>NET OPERATING PROFIT</b>      |  |                |                 |                 |                 |                |                 | <b>(\$97.30)</b>  |
| INTEREST ON OPERATING CAPITAL    |  | ( \$99.03 @    | 8.00%           | )               |                 |                |                 | \$7.92            |
| INTEREST ON EQUIPMENT INVESTMENT |  |                |                 |                 |                 |                |                 | \$16.62           |
| <b>RETURN TO LAND AND RISK</b>   |  |                |                 |                 |                 |                |                 | <b>(\$121.85)</b> |

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

**BUDGET SUMMARY**

|                               |          |            |   |  |
|-------------------------------|----------|------------|---|--|
| GROSS RETURN                  |          | \$659.03   |   |  |
| VARIABLE OPERATING EXPENSES   | \$466.06 |            |   |  |
| RETURN OVER VARIABLE EXPENSES |          | \$192.96   | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                | \$173.55 |            |   |  |
| NET FARM INCOME               |          | \$19.42    | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| LABOR AND MANAGEMENT COST     | \$116.72 |            |   |  |
| NET OPERATING PROFIT          |          | (\$97.30)  | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                 | \$24.54  |            |   |  |
| RETURN TO LAND AND RISK       |          | (\$121.85) |   |  |

TABLE 11. Upland cotton (stripper), flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Roswell-Hagerman area, Projected 2007.

Planting dates: April 15 - June 1  
Harvesting dates: October 1 - December 31

| ITEM                                    | PRICE          | YIELD               | BASE             |                 |                 |                 |                | TOTAL             |                 |
|---|----------------|---------------------|------------------|-----------------|-----------------|-----------------|----------------|-------------------|-----------------|
| <b>GROSS RETURNS</b>                    |                |                     |                  |                 |                 |                 |                |                   |                 |
| COTTON LINT                             | \$0.61         | 750 LBS             |                  |                 |                 |                 |                | \$457.50          |                 |
| COTTON SEED                             | \$0.07         | 1,200 LBS           |                  |                 |                 |                 |                | \$84.00           |                 |
| DIRECT PAYMENT                          | \$0.0000       | 750 LBS             | 0.85             |                 |                 |                 |                | \$0.00            |                 |
| COUNTER CYCLICAL PAYMENT                | \$0.1373       | 750 LBS             | 0.85             |                 |                 |                 |                | \$87.53           |                 |
| <b>TOTAL</b>                            |                |                     |                  |                 |                 |                 |                | <b>\$629.03</b>   |                 |
| <b>PURCHASED INPUTS</b>                 |                |                     |                  |                 |                 |                 |                |                   |                 |
|   | PRICE          | QUANTITY            | PURCHASED INPUTS |                 |                 |                 |                | TOTAL             |                 |
| SEED                                    | \$2.00         | 25 LBS              | \$50.00          |                 |                 |                 |                | \$50.00           |                 |
| NITROGEN (N)                            | \$0.52         | 32 LBS              | \$16.64          |                 |                 |                 |                | \$16.64           |                 |
| PHOSPHATE (P205)                        | \$0.40         | 40 LBS              | \$16.00          |                 |                 |                 |                | \$16.00           |                 |
| HERBICIDE                               | \$15.88        | 1 ACRE              | \$15.88          |                 |                 |                 |                | \$15.88           |                 |
| HERBICIDE (CUSTOM)                      | \$15.82        | 1 ACRE              | \$15.82          |                 |                 |                 |                | \$15.82           |                 |
| INSECTICIDE (CUSTOM) 2X                 | \$35.20        | 1 X/ACRE            | \$35.20          |                 |                 |                 |                | \$35.20           |                 |
| CROP INSURANCE                          |                |                     | \$0.98           |                 |                 |                 |                | \$0.98            |                 |
| PUMP WATER*                             |                | 28 AC. IN.          |                  |                 |                 |                 |                |                   |                 |
| <b>SUBTOTAL</b>                         |                |                     | <b>\$150.53</b>  |                 |                 |                 |                | <b>\$150.53</b>   |                 |
| <b>PREHARVEST OPERATIONS</b>            |                |                     |                  |                 |                 |                 |                |                   |                 |
|   | POWER UNIT     | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR           | FUEL & LUBE     | REPAIRS         | FIXED COST     | TOTAL             |                 |
| DISC                                    | 145 HP         | 0.17 HR             |                  | \$1.27          | \$3.79          | \$1.89          | \$2.73         | \$9.67            |                 |
| PLOW                                    | 145 HP         | 0.48 HR             |                  | \$3.58          | \$10.69         | \$4.94          | \$6.65         | \$25.86           |                 |
| FLOAT                                   | 130 HP         | 0.16 HR             |                  | \$1.19          | \$3.56          | \$0.64          | \$2.76         | \$8.15            |                 |
| FERTILIZE                               | DEALER APPLIED |                     |                  |                 |                 |                 |                |                   |                 |
| LISTER                                  | 130 HP         | 0.18 HR             |                  | \$1.34          | \$4.01          | \$1.07          | \$4.05         | \$10.48           |                 |
| PRE-IRRIGATE                            |                | 0.75 HR             |                  | \$4.76          | \$8.57          | \$0.00          | \$0.94         | \$14.28           |                 |
| CULT & SPRAY                            | 96 HP          | 0.26 HR             |                  | \$1.94          | \$3.88          | \$1.36          | \$2.63         | \$9.80            |                 |
| PLANTER                                 | 130 HP         | 0.26 HR             |                  | \$1.94          | \$5.79          | \$1.46          | \$8.20         | \$17.39           |                 |
| CULTIVATOR (3X)                         | 96 HP          | 0.63 HR             |                  | \$4.69          | \$9.40          | \$2.87          | \$3.47         | \$20.43           |                 |
| HAND HOE (CUSTOM)                       |                |                     | \$20.00          |                 |                 |                 |                | \$20.00           |                 |
| DITCHER (2X)                            | 130 HP         | 0.10 HR             |                  | \$0.75          | \$2.23          | \$0.40          | \$2.04         | \$5.41            |                 |
| IRRIGATE (3X)                           |                | 1.50 HR             |                  | \$9.53          | \$25.72         | \$0.00          | \$2.83         | \$38.08           |                 |
| <b>SUBTOTAL</b>                         |                |                     | <b>4.49 HR</b>   | <b>\$20.00</b>  | <b>\$30.98</b>  | <b>\$77.64</b>  | <b>\$14.62</b> | <b>\$36.31</b>    | <b>\$179.54</b> |
| <b>HARVEST OPERATIONS</b>               |                |                     |                  |                 |                 |                 |                |                   |                 |
| COTTON STRIPPER                         | 96 HP          | 1.24 HR             |                  | \$9.24          | \$27.62         | \$6.06          | \$34.22        | \$77.15           |                 |
| HAUL                                    | 130 HP         | 1.50 HR             |                  | \$11.18         | \$22.38         | \$3.18          | \$14.15        | \$50.88           |                 |
| GIN COTTON (CUSTOM)                     |                |                     | \$159.08         |                 |                 |                 |                | \$159.08          |                 |
| <b>SUBTOTAL</b>                         |                |                     | <b>2.74 HR</b>   | <b>\$159.08</b> | <b>\$20.41</b>  | <b>\$50.00</b>  | <b>\$9.25</b>  | <b>\$48.37</b>    | <b>\$287.10</b> |
| <b>POSTHARVEST OPERATIONS</b>           |                |                     |                  |                 |                 |                 |                |                   |                 |
| SHREDDER                                | 130 HP         | 0.14 HR             |                  | \$1.04          | \$3.12          | \$0.60          | \$3.11         | \$7.87            |                 |
| <b>SUBTOTAL</b>                         |                |                     | <b>0.14 HR</b>   | <b>\$1.04</b>   | <b>\$3.12</b>   | <b>\$0.60</b>   | <b>\$3.11</b>  | <b>\$7.87</b>     |                 |
| <b>OVERHEAD EXPENSES</b>                |                |                     |                  |                 |                 |                 |                |                   |                 |
| DOWNTIME                                |                | 1.28 HR             |                  | \$9.54          |                 |                 |                | \$9.54            |                 |
| EMPLOYEE BENEFITS                       |                |                     |                  | \$9.44          |                 |                 |                | \$9.44            |                 |
| INSURANCE                               |                |                     | \$1.05           |                 |                 |                 |                | \$1.05            |                 |
| LAND TAXES                              |                |                     |                  |                 |                 | \$1.37          |                | \$1.37            |                 |
| SUPERVISION AND MANAGEMENT              |                |                     |                  | \$48.79         |                 |                 |                | \$48.79           |                 |
| OTHER EXPENSES                          |                |                     | \$35.74          |                 |                 |                 |                | \$35.74           |                 |
| <b>SUBTOTAL</b>                         |                |                     | <b>1.28 HR</b>   | <b>\$36.79</b>  | <b>\$67.77</b>  |                 | <b>\$1.37</b>  | <b>\$105.92</b>   |                 |
| <b>TOTAL OPERATING EXPENSES</b>         |                |                     | <b>8.65 HR</b>   | <b>\$366.39</b> | <b>\$120.20</b> | <b>\$130.76</b> | <b>\$24.47</b> | <b>\$89.15</b>    | <b>\$730.96</b> |
| <b>NET OPERATING PROFIT</b>             |                |                     |                  |                 |                 |                 |                | <b>(\$101.93)</b> |                 |
| <b>INTEREST ON OPERATING CAPITAL</b>    |                |                     |                  |                 |                 |                 |                | <b>\$8.29</b>     |                 |
| <b>INTEREST ON EQUIPMENT INVESTMENT</b> |                |                     |                  |                 |                 |                 |                | <b>\$50.56</b>    |                 |
| <b>RETURN TO LAND AND RISK</b>          |                |                     |                  |                 |                 |                 |                | <b>(\$160.78)</b> |                 |

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

|                               |          |            |   |
|-------------------------------|----------|------------|---|
| GROSS RETURN                  |          | \$629.03   |   |
| VARIABLE OPERATING EXPENSES   | \$521.61 |            |   |
| RETURN OVER VARIABLE EXPENSES |          | \$107.41   | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$89.15  |            |   |
| NET FARM INCOME               |          | \$18.26    | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$120.20 |            |   |
| NET OPERATING PROFIT          |          | (\$101.93) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$58.85  |            |   |
| RETURN TO LAND AND RISK       |          | (\$160.78) |   |



TABLE 12. Corn silage, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Roswell-Hagerman area, Projected 2007.  
 Planting dates: April 1 - April 15  
 Harvesting dates: August 1 - August 31

| ITEM                             | PRICE          | YIELD               |                  |         |             |         |            | TOTAL     |
|----------------------------------|----------------|---------------------|------------------|---------|-------------|---------|------------|-----------|
| GROSS RETURNS                    |                |                     |                  |         |             |         |            |           |
| CORN FOR SILAGE                  | \$18.00        | STANDING            | 25.0             | TONS    |             |         |            | \$450.00  |
| TOTAL                            |                |                     |                  |         |             |         |            | \$450.00  |
| PURCHASED INPUTS                 |                |                     |                  |         |             |         |            |           |
|                                  | PRICE          | QUANTITY            | PURCHASED INPUTS |         |             |         | FIXED COST | TOTAL     |
| SEED                             | \$1.06         | 32 000              | \$34.00          |         |             |         |            | \$34.00   |
| NITROGEN (N)                     | \$0.52         | 200 LBS             | \$104.00         |         |             |         |            | \$104.00  |
| INSECTICIDE (CUSTOM) 2X          | \$44.42        | 1 ACRE              | \$44.42          |         |             |         |            | \$44.42   |
| CROP INSURANCE                   |                | 400 DOLLARS         | \$20.00          |         |             |         |            | \$20.00   |
| PUMP WATER*                      |                | 48 AC. IN.          |                  |         |             |         |            |           |
| SUBTOTAL                         |                |                     |                  |         |             |         |            | \$202.42  |
| PREHARVEST OPERATIONS            |                |                     |                  |         |             |         |            |           |
|                                  | POWER UNIT     | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL     |
| DISC                             | 145 HP         | 0.17 HR             |                  | \$1.27  | \$3.79      | \$1.89  | \$2.73     | \$9.67    |
| PLOW                             | 145 HP         | 0.48 HR             |                  | \$3.58  | \$10.69     | \$4.94  | \$6.65     | \$25.86   |
| FLOAT                            | 130 HP         | 0.16 HR             |                  | \$1.19  | \$3.56      | \$0.64  | \$2.76     | \$8.15    |
| FERTILIZE                        | DEALER APPLIED |                     |                  |         |             |         |            |           |
| LISTER                           | 130 HP         | 0.18 HR             |                  | \$1.34  | \$4.01      | \$1.07  | \$4.05     | \$10.48   |
| PRE-IRRIGATE                     |                | 0.75 HR             |                  | \$4.76  | \$9.80      | \$0.00  | \$1.08     | \$15.64   |
| CULT & SPRAY                     | 96 HP          | 0.26 HR             |                  | \$1.94  | \$3.88      | \$1.36  | \$2.63     | \$9.80    |
| PLANTER                          | 130 HP         | 0.26 HR             |                  | \$1.94  | \$5.79      | \$1.46  | \$8.20     | \$17.39   |
| CULTIVATOR (2X)                  | 96 HP          | 0.42 HR             |                  | \$3.13  | \$6.27      | \$1.91  | \$2.31     | \$13.62   |
| DITCHER (2X)                     | 130 HP         | 0.10 HR             |                  | \$0.75  | \$2.23      | \$0.40  | \$2.04     | \$5.41    |
| IRRIGATE (5X)                    |                | 2.50 HR             |                  | \$15.88 | \$48.99     | \$0.00  | \$5.40     | \$70.27   |
| SUBTOTAL                         |                |                     |                  |         |             |         |            | \$186.28  |
| OVERHEAD EXPENSES                |                |                     |                  |         |             |         |            |           |
| DOWNTIME                         |                | 0.51 HR             |                  | \$4.57  |             |         |            | \$4.57    |
| EMPLOYEE BENEFITS                |                |                     |                  | \$6.44  |             |         |            | \$6.44    |
| INSURANCE                        |                |                     | \$0.72           |         |             |         |            | \$0.72    |
| LAND TAXES                       |                |                     |                  |         |             |         | \$1.37     | \$1.37    |
| SUPERVISION AND MANAGEMENT       |                |                     |                  | \$35.72 |             |         |            | \$35.72   |
| OTHER EXPENSES                   |                |                     | \$35.74          |         |             |         |            | \$35.74   |
| SUBTOTAL                         |                |                     |                  |         |             |         |            | \$84.54   |
| TOTAL OPERATING EXPENSES         |                | 5.79 HR             | \$238.87         | \$82.48 | \$99.00     | \$13.67 | \$39.22    | \$473.24  |
| NET OPERATING PROFIT             |                |                     |                  |         |             |         |            | (\$23.24) |
| INTEREST ON OPERATING CAPITAL    |                | ( \$129.38 @        | 8.00%            | )       |             |         |            | \$10.35   |
| INTEREST ON EQUIPMENT INVESTMENT |                |                     |                  |         |             |         |            | \$22.90   |
| RETURN TO LAND AND RISK          |                |                     |                  |         |             |         |            | (\$56.49) |

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

BUDGET SUMMARY

|                               |           |   |  |
|-------------------------------|-----------|---|--|
| GROSS RETURN                  |           | \$450.00                                |  |
| VARIABLE OPERATING EXPENSES   | \$351.54  |   |  |
| RETURN OVER VARIABLE EXPENSES | \$98.46   | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                | \$39.22   |   |  |
| NET FARM INCOME               | \$59.24   | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| LABOR AND MANAGEMENT COST     | \$82.48   |   |  |
| NET OPERATING PROFIT          | (\$23.24) | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                 | \$33.25   |   |  |
| RETURN TO LAND AND RISK       | (\$56.49) |   |  |

TABLE 13. Summary of per acre costs and returns for a 640 acre farm with above average management, Roswell-Hagerman area, Chaves County, Projected 2007.

|                                  | ALFALFA<br>ESTABLISHMENT | ALFALFA<br>HAY | WHEAT    | OAT HAY  | PICKER<br>COTTON | STRIPPER<br>COTTON | CORN<br>SILAGE |
|----------------------------------|--------------------------|----------------|----------|----------|------------------|--------------------|----------------|
|                                  |                          | TONS           | CWT      | TONS     | LBS              | LBS                | TONS           |
| PRIMARY YIELD                    |                          | 6.50           | 40.00    | 5.00     | 750.00           | 750.00             | 25.00          |
| PRIMARY PRICE                    |                          | \$150.00       | \$150.00 | \$100.00 | \$0.65           | \$0.61             | \$18.00        |
| GOVERNMENT PAYMENTS              |                          | \$0.00         | \$0.00   | \$0.00   | \$87.53          | \$87.53            | \$0.00         |
| SECOND INCOME                    |                          | \$0.00         | \$44.00  | \$0.00   | \$84.00          | \$84.00            | \$0.00         |
| GROSS RETURN                     |                          | \$975.00       | \$377.33 | \$500.00 | \$659.03         | \$629.03           | \$450.00       |
| CASH OPERATING EXPENSES          |                          |                |          |          |                  |                    |                |
| SEED                             | \$91.50                  |                | \$22.00  | \$20.80  | \$40.00          | \$50.00            | \$34.00        |
| FERTILIZER                       |                          | \$36.00        | \$98.00  | \$44.20  | \$32.64          | \$32.64            | \$104.00       |
| CHEMICALS                        | \$13.38                  | \$72.59        | \$19.17  |          | \$69.99          | \$66.91            | \$44.42        |
| CROP INSURANCE                   |                          |                | \$0.98   |          | \$0.98           | \$0.98             | \$20.00        |
| OTHER PURCHASED INPUTS           |                          | \$0.07         |          |          |                  |                    |                |
| CANAL WATER                      |                          |                |          |          |                  |                    |                |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$41.89                  | \$22.65        | \$23.62  | \$16.41  | \$81.63          | \$96.46            | \$40.21        |
| FUEL-IRRIGATION                  | \$19.60                  | \$66.14        | \$34.29  | \$25.72  | \$34.29          | \$34.29            | \$58.79        |
| REPAIRS                          | \$13.61                  | \$6.74         | \$9.77   | \$7.05   | \$26.21          | \$24.47            | \$13.67        |
| CUSTOM CHARGES                   |                          |                | \$34.84  |          | \$143.60         | \$179.08           |                |
| LAND TAXES                       |                          | \$1.37         | \$1.37   | \$1.37   | \$1.37           | \$1.37             | \$1.37         |
| OTHER EXPENSES                   | \$0.39                   | \$36.41        | \$36.17  | \$36.14  | \$36.72          | \$36.79            | \$36.46        |
| TOTAL CASH EXPENSES              | \$180.36                 | \$241.96       | \$280.22 | \$151.69 | \$467.43         | \$522.98           | \$352.91       |
| RETURN OVER CASH EXPENSES        | (\$180.36)               | \$733.04       | \$97.12  | \$348.31 | \$191.60         | \$106.05           | \$97.09        |
| FIXED EXPENSES                   | \$34.97                  | \$121.10       | \$20.89  | \$29.67  | \$172.18         | \$87.78            | \$37.85        |
| TOTAL EXPENSES                   | \$215.33                 | \$363.07       | \$301.10 | \$181.36 | \$639.61         | \$610.77           | \$390.76       |
| NET FARM INCOME                  | (\$215.33)               | \$611.93       | \$76.23  | \$318.64 | \$19.42          | \$18.26            | \$59.24        |
| LABOR AND MANAGEMENT COSTS       | \$44.71                  | \$114.92       | \$55.95  | \$63.44  | \$116.72         | \$120.20           | \$82.48        |
| NET OPERATING PROFIT             | (\$260.05)               | \$497.01       | \$20.28  | \$255.20 | (\$97.30)        | (\$101.93)         | (\$23.24)      |
| CAPITAL COSTS                    |                          |                |          |          |                  |                    |                |
| INTEREST ON OPERATING CAPITAL    |                          | \$5.87         | \$7.19   | \$3.49   | \$7.92           | \$8.29             | \$10.35        |
| INTEREST ON EQUIPMENT INVESTMENT |                          | \$34.03        | \$13.69  | \$16.62  | \$16.62          | \$50.56            | \$22.90        |
| TOTAL CAPITAL COSTS              | \$0.00                   | \$39.90        | \$20.89  | \$20.11  | \$24.54          | \$58.85            | \$33.25        |
| RETURN TO LAND AND RISK          | (\$260.05)               | \$457.11       | (\$0.61) | \$235.09 | (\$121.85)       | (\$160.78)         | (\$56.49)      |

TABLE 14. Whole farm summary, Roswell-Hagerman area, Chaves County,  
Projected 2007.

|                                  |             |                         |
|----------------------------------|-------------|-------------------------|
| GROSS RETURNS                    |             |                         |
| ALFALFA HAY                      | 300 ACRES   |                         |
| CROP                             |             | \$292,500               |
| WHEAT                            | 51 ACRES    |                         |
| CROP                             |             | \$17,000                |
| GRAZING                          |             | \$2,244                 |
| DIRECT PAYMENT                   |             | \$0                     |
| COUNTER CYCLICAL PAYMENT         |             | \$0                     |
| SMALL GRAINS                     | 87 ACRES    |                         |
| CROP                             |             | \$43,500                |
| UPLAND COTTON (PICKER)           | 51.00 ACRES |                         |
| COTTON LINT                      |             | \$24,863                |
| COTTON SEED                      |             | \$4,284                 |
| DIRECT PAYMENT                   |             | \$0                     |
| COUNTER CYCLICAL PAYMENT         |             | \$4,464                 |
| UPLAND COTTON (STRIPPER)         | 51.00 ACRES |                         |
| COTTON LINT                      |             | \$23,333                |
| COTTON SEED                      |             | \$4,284                 |
| DIRECT PAYMENT                   |             | \$0                     |
| COUNTER CYCLICAL PAYMENT         |             | \$4,464                 |
| CORN                             | 60.00 ACRES |                         |
| CROP                             |             | \$27,000                |
| GROSS RETURN                     |             | <u>\$447,935</u>        |
| CASH OPERATING EXPENSES          |             |                         |
| SEED                             |             | \$15,052                |
| FERTILIZER                       |             | \$29,213                |
| CHEMICALS                        |             |                         |
| CROP INSURANCE                   |             | \$1,350                 |
| OTHER PURCHASED INPUTS           |             | \$22                    |
| CANAL WATER                      |             | \$0                     |
| FUEL, OIL & LUBRICANTS-EQUIPMENT |             | \$23,437                |
| FUEL-IRRIGATION                  |             | \$32,030                |
| REPAIRS                          |             | \$7,354                 |
| CUSTOM CHARGES                   |             | \$18,233                |
| LAND TAXES                       |             | \$820                   |
| OTHER EXPENSES                   |             | \$21,871                |
| TOTAL CASH EXPENSES              |             | <u>\$149,381</u>        |
| RETURN OVER CASH EXPENSES        |             | \$298,554               |
| FIXED EXPENSES                   |             | \$42,002                |
| TOTAL EXPENSES                   |             | \$191,383               |
| NET FARM INCOME                  |             | \$256,552               |
| LABOR AND MANAGEMENT COSTS       |             | \$62,564                |
| NET OPERATING PROFIT             |             | \$193,989               |
| CAPITAL COSTS                    |             |                         |
| INTEREST ON OPERATING CAPITAL    |             | \$3,878                 |
| INTEREST ON EQUIPMENT INVESTMENT |             | \$17,155                |
| TOTAL CAPITAL COSTS              |             | <u>\$21,032</u>         |
| RETURN TO LAND AND RISK          |             | <u><u>\$172,956</u></u> |

| LAND VALUE    | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$1,000 /ACRE | \$153,756       | 21.84%                 |
| \$3,000 /ACRE | \$115,356       | 8.95%                  |
| \$5,000 /ACRE | \$76,956        | 5.63%                  |
| \$7,000 /ACRE | \$38,556        | 4.10%                  |
| \$9,000 /ACRE | \$156           | 3.23%                  |

\* 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)