

MICROCOMPUTER CROP COST AND RETURN GENERATOR

BUDGET AREA..... BLACKWATER DRAW AREA, ROOSEVELT COUNTY,
FARM SIZE..... 960.00 ACRES Projected 2009.
IRRIGATION TYPE..... SPRINKLER
NUMBER OF CROPS..... 4

VERSION 1.0

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TABLE 1. Acreage Summary, Roosevelt County,
Projected 2009.

| BUDGET AREA..... BLACKWATER DRAW AREA, ROOSEVELT COUNTY | | | |
|---|------------------------------------|-------------------|-----------------|
| FARM SIZE..... | 960 ACRES | | |
| IRRIGATION TYPE..... | SPRINKLER | | |
| NUMBER OF CROPS... | 4 | | |
| | WATER USE | | |
| ACREAGE SUMMARY: | LAND USE (ACRES) | AC.IN. PER AC. | TOTAL AC.IN. |
| ALFALFA ESTABLISHMENT | 25.00 * | 9 | 225 |
| ALFALFA | 125.00 | 30 | 3,750 |
| WHEAT | 212.50 | 18 | 3,825 |
| ARP | 0.00 | | |
| FLEX IN CORN | 37.50 | 30 | 1,125 |
| CORN | 106.25 | 30 | 3,188 |
| ARP | 0.00 | | |
| FLEX IN CORN | 18.75 | 30 | 563 |
| PEANUTS | 250.00 | 22 | 5,500 |
| CORNERS, HOMESTEAD | 210.00 | | |
| | TOTAL | | 18,175 |
| | ACRE FEET PER ACRE OF WATER RIGHTS | | 1.58 |

* DOUBLE-CROPPED

TABLE 2. Basic cost information for the Blackwater Draw area, Roosevelt County,
Projected 2009.

| Item | | | |
|---------------------------------|----------------------------|------------------------------|--------------------|
| Labor Wage Rate: | | | |
| Equipment operators | \$/hour | | \$8.55 |
| General & Irrigators | \$/hour | | \$7.25 |
| Purchased Inputs: | | | |
| Fertilizer: | | | |
| Nitrogen (N) | \$/pound | | \$0.62 |
| Phosphate (P205) | \$/pound | | \$0.58 |
| Seed: | | | |
| Wheat | \$/pound | | \$0.26 |
| Corn | \$/bag | | \$220.00 |
| Alfalfa | \$/pound | | \$4.00 |
| Peanuts | \$/pound | | \$0.80 |
| Energy: | | | |
| Natural gas (Gas NM) | \$/MCF | | \$5.88 |
| Diesel fuel | \$/gallon | | \$2.80 |
| Gasoline | \$/gallon | | \$2.50 |
| Electricity (SWPS) | cents/KwHr | | 8.52 |
| LP Gas | \$/gallon | | \$2.55 |
| Employee Liability Insurance | \$/ \$1,000 wages | | \$20.00 |
| Employee Benefits | percent/wages | | 18.00% |
| Labor Downtime | percent | | 25.00% |
| Financial Rates: | | | |
| Operating Capital Interest Rate | percent | | 7.50% |
| Land Interest Rate | percent | | 7.25% |
| Equipment Interest Rate | percent | | 7.50% |
| Real Interest Rate | percent | | 3.00% |
| Land Taxes | \$89.00 /acre (full value) | | \$0.66 |
| Personal Property Tax Rate | - NR - R | \$/ \$1,000 (Assessed Value) | \$22.17 \$22.76 |
| Supervision Factors | | | |
| Field Crop-Irrigation | \$/labor hour | | \$1.00 |
| Field Crop-Equipment & General | \$/labor hour | | \$0.50 |
| Management Rate | percent | | 7.00% |

TABLE 3. Overhead cost information for Blackwater Draw area, Roosevelt County,
Projected 2009.

| Item | | | |
|------------------------------------|--------|-------------------------------|-----------------|
| Electricity (Domestic & Shop) | | \$382.80 per month | \$4,594 |
| Telephone | | \$162.40 per month | \$1,949 |
| Accounting & Legal | | | \$2,558 |
| Misc. Supplies & Hand Tools | | | \$3,503 |
| Pickup and Auto | | | |
| miles | 29,870 | @ \$0.415 per mile | \$12,396 |
| Insurance | | | |
| - general liability (non-employee) | | | \$2,285 |
| - fire/theft | | | \$1,833 |
| Property Taxes | | | |
| - non-planted land | | | \$0 |
| - other than land & machinery | | | \$6,010 |
| Building repairs and maintenance | | | \$1,250 |
| Dues, fees, publications | | | \$418 |
| Farmstead Equipment | | | \$273 |
| | | Total | \$37,068 |
| | | Total Per Planted Acre | \$49.42 |

TABLE 6. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Roosevelt County, Projected 2009.

Planting Dates: August 15 - August 30

| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
|---------------------------------|---------------|------------------------|---------------------|---------|----------------|---------|---------------|----------|
| PURCHASED INPUTS | | | | | | | | |
| SEED | \$4.00 | 20 LBS | \$80.00 | | | | | \$80.00 |
| NITROGEN (N) | \$0.62 | 40 LBS | \$24.80 | | | | | \$24.80 |
| PHOSPHATE (P2O5) | \$0.58 | 60 LBS | \$34.80 | | | | | \$34.80 |
| PUMP WATER* | | 9 AC. IN. | | | | | | |
| SUBTOTAL | | | \$139.60 | | | | | \$139.60 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC | 185 HP | 0.09 HR | | \$0.77 | \$2.61 | \$1.19 | \$1.39 | \$5.96 |
| PLOW | 185 HP | 0.29 HR | | \$2.48 | \$8.41 | \$3.51 | \$4.21 | \$18.61 |
| FLOAT | 140 HP | 0.19 HR | | \$1.62 | \$4.16 | \$0.83 | \$4.24 | \$10.86 |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.43 | \$1.09 | \$0.22 | \$0.52 | \$2.26 |
| DISC | 185 HP | 0.09 HR | | \$0.77 | \$2.61 | \$1.19 | \$1.39 | \$5.96 |
| PRE-IRRIGATE | | 0.10 HR | | \$0.73 | \$11.58 | \$3.19 | \$1.12 | \$16.61 |
| DRILL | 140 HP | 0.10 HR | | \$0.86 | \$2.19 | \$0.61 | \$4.19 | \$7.84 |
| IRRIGATE (2X) | | 0.20 HR | | \$1.45 | \$23.15 | \$6.39 | \$2.24 | \$33.23 |
| SUBTOTAL | | 1.11 HR | | \$9.10 | \$55.80 | \$17.13 | \$19.30 | \$101.33 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.19 HR | | \$1.62 | | | | \$1.62 |
| EMPLOYEE BENEFITS | | | | \$1.64 | | | | \$1.64 |
| INSURANCE | | | \$0.18 | | | | \$0.18 | |
| SUPERVISION AND MANAGEMENT | | | | \$10.48 | | | | \$10.48 |
| SUBTOTAL | | 0.19 HR | \$0.18 | \$13.74 | | | | \$13.92 |
| TOTAL OPERATING EXPENSES | | 1.30 HR | \$139.78 | \$22.84 | \$55.80 | \$17.13 | \$19.30 | \$254.85 |

TABLE 7. Alfalfa hay, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, Projected 2009.

| Harvest Dates: May 20 - October 15 | | | | | | | | | |
|------------------------------------|------------|---------------------|------------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|
| ITEM | PRICE | YIELD | | | | | | | TOTAL |
| GROSS RETURNS | | | | | | | | | |
| HAY | \$140.00 | 6.00 TONS (STACKED) | | | | | | | \$840.00 |
| GRAZING | \$50.00 | 1.00 ACRE | | | | | | | \$50.00 |
| TOTAL | | | | | | | | \$890.00 | |
| PURCHASED INPUTS | | | | | | | | | |
| | PRICE | QUANTITY | PURCHASED INPUTS | | | | | FIXED COST | TOTAL |
| PHOSPHATE (P2O5) | \$0.58 | 150 LBS | \$87.00 | | | | | | \$87.00 |
| PLASTIC TWINE | \$19.15 | 1,020 FT | \$4.88 | | | | | | \$4.88 |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 X/ACRE | \$20.01 | | | | | | \$20.01 |
| HERBICIDE (CUSTOM) | \$16.96 | 1 X/ACRE | \$16.96 | | | | | | \$16.96 |
| ESTABLISHMENT: Principal | | 5 YEARS | | | | | | \$50.97 | \$50.97 |
| : Interest | | | | | | | | \$11.11 | \$11.11 |
| PUMP WATER* | | 30 AC. IN. | | | | | | | |
| SUBTOTAL | | | \$128.85 | | | | | \$62.08 | \$190.93 |
| PREHARVEST OPERATIONS | | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| IRRIGATE | | 1.00 HR | | \$7.25 | \$115.77 | \$31.95 | \$11.18 | \$166.15 | |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.43 | \$1.09 | \$0.22 | \$0.52 | \$2.26 | |
| SUBTOTAL | | 1.05 HR | | \$7.68 | \$116.86 | \$32.16 | \$11.70 | \$168.41 | |
| HARVEST OPERATIONS | | | | | | | | | |
| SWATHER (5X) | S.P. | 0.80 HR | | \$6.84 | \$8.39 | \$0.46 | \$12.46 | \$28.15 | |
| RAKE (5X) | 140 HP | 0.40 HR | | \$3.42 | \$8.75 | \$2.12 | \$7.12 | \$21.41 | |
| BALER (5X) | 185 HP | 0.35 HR | | \$2.99 | \$10.15 | \$2.64 | \$52.17 | \$67.95 | |
| FRONT END LOADER (5X) | 140 HP | 1.25 HR | | \$10.69 | \$27.35 | \$9.39 | \$15.30 | \$62.73 | |
| SUBTOTAL | | 2.80 HR | \$0.00 | \$23.94 | \$54.64 | \$14.61 | \$87.04 | \$180.23 | |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.70 HR | | \$5.99 | | | | \$5.99 | |
| EMPLOYEE BENEFITS | | | | \$5.69 | | | | \$5.69 | |
| INSURANCE | | | \$0.15 | | | | | \$0.15 | |
| LAND TAXES | | | | | | | \$0.66 | \$0.66 | |
| SUPERVISION AND MANAGEMENT | | | | \$64.73 | | | | \$64.73 | |
| OTHER EXPENSES | | | \$49.42 | | | | | \$49.42 | |
| SUBTOTAL | | 0.70 HR | \$49.58 | \$76.40 | | | | \$0.66 | \$126.64 |
| TOTAL OPERATING EXPENSES | | 4.55 HR | \$178.43 | \$108.02 | \$171.50 | \$46.77 | \$161.48 | \$666.21 | |
| NET OPERATING PROFIT | | | | | | | | \$223.79 | |
| INTEREST ON OPERATING CAPITAL | | (| \$107.45 | @ | 7.50% |) | | \$8.06 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$53.24 | |
| RETURN TO LAND AND RISK | | | | | | | | \$162.49 | |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|----------|---|
| GROSS RETURN | | \$890.00 | |
| VARIABLE OPERATING EXPENSES | \$396.71 | | |
| RETURN OVER VARIABLE EXPENSES | | \$493.29 | (GROSS MARGIN) |
| FIXED EXPENSES | \$161.48 | | |
| NET FARM INCOME | | \$331.81 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$108.02 | | |
| NET OPERATING PROFIT | | \$223.79 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$61.30 | | |
| RETURN TO LAND AND RISK | | \$162.49 | |

TABLE 8. Wheat, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, Projected 2009.
 Planting Dates: August 20 - September 15
 Harvest Dates: June 1 - June 25

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|--------|---------------|------|-----------------|
| GROSS RETURNS | | | | |
| WHEAT | \$6.00 | 60.00 BUSHELS | | \$360.00 |
| DIRECT PAYMENT | \$0.00 | 60.00 BUSHELS | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | | | \$0.00 |
| GRAZING | \$0.00 | 1.00 ACRE | | \$0.00 |
| TOTAL | | | | \$360.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED | \$0.26 | 120 LBS | \$31.20 | | \$31.20 |
| NITROGEN (N) | \$0.62 | 120 LBS | \$74.40 | | \$74.40 |
| PHOSPHATE (P2O5) | \$0.58 | 40 LBS | \$23.20 | | \$23.20 |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 X/ACRE | \$20.01 | | \$20.01 |
| PUMP WATER* | | 18 AC. IN. | | | |
| CROP INSURANCE | \$0.24 | | \$0.24 | | \$0.24 |
| SUBTOTAL | | | \$149.04 | | \$149.04 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------------------|------------|---------------------|------------------|---------------|----------------|----------------|---------------|-----------------|
| BROADCAST (CUSTOM) IRRIGATE (17X) | | 0.85 HR | \$4.00 | \$6.16 | \$69.46 | \$19.17 | \$6.71 | \$101.50 |
| SUBTOTAL | | 0.85 HR | \$4.00 | \$6.16 | \$69.46 | \$19.17 | \$6.71 | \$105.50 |

HARVEST OPERATIONS

| | | | | | | | | |
|------------------|--|--|----------------|--|--|--|--|----------------|
| COMBINE (CUSTOM) | | | \$5.97 | | | | | \$5.97 |
| HAUL (CUSTOM) | | | \$9.60 | | | | | \$9.60 |
| SUBTOTAL | | | \$15.57 | | | | | \$15.57 |

OVERHEAD EXPENSES

| | | | | | | | | |
|----------------------------|--|----------------|----------------|----------------|--|--|---------------|----------------|
| DOWNTIME | | 0.00 HR | | \$0.00 | | | | \$0.00 |
| EMPLOYEE BENEFITS | | | | \$1.11 | | | | \$1.11 |
| INSURANCE | | | \$0.12 | | | | | \$0.12 |
| LAND TAXES | | | | | | | \$0.66 | \$0.66 |
| SUPERVISION AND MANAGEMENT | | | | \$26.05 | | | | \$26.05 |
| OTHER EXPENSES | | | \$49.42 | | | | | \$49.42 |
| SUBTOTAL | | 0.00 HR | \$49.55 | \$27.16 | | | \$0.66 | \$77.36 |

| | | | | | | | | |
|---------------------------------|--|----------------|-----------------|----------------|----------------|----------------|---------------|-----------------|
| TOTAL OPERATING EXPENSES | | 0.85 HR | \$218.16 | \$33.32 | \$69.46 | \$19.17 | \$7.37 | \$347.48 |
|---------------------------------|--|----------------|-----------------|----------------|----------------|----------------|---------------|-----------------|

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|----------------|
| NET OPERATING PROFIT | | | | | | | | \$12.52 |
|-----------------------------|--|--|--|--|--|--|--|----------------|

| | | | | | | | | |
|----------------------------------|---|---------|---|-------|---|--|--|--------|
| INTEREST ON OPERATING CAPITAL | (| \$97.98 | @ | 7.50% |) | | | \$7.35 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$3.89 |

| | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|--|---------------|
| RETURN TO LAND AND RISK | | | | | | | | \$1.28 |
|--------------------------------|--|--|--|--|--|--|--|---------------|

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

BUDGET SUMMARY

| | | | |
|--------------------------------|----------|---------------|---|
| GROSS RETURN | | \$360.00 | |
| VARIABLE OPERATING EXPENSES | \$306.79 | | |
| RETURN OVER VARIABLE EXPENSES | | \$53.21 | (GROSS MARGIN) |
| FIXED EXPENSES | \$7.37 | | |
| NET FARM INCOME | | \$45.85 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$33.32 | | |
| NET OPERATING PROFIT | | \$12.52 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$11.24 | | |
| RETURN TO LAND AND RISK | | \$1.28 | |

TABLE 9. Corn for grain, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, Projected 2009.

Planting Dates: April 25 - May 30
Harvest Dates: November 1 - November 30

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|---------|------------|------|-----------------|
| GROSS RETURNS | | | | |
| CORN FOR GRAIN | \$7.32 | 100.00 CWT | | \$732.14 |
| DIRECT PAYMENT | \$0.00 | 100.00 CWT | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | 0.00 CWT | | \$0.00 |
| GRAZING | \$15.00 | 1.00 ACRE | | \$15.00 |
| TOTAL | | | | \$747.14 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED | \$2.75 | 24 000 | \$66.00 | | \$66.00 |
| NITROGEN (N) | \$0.62 | 250 LBS | \$155.00 | | \$155.00 |
| PHOSPHATE (P205) | \$0.58 | 80 LBS | \$46.40 | | \$46.40 |
| POTASH (K20) | \$0.13 | 40 LBS | \$5.00 | | \$5.00 |
| TRACE ELEMENTS | \$15.36 | 1 X/ACRE | \$15.36 | | \$15.36 |
| HERBICIDE | \$21.24 | 1 X/ACRE | \$21.24 | | \$21.24 |
| INSECTICIDE (CUSTOM) | \$24.65 | 1 X/ACRE | \$24.65 | | \$24.65 |
| PUMP WATER* | | 30 AC. IN. | | | |
| CROP INSURANCE | \$0.31 | | \$0.31 | | \$0.31 |
| SUBTOTAL | | | \$333.96 | | \$333.96 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|
| DISC (2X) | 185 HP | 0.18 HR | | \$1.54 | \$5.22 | \$2.38 | \$2.78 | \$11.92 |
| PLOW | 185 HP | 0.29 HR | | \$2.48 | \$8.41 | \$3.51 | \$4.21 | \$18.61 |
| CHISEL (2X) | 185 HP | 0.20 HR | | \$1.71 | \$5.80 | \$2.42 | \$2.90 | \$12.84 |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.43 | \$1.09 | \$0.22 | \$0.52 | \$2.26 |
| PRE-IRRIGATE (3X) | | 0.30 HR | | \$2.18 | \$23.15 | \$6.39 | \$2.24 | \$33.95 |
| LISTER (3X) | 185 HP | 0.27 HR | | \$2.31 | \$7.83 | \$2.63 | \$3.48 | \$16.26 |
| ROD WEED | 185 HP | 0.08 HR | | \$0.68 | \$2.32 | \$0.52 | \$1.25 | \$4.78 |
| PLANTER | 185 HP | 0.12 HR | | \$1.03 | \$3.48 | \$1.01 | \$3.83 | \$9.35 |
| SAND FURROW (5X) | 140 HP | 0.50 HR | | \$4.28 | \$10.94 | \$4.66 | \$7.39 | \$27.26 |
| IRRIGATE (12X) | | 1.20 HR | | \$8.70 | \$92.62 | \$25.56 | \$8.94 | \$135.82 |
| SUBTOTAL | | 3.19 HR | | \$25.32 | \$160.87 | \$49.30 | \$37.54 | \$273.04 |

| HARVEST OPERATIONS | | | | | | | | |
|--------------------|--|--|----------------|--|--|--|--|----------------|
| COMBINE (CUSTOM) | | | \$35.00 | | | | | \$35.00 |
| HAUL (CUSTOM) | | | \$18.00 | | | | | \$18.00 |
| SUBTOTAL | | | \$53.00 | | | | | \$53.00 |

| OVERHEAD EXPENSES | | | | | | | | |
|----------------------------|-----|----------------|----------------|----------------|--|---------------|--|-----------------|
| DOWNTIME | | 0.41 HR | | \$3.51 | | | | \$3.51 |
| EMPLOYEE BENEF | ITS | | | \$4.56 | | | | \$4.56 |
| INSURANCE | | | \$0.51 | | | | | \$0.51 |
| LAND TAXES | | | | | | \$0.66 | | \$0.66 |
| SUPERVISION AND MANAGEMENT | | | | \$54.65 | | | | \$54.65 |
| OTHER EXPENSES | | | \$49.42 | | | | | \$49.42 |
| SUBTOTAL | | 0.41 HR | \$49.93 | \$62.71 | | \$0.66 | | \$113.30 |

| | | | | | | | | |
|---------------------------------|--|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|
| TOTAL OPERATING EXPENSES | | 3.60 HR | \$436.89 | \$88.03 | \$160.87 | \$49.30 | \$38.20 | \$773.29 |
|---------------------------------|--|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|------------------|
| NET OPERATING PROFIT | | | | | | | | (\$26.15) |
|-----------------------------|--|--|--|--|--|--|--|------------------|

| | | | | | | | | |
|----------------------------------|---|----------|---|-------|---|--|--|---------|
| INTEREST ON OPERATING CAPITAL | (| \$223.94 | @ | 7.50% |) | | | \$16.80 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$16.94 |

| | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|--|------------------|
| RETURN TO LAND AND RISK | | | | | | | | (\$59.88) |
|--------------------------------|--|--|--|--|--|--|--|------------------|

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

BUDGET SUMMARY

| | | | | |
|--------------------------------|-----------|---|--|--|
| GROSS RETURN | | \$747.14 | | |
| VARIABLE OPERATING EXPENSES | \$647.06 | | | |
| RETURN OVER VARIABLE EXPENSES | \$100.09 | (GROSS MARGIN) | | |
| FIXED EXPENSES | \$38.20 | | | |
| NET FARM INCOME | \$61.89 | (RETURN TO CAPITAL, LABOR, LAND & RISK) | | |
| LABOR AND MANAGEMENT COST | \$88.03 | | | |
| NET OPERATING PROFIT | (\$26.15) | (RETURN TO CAPITAL, LAND & RISK) | | |
| CAPITAL COSTS | \$33.73 | | | |
| RETURN TO LAND AND RISK | | (\$59.88) | | |

TABLE 10. Peanuts, sprinkler-irrigated, budgeted per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, Projected 2009.
 Planting Dates: May 10 - June 10
 Harvest Dates: October 10 - November 10

| ITEM | PRICE | YIELD | TOTAL |
|---------------|----------|--------------|----------|
| GROSS RETURNS | | | |
| PEANUTS | \$0.1650 | 2,700.00 LBS | \$445.50 |
| TOTAL | | | \$445.50 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-------------------------|---------|------------|------------------|------------|----------|
| SEED (PEANUT) | \$0.80 | 100 LB | \$80.00 | | \$80.00 |
| NITROGEN (N) | \$0.62 | 70 LB | \$43.40 | | \$43.40 |
| PHOSPHATE (P205) | \$0.58 | 80 LB | \$46.40 | | \$46.40 |
| POTASH (K2O) | \$0.14 | 30 LB | \$4.05 | | \$4.05 |
| TRACE ELEMENTS & MANURE | \$11.14 | 1 X/ACRE | \$41.14 | | \$41.14 |
| HERBICIDE | \$21.18 | 1 X/ACRE | \$21.18 | | \$21.18 |
| INSECTICIDE (CUSTOM) | \$16.96 | 1 X/ACRE | \$16.96 | | \$16.96 |
| FUNGICIDE | \$25.00 | 1 X/ACRE | \$25.00 | | \$25.00 |
| PUMP WATER | | 28 AC. IN. | | | |
| SUBTOTAL | | | \$278.13 | | \$278.13 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------------|------------|----------------------|------------------|---------|-------------|---------|------------|------------|
| DISC (2X) | 185 HP | 0.18 HR | | \$1.54 | \$5.22 | \$2.38 | \$2.78 | \$11.92 |
| PLOW | 185 HP | 0.29 HR | | \$2.48 | \$8.41 | \$3.51 | \$4.21 | \$18.61 |
| CHISEL (2X) | 185 HP | 0.20 HR | | \$1.71 | \$5.80 | \$2.42 | \$2.90 | \$12.84 |
| FERT SPREADER | 140 HP | 0.05 HR | | \$0.43 | \$1.09 | \$0.22 | \$0.52 | \$2.26 |
| SPRAY & DISC | 185 HP | 0.00 HR | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| PRE-IRRIGATE | | 0.30 HR | | \$2.18 | \$32.42 | \$7.03 | \$2.46 | \$44.08 |
| LISTER | 185 HP | 0.27 HR | | \$2.31 | \$7.83 | \$2.63 | \$3.48 | \$16.26 |
| PLANTER | 185 HP | 0.12 HR | | \$1.03 | \$3.48 | \$1.01 | \$3.83 | \$9.35 |
| APPLY FUNGICIDE (CUSTOM) | | | \$27.00 | | | | | \$27.00 |
| CULTIVATOR (2X) | 140 HP | 0.20 HR | | \$1.71 | \$4.38 | \$1.86 | \$2.95 | \$10.90 |
| HAND HOE (CUSTOM) | | | \$10.00 | | | | | \$10.00 |
| IRRIGATE (7X) | | 0.70 HR | | \$5.08 | \$75.64 | \$16.40 | \$5.74 | \$102.85 |
| SUBTOTAL | | 2.31 HR | \$37.00 | \$18.45 | \$144.27 | \$37.47 | \$28.88 | \$266.06 |
| HARVEST OPERATIONS | | | | | | | | |
| DIG AND INVERT | 185 HP | 0.24 HR | | \$2.05 | \$6.96 | \$14.00 | \$2.83 | \$25.85 |
| COMBINE PEANUTS | 185 HP | 0.80 HR | | \$6.84 | \$23.20 | \$5.56 | \$23.41 | \$59.01 |
| HAUL | 140 HP | 0.37 HR | | \$3.16 | \$8.10 | \$1.66 | \$5.85 | \$18.77 |
| SUBTOTAL | | 1.41 HR | \$0.00 | \$12.06 | \$38.26 | \$21.22 | \$32.09 | \$103.63 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.68 HR | | \$5.81 | | | | \$5.81 |
| EMPLOYEE BENEFITS | | | | \$5.49 | | | | \$5.49 |
| INSURANCE | | | \$0.61 | | | | | \$0.61 |
| LAND TAXES | | | | | | \$0.66 | | \$0.66 |
| SUPERVISION AND MANAGEMENT | | | | \$33.55 | | | | \$33.55 |
| OTHER EXPENSES | | | \$49.42 | | | | | \$49.42 |
| SUBTOTAL | | 0.68 HR | \$50.03 | \$44.85 | | \$0.66 | | \$95.54 |
| TOTAL OPERATING EXPENSES | | 4.40 HR | \$365.16 | \$75.36 | \$182.53 | \$58.69 | \$61.63 | \$743.36 |
| NET OPERATING PROFIT | | | | | | | | (\$297.86) |
| INTEREST ON OPERATING CAPITAL | | (\$189.45 @ 7.50%) | | | | | | \$14.21 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$31.77 |
| RETURN TO LAND AND RISK | | | | | | | | (\$343.84) |

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

BUDGET SUMMARY

| | | |
|-------------------------------|------------|---|
| GROSS RETURN | | \$445.50 |
| VARIABLE OPERATING EXPENSES | \$606.38 | |
| RETURN OVER VARIABLE EXPENSES | (\$160.88) | (GROSS MARGIN) |
| FIXED EXPENSES | \$61.63 | |
| NET FARM INCOME | (\$222.50) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$75.36 | |
| NET OPERATING PROFIT | (\$297.86) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$45.98 | |
| RETURN TO LAND AND RISK | (\$343.84) | |

TABLE 11. Summary of per acre costs and returns for a 960 acre farm with above average management, Blackwater Draw area, Roosevelt County, Projected 2009.

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | WHEAT | CORN | PEANUTS |
|----------------------------------|--------------------------|----------------|----------|-----------|------------|
| | | TONS | BU | CWT | LBS |
| PRIMARY YIELD | | 6.00 | 60.00 | 100.00 | 2,700.00 |
| PRIMARY PRICE | | \$140.00 | \$6.00 | \$7.32 | \$0.17 |
| GOVERNMENT PAYMENTS | | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SECOND INCOME | | \$50.00 | \$0.00 | \$15.00 | \$0.00 |
| GROSS RETURN | | \$890.00 | \$360.00 | \$747.14 | \$445.50 |
| CASH OPERATING EXPENSES | | | | | |
| SEED | \$80.00 | | \$31.20 | \$66.00 | \$80.00 |
| FERTILIZER | \$59.60 | \$87.00 | \$97.60 | \$221.76 | \$93.85 |
| CHEMICALS | | \$36.97 | \$20.01 | \$45.89 | \$63.14 |
| CROP INSURANCE | | | \$0.24 | \$0.31 | |
| OTHER PURCHASED INPUTS | | | | | \$41.14 |
| CANAL WATER | | | | | |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$21.07 | \$55.74 | \$0.00 | \$45.10 | \$74.48 |
| FUEL-IRRIGATION | \$34.73 | \$115.77 | \$69.46 | \$115.77 | \$108.05 |
| REPAIRS | \$17.13 | \$46.77 | \$19.17 | \$49.30 | \$58.69 |
| CUSTOM CHARGES | | | \$19.57 | \$53.00 | \$37.00 |
| LAND TAXES | \$0.00 | \$0.66 | \$0.66 | \$0.66 | \$0.66 |
| OTHER EXPENSES | \$0.18 | \$49.58 | \$49.55 | \$49.93 | \$50.03 |
| TOTAL CASH EXPENSES | \$212.72 | \$392.48 | \$307.45 | \$647.71 | \$607.03 |
| RETURN OVER CASH EXPENSES | (\$212.72) | \$497.52 | \$52.55 | \$99.43 | (\$161.53) |
| FIXED EXPENSES | \$19.30 | \$160.83 | \$6.71 | \$37.54 | \$60.97 |
| TOTAL EXPENSES | \$232.01 | \$553.31 | \$314.15 | \$685.26 | \$668.00 |
| NET FARM INCOME | (\$232.01) | \$336.69 | \$45.85 | \$61.89 | (\$222.50) |
| LABOR AND MANAGEMENT COSTS | \$22.84 | \$108.02 | \$33.32 | \$88.03 | \$75.36 |
| NET OPERATING PROFIT | (\$254.85) | \$228.67 | \$12.52 | (\$26.15) | (\$297.86) |
| CAPITAL COSTS | | | | | |
| INTEREST ON OPERATING CAPITAL | \$0.00 | \$8.06 | \$7.35 | \$16.80 | \$14.21 |
| INTEREST ON EQUIPMENT INVESTMENT | \$0.00 | \$53.24 | \$3.89 | \$16.94 | \$31.77 |
| TOTAL CAPITAL COSTS | \$0.00 | \$61.30 | \$11.24 | \$33.73 | \$45.98 |
| RETURN TO RISK | (\$254.85) | \$167.38 | \$1.28 | (\$59.88) | (\$343.84) |

Flex Computation

11.89 -5.40

TABLE 12. Whole farm summary, Blackwater Draw area, Roosevelt County,
Projected 2009.

| | | |
|----------------------------------|--------------|-------------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 125.00 ACRES | |
| CROP | | \$105,000 |
| GRAZING | | \$6,250 |
| WHEAT | 212.50 ACRES | |
| CROP | | \$76,500 |
| GRAZING | | \$0 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| CORN FOR GRAIN | 162.50 ACRES | |
| CROP | | \$118,973 |
| GRAZING | | \$2,438 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| PEANUTS | 250.00 ACRES | |
| CROP | | \$111,375 |
| GROSS RETURN | | <u>\$420,536</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$39,355 |
| FERTILIZER | | \$92,604 |
| CHEMICALS | | \$32,115 |
| CROP INSURANCE | | \$100 |
| OTHER PURCHASED INPUTS | | \$10,284 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$33,441 |
| FUEL-IRRIGATION | | \$75,925 |
| REPAIRS | | \$33,032 |
| CUSTOM CHARGES | | \$22,021 |
| LAND TAXES | | \$493 |
| OTHER EXPENSES | | \$37,352 |
| TOTAL CASH EXPENSES | | <u>\$376,722</u> |
| RETURN OVER CASH EXPENSES | | \$43,814 |
| FIXED EXPENSES | | \$36,983 |
| TOTAL EXPENSES | | \$413,705 |
| NET FARM INCOME | | \$6,831 |
| LABOR AND MANAGEMENT COSTS | | \$54,299 |
| NET OPERATING PROFIT | | (\$47,468) |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$8,850 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$18,176 |
| TOTAL CAPITAL COSTS | | <u>\$27,027</u> |
| RETURN TO RISK | | <u>(\$74,494)</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$500 /ACRE | (\$88,894) | -6.36% |
| \$750 /ACRE | (\$96,094) | -4.81% |
| \$1,000 /ACRE | (\$103,294) | -3.87% |
| \$1,250 /ACRE | (\$110,494) | -3.24% |
| \$1,500 /ACRE | (\$117,694) | -2.78% |
| \$1,750 /ACRE | (\$124,894) | -2.44% |
| \$2,000 /ACRE | (\$132,094) | -2.17% |

* 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)