

TABLE 6. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 480 acre farm with above average management, Lea County, Projected 2015
Planting dates: August 15 - September 1

ITEM	PRICE	QUANTITY	PURCHASED INPUTS					TOTAL
<u>PURCHASED INPUTS</u>								
SEED	\$6.00	30 LBS	\$180.00					\$180.00
NITROGEN (N)	\$0.45	55 LBS	\$24.75					\$24.75
PHOSPHATE (P205)	\$0.40	140 LBS	\$56.00					\$56.00
PUMP WATER		6 AC. IN.						
SUBTOTAL			\$260.75					\$260.75
PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
PLOW	155 HP	0.48 HR		\$4.10	\$15.06	\$4.97	\$9.80	\$33.93
DISC (2X)	155 HP	0.28 HR		\$2.39	\$8.79	\$2.55	\$5.27	\$19.01
FLOAT	155 HP	0.19 HR		\$1.62	\$5.96	\$1.03	\$5.22	\$13.83
FERT SPREADER	126 HP	0.05 HR		\$0.43	\$1.44	\$0.20	\$0.43	\$2.50
DRILL	126 HP	0.18 HR		\$1.54	\$5.20	\$0.90	\$5.07	\$12.70
IRRIGATE (3X)		0.30 HR		\$2.25	\$7.28	\$0.72	\$5.40	\$15.66
SUBTOTAL		1.48 HR		\$12.34	\$43.73	\$10.37	\$31.19	\$97.63
<u>OVERHEAD EXPENSES</u>								
DOWNTIME		0.30 HR		\$2.52				\$2.52
EMPLOYEE BENEFITS				\$2.22				\$2.22
INSURANCE			\$0.25				\$0.25	
SUPERVISION AND MANAGEMENT				\$25.98				\$25.98
SUBTOTAL		0.30 HR	\$0.25	\$30.72				\$30.97
TOTAL OPERATING EXPENSES		1.78 HR	\$261.00	\$43.06	\$43.73	\$10.37	\$31.19	\$389.34

TABLE 7. Alfalfa hay, sprinkler-irrigated, budgeted per acre costs and returns for a 480 acre farm with above average management, Lea County, Projected 2015
Harvest dates: May 20 - October 15

ITEM	PRICE	YIELD						TOTAL	
GROSS RETURNS									
ALFALFA HAY	\$245.00	6.00 TONS (STACKED)						\$1,470.00	
TOTAL							\$1,470.00		
PURCHASED INPUTS									
PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS				FIXED COST	TOTAL	
PHOSPHATE (P2O5)	\$0.40	90 LBS	\$36.00					\$36.00	
INSECTICIDE (CUSTOM)	\$14.08	1 ACRE	\$14.08					\$14.08	
HERBICIDE	\$12.80	1 ACRE	\$12.80					\$12.80	
WIRE	\$0.37	51 LBS	\$19.10					\$19.10	
ESTABLISHMENT: Principal		6 YEARS					\$64.89	\$64.89	
: Interest							\$12.00	\$12.00	
PUMP WATER*		42 AC. IN.							
SUBTOTAL			\$81.98				\$76.89	\$158.88	
PREHARVEST OPERATIONS									
PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL	
FERT SPREADER	126 HP	0.05 HR		\$0.43	\$1.44	\$0.20	\$0.43	\$2.50	
IRRIGATE		1.40 HR		\$10.50	\$50.95	\$5.07	\$37.81	\$104.34	
SUBTOTAL		1.45 HR		\$10.93	\$52.40	\$5.27	\$38.24	\$106.83	
HARVEST OPERATIONS									
SWATHER (5X)	16 FT SP	0.55 HR		\$4.70	\$7.21	\$0.80	\$31.53	\$44.24	
BALER & ACCUM (5X)	155 HP	1.25 HR		\$10.69	\$39.23	\$6.93	\$19.87	\$76.72	
FRONT END LOADER (5X)	126 HP	1.25 HR		\$10.69	\$36.09	\$8.92	\$12.90	\$68.59	
SUBTOTAL		3.05 HR		\$26.08	\$82.53	\$16.64	\$64.31	\$189.55	
OVERHEAD EXPENSES									
DOWNTIME		0.78 HR		\$6.63				\$6.63	
EMPLOYEE BENEFITS				\$6.66				\$6.66	
INSURANCE			\$0.74					\$0.74	
LAND TAXES							\$0.80	\$0.80	
SUPERVISION AND MANAGEMENT				\$105.85				\$105.85	
OTHER EXPENSES			\$83.14					\$83.14	
SUBTOTAL		0.78 HR	\$83.88	\$119.14				\$0.80	\$203.82
TOTAL OPERATING EXPENSES		5.28 HR	\$165.87	\$156.14	\$134.92	\$21.91	\$180.24	\$659.07	
NET OPERATING PROFIT							\$810.93		
INTEREST ON OPERATING CAPITAL		(\$63.67 @ 5.50%)					\$3.50		
INTEREST ON EQUIPMENT INVESTMENT							\$21.09		
RETURN TO LAND AND RISK							\$786.34		

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

BUDGET SUMMARY

GROSS RETURN	\$1,470.00	
VARIABLE OPERATING EXPENSES	\$322.69	
RETURN OVER VARIABLE EXPENSES	\$1,147.31	(GROSS MARGIN)
FIXED EXPENSES	\$180.24	
NET FARM INCOME	\$967.07	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$156.14	
NET OPERATING PROFIT	\$810.93	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$24.59	
RETURN TO LAND AND RISK	\$786.34	

TABLE 8. Wheat, sprinkler-irrigated, budgeted per acre costs and returns for a 480 acre farm with above average management, Lea County, Projected 2015
 Planting dates: August 15 - October 30
 Harvest dates: June 20 - July 5

ITEM	PRICE	YIELD	BASE					TOTAL
GROSS RETURNS								
WHEAT	\$7.00	48.00 BUSHELS						\$336.00
DIRECT PAYMENT	\$0.00	48.00 BUSHELS	0.85					\$0.00
COUNTER CYCLICAL PAYMENT	\$0.00							\$0.00
GRAZING	\$50.00	1.00 ACRE						\$50.00
TOTAL								\$386.00
PURCHASED INPUTS								
PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS					TOTAL
SEED	0.45	90 LBS	\$40.50					\$40.50
PHOSPHATE (P205)	0.40	70 LBS	\$28.00					\$28.00
ANHYDROUS AMMONIA (NH3)	0.15	200 LBS	\$30.00					\$30.00
PUMP WATER*		20 ACRE IN.						
CROP INSURANCE	0.47		\$0.47					\$0.47
SUBTOTAL			\$98.97					\$98.97
PREHARVEST OPERATIONS								
PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
CHISEL	155 HP	0.15 HR		\$1.28	\$4.71	\$1.06	\$3.79	\$10.84
DISC	155 HP	0.14 HR		\$1.20	\$4.39	\$1.27	\$2.64	\$9.50
ANNHYDROUS APPL	155 HP	0.17 HR		\$1.45	\$5.34	\$1.04	\$4.25	\$12.08
FERT SPREADER	126 HP	0.05 HR		\$0.43	\$1.44	\$0.20	\$0.43	\$2.50
DISC	155 HP	0.14 HR		\$1.20	\$4.39	\$1.27	\$2.64	\$9.50
DRILL	126 HP	0.18 HR		\$1.54	\$5.20	\$0.90	\$5.07	\$12.70
IRRIGATE (12X)		1.20 HR		\$9.00	\$24.26	\$2.41	\$18.01	\$53.68
SUBTOTAL		2.03 HR		\$16.10	\$49.73	\$8.16	\$36.82	\$110.81
HARVEST OPERATIONS								
COMBINE (CUSTOM)			\$12.67					\$12.67
HAUL (CUSTOM)			\$7.68					\$7.68
SUBTOTAL			\$20.35					\$20.35
OVERHEAD EXPENSES								
DOWNTIME		0.21 HR		\$1.77				\$1.77
EMPLOYEE BENEFITS				\$2.90				\$2.90
INSURANCE			\$0.32					\$0.32
LAND TAXES							\$0.80	\$0.80
SUPERVISION AND MANAGEMENT				\$28.64				\$28.64
OTHER EXPENSES			\$83.14					\$83.14
SUBTOTAL		0.21 HR	\$83.47	\$33.31			\$0.80	\$117.57
TOTAL OPERATING EXPENSES		2.24 HR	\$202.79	\$49.40	\$49.73	\$8.16	\$37.62	\$347.70
NET OPERATING PROFIT								\$38.30
INTEREST ON OPERATING CAPITAL		(\$65.65 @ 5.50%)						\$3.61
INTEREST ON EQUIPMENT INVESTMENT								\$5.71
RETURN TO LAND AND RISK								\$28.98

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

BUDGET SUMMARY

GROSS RETURN		\$386.00	
VARIABLE OPERATING EXPENSES	\$260.68		
RETURN OVER VARIABLE EXPENSES	\$125.32	(GROSS MARGIN)	
FIXED EXPENSES	\$37.62		
NET FARM INCOME	\$87.70	(RETURN TO CAPITAL, LABOR, LAND & RISK)	
LABOR AND MANAGEMENT COST	\$49.40		
NET OPERATING PROFIT	\$38.30	(RETURN TO CAPITAL, LAND & RISK)	
CAPITAL COSTS	\$9.32		
RETURN TO LAND AND RISK	\$28.98		

TABLE 9. Upland cotton (stripper), sprinkler-irrigated, budgeted per acre costs and returns for a 480 acre farm with above average management, Lea County, Projected 2015
 Planting dates: May 1 - May 25
 Harvest dates: November 1 - December 15

ITEM	PRICE	YIELD	BASE	TOTAL
GROSS RETURNS				
LINT	\$0.85	425.00 LBS		\$361.25
SEED	\$0.09	680.00 LBS		\$61.20
DIRECT PAYMENT	\$0.0000	425.00 LBS	0.85	\$0.00
COUNTER CYCLICAL PAYMENT	\$0.1373	675.00 LBS	0.85	\$78.78
TOTAL				\$501.23

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$7.55	20 LBS	\$151.00		\$151.00
NITROGEN (N)	\$0.45	32 LBS	\$14.40		\$14.40
PHOSPHATE (P2O5)	\$0.40	40 LBS	\$16.00		\$16.00
INSECTICIDE	\$11.20	1 X/ACRE	\$11.20		\$11.20
HERBICIDE	\$8.00	1 X/ACRE	\$8.00		\$8.00
INSECTICIDE (CUSTOM)	\$11.07	1 X/ACRE	\$11.07		\$11.07
CROP INSURANCE			\$0.35		\$0.35
PUMP WATER*		20 ACRE IN.			
SUBTOTAL			\$212.02		\$212.02

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
PLOW	155 HP	0.48 HR		\$4.10	\$15.06	\$4.97	\$9.80	\$33.93
DISC	155 HP	0.14 HR		\$1.20	\$4.39	\$1.27	\$2.64	\$9.50
FERT SPREADER	126 HP	0.05 HR		\$0.43	\$1.44	\$0.20	\$0.43	\$2.50
DISC	155 HP	0.14 HR		\$1.20	\$4.39	\$1.27	\$2.64	\$9.50
PRE-IRRIGATE		0.10 HR		\$0.75	\$3.03	\$0.30	\$2.25	\$6.34
PLANTER	155 HP	0.17 HR		\$1.45	\$5.34	\$1.26	\$8.42	\$16.47
CULTIVATOR (3X)	126 HP	0.39 HR		\$3.33	\$11.26	\$3.00	\$6.30	\$23.89
HOE (CUSTOM 2X)			\$20.00					\$20.00
IRRIGATE (7X)		0.70 HR		\$5.25	\$21.23	\$2.11	\$15.76	\$44.35
SUBTOTAL		2.17 HR	\$20.00	\$17.71	\$66.15	\$14.39	\$48.23	\$166.48

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
COTTON STRIPPER	126 HP	0.62 HR		\$5.30	\$17.90	\$3.03	\$10.99	\$37.22
MODULE BUILDER	155 HP	0.62 HR		\$5.30	\$19.46	\$7.95	\$16.11	\$48.82
GIN COTTON (CUSTOM)			\$79.99					\$79.99
SUBTOTAL		1.24 HR	\$79.99	\$10.60	\$37.36	\$10.98	\$27.09	\$166.02

POSTHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
SHREDDER	155 HP	0.14 HR		\$1.20	\$4.39	\$0.81	\$4.32	\$10.72

OVERHEAD EXPENSES	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
DOWNTIME	0.68 HR		\$5.77				\$5.77
EMPLOYEE BENEFITS			\$5.31				\$5.31
INSURANCE		\$0.59					\$0.59
LAND TAXES						\$0.80	\$0.80
SUPERVISION AND MANAGEMENT			\$37.24				\$37.24
OTHER EXPENSES		\$83.14					\$83.14
SUBTOTAL	0.68 HR	\$83.73	\$48.32			\$0.80	\$132.85

TOTAL OPERATING EXPENSES	4.23 HR	\$395.74	\$77.83	\$107.90	\$26.19	\$80.44	\$688.10
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NET OPERATING PROFIT							(\$186.87)
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INTEREST ON OPERATING CAPITAL	(\$138.14	@	5.50%)		\$7.60
INTEREST ON EQUIPMENT INVESTMENT							\$15.46

RETURN TO LAND AND RISK							(\$209.94)
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* Pump water costs are shown under irrigation in the preharvest operations section.
 BUDGET SUMMARY

GROSS RETURN		\$501.23	
VARIABLE OPERATING EXPENSES	\$529.83		
RETURN OVER VARIABLE EXPENSES		(\$28.60)	(GROSS MARGIN)
FIXED EXPENSES	\$80.44		
NET FARM INCOME		(\$109.04)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$77.83		
NET OPERATING PROFIT		(\$186.87)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$23.06		
RETURN TO LAND AND RISK		(\$209.94)	

TABLE 10. Summary of per acre costs and returns for a 480 acre farm with above average management, Lea County, Projected 2015

	ALFALFA ESTABLISHMENT	ALFALFA HAY	WHEAT	STRIPPER COTTON
		TONS	BU	LBS
PRIMARY YIELD		6.00	48.00	425.00
PRIMARY PRICE		\$245.00	\$7.00	\$0.85
GOVERNMENT PAYMENTS		\$0.00	\$0.00	\$78.78
SECOND INCOME		\$0.00	\$50.00	\$61.20
GROSS RETURN		\$1,470.00	\$386.00	\$501.23
CASH OPERATING EXPENSES				
SEED	\$180.00		\$40.50	\$151.00
FERTILIZER	\$80.75	\$36.00	\$58.00	\$30.40
CHEMICALS		\$26.88		\$30.27
CROP INSURANCE			\$0.47	\$0.35
OTHER PURCHASED INPUTS		\$19.10		
CANAL WATER				
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$36.45	\$83.97	\$25.47	\$83.64
FUEL-IRRIGATION	\$7.28	\$50.95	\$24.26	\$24.26
REPAIRS	\$10.37	\$21.91	\$8.16	\$26.19
CUSTOM CHARGES			\$20.35	\$99.99
LAND TAXES		\$0.80	\$0.80	\$0.80
OTHER EXPENSES	\$0.25	\$83.88	\$83.47	\$83.73
TOTAL CASH EXPENSES	\$315.10	\$323.49	\$261.48	\$530.63
RETURN OVER CASH EXPENSES	(\$315.10)	\$1,146.51	\$124.52	(\$29.40)
FIXED EXPENSES	\$31.19	\$179.44	\$36.82	\$79.64
TOTAL EXPENSES	\$346.28	\$502.93	\$298.30	\$610.27
RETURNS TO CAPITAL, LABOR, LAND & RISK	(\$346.28)	\$967.07	\$87.70	(\$109.04)
LABOR AND MANAGEMENT COSTS	\$43.06	\$156.14	\$49.40	\$77.83
RETURNS TO CAPITAL, LAND & RISK	(\$389.34)	\$810.93	\$38.30	(\$186.87)
CAPITAL COSTS				
INTEREST ON OPERATING CAPITAL		\$3.50	\$3.61	\$7.60
INTEREST ON EQUIPMENT INVESTMENT		\$21.09	\$5.71	\$15.46
TOTAL CAPITAL COSTS	\$0.00	\$24.59	\$9.32	\$23.06
RETURN TO LAND AND RISK	(\$389.34)	\$786.34	\$28.98	(\$209.94)

TABLE 11. Whole farm summary, Lea County,
Projected 2015

GROSS RETURNS		
ALFALFA HAY	125.00 ACRES	
CROP		\$183,750
WHEAT	106.25 ACRES	
CROP		\$35,700
GRAZING		\$5,313
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$0
COTTON	143.75 ACRES	
LINT		\$51,930
SEED		\$8,798
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$11,324
GROSS RETURN		<u>\$296,814</u>
CASH OPERATING EXPENSES		
SEED		\$29,789
FERTILIZER		\$16,728
CHEMICALS		\$7,712
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$2,388
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$25,991
FUEL-IRRIGATION		\$12,588
REPAIRS		\$7,587
CUSTOM CHARGES		\$16,535
LAND TAXES		\$299
OTHER EXPENSES		\$31,395
TOTAL CASH EXPENSES		<u>\$151,113</u>
RETURN OVER CASH EXPENSES		\$145,701
FIXED EXPENSES		\$30,334
TOTAL EXPENSES		\$181,447
NET FARM INCOME		\$115,367
LABOR AND MANAGEMENT COSTS		\$36,859
NET OPERATING PROFIT		\$78,507
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$1,914
INTEREST ON EQUIPMENT INVESTMENT		\$5,465
TOTAL CAPITAL COSTS		<u>\$7,379</u>
RETURN TO LAND AND RISK		<u>\$71,128</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$500 /ACRE	\$63,928	17.34%
\$700 /ACRE	\$61,048	14.30%
\$900 /ACRE	\$58,168	12.17%
\$1,100 /ACRE	\$55,288	10.60%
\$1,300 /ACRE	\$52,408	9.38%
\$1,500 /ACRE	\$49,528	8.42%

* 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)