

TABLE 6. Wheat, flood-irrigated, budgeted per acre costs and returns for a 320 acre farm with above average management, Portales Valley, Roosevelt County, Projected 2015  
 Planting Dates: August 20 - September 15  
 Harvest Dates: June 1 - June 25

| ITEM                             | PRICE      | YIELD               | BASE             |                 |                |                |                | TOTAL            |
|----------------------------------|------------|---------------------|------------------|-----------------|----------------|----------------|----------------|------------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                 |                |                |                |                  |
| WHEAT                            | \$7.00     | 50.00 BUSHELS       |                  |                 |                |                |                | \$350.00         |
| DIRECT PAYMENT                   | \$0.00     | 50.00 BUSHELS       | 0.85             |                 |                |                |                | \$0.00           |
| COUNTER CYCLICAL PAYMENT         | \$0.00     |                     |                  |                 |                |                |                | \$0.00           |
| GRAZING                          | \$40.00    | 1.00 ACRE           |                  |                 |                |                |                | \$40.00          |
| <b>TOTAL</b>                     |            |                     |                  |                 |                |                |                | <b>\$390.00</b>  |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |                 |                |                |                |                  |
|                                  | PRICE      | QUANTITY            | PURCHASED INPUTS |                 |                |                |                | TOTAL            |
| SEED                             | \$0.45     | 60 LBS              | \$27.00          |                 |                |                |                | \$27.00          |
| NITROGEN (N)                     | \$0.45     | 100 LBS             | \$45.00          |                 |                |                |                | \$45.00          |
| PHOSPHATE (P205)                 | \$0.40     | 40 LBS              | \$16.00          |                 |                |                |                | \$16.00          |
| INSECTICIDE (CUSTOM)             | \$20.01    | 1 X/ACRE            | \$20.01          |                 |                |                |                | \$20.01          |
| PUMP WATER*                      |            | 25 AC. IN.          |                  |                 |                |                |                |                  |
| CROP INSURANCE                   | \$0.74     |                     | \$0.74           |                 |                |                |                | \$0.74           |
| <b>SUBTOTAL</b>                  |            |                     | <b>\$108.74</b>  |                 |                |                |                | <b>\$108.74</b>  |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |                  |                 |                |                |                |                  |
|                                  | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR           | FUEL & LUBE    | REPAIRS        | FIXED COST     | TOTAL            |
| ROD WEEDER                       | 126 HP     | 0.08 HR             |                  | \$0.68          | \$1.65         | \$0.38         | \$0.95         | \$3.66           |
| PLOW                             | 185 HP     | 0.48 HR             |                  | \$4.10          | \$15.06        | \$4.97         | \$9.24         | \$33.37          |
| DISC                             | 185 HP     | 0.14 HR             |                  | \$1.20          | \$4.39         | \$1.27         | \$2.67         | \$9.53           |
| FERT SPREADER                    | 126 HP     | 0.05 HR             |                  | \$0.43          | \$1.03         | \$0.20         | \$0.41         | \$2.07           |
| DRILL                            | 126 HP     | 0.18 HR             |                  | \$1.54          | \$3.71         | \$0.90         | \$8.00         | \$14.15          |
| IRRIGATE (5X)                    |            | 2.50 HR             |                  | \$18.75         | \$58.78        | \$0.00         | \$2.53         | \$80.06          |
| <b>SUBTOTAL</b>                  |            | <b>3.43 HR</b>      |                  | <b>\$26.70</b>  | <b>\$84.63</b> | <b>\$7.72</b>  | <b>\$23.80</b> | <b>\$142.85</b>  |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                 |                |                |                |                  |
| COMBINE (CUSTOM)                 |            |                     | \$20.20          |                 |                |                |                | \$20.20          |
| HAUL (CUSTOM)                    |            |                     | \$8.00           |                 |                |                |                | \$8.00           |
| <b>SUBTOTAL</b>                  |            |                     | <b>\$28.20</b>   |                 |                |                |                | <b>\$28.20</b>   |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                 |                |                |                |                  |
| DOWNTIME                         |            | 0.23 HR             |                  | \$1.99          |                |                |                | \$1.99           |
| EMPLOYEE BENEFITS                |            |                     |                  | \$4.81          |                |                |                | \$4.81           |
| INSURANCE                        |            |                     | \$0.53           |                 |                |                | \$0.53         |                  |
| LAND TAXES                       |            |                     |                  |                 |                | \$0.55         | \$0.55         |                  |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$30.27         |                |                |                | \$30.27          |
| OTHER EXPENSES                   |            |                     | \$112.16         |                 |                |                | \$112.16       |                  |
| <b>SUBTOTAL</b>                  |            | <b>0.23 HR</b>      |                  | <b>\$112.69</b> | <b>\$37.06</b> |                | <b>\$0.55</b>  | <b>\$150.30</b>  |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>3.66 HR</b>      |                  | <b>\$249.63</b> | <b>\$63.76</b> | <b>\$84.63</b> | <b>\$7.72</b>  | <b>\$430.09</b>  |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                 |                |                |                | <b>(\$40.09)</b> |
| INTEREST ON OPERATING CAPITAL    |            | ( \$79.81 @ 5.50% ) |                  |                 |                |                |                | \$4.39           |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                 |                |                |                | \$9.80           |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                 |                |                |                | <b>(\$54.28)</b> |

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

**BUDGET SUMMARY**

|                               |          |           |                                         |
|-------------------------------|----------|-----------|-----------------------------------------|
| GROSS RETURN                  |          | \$390.00  |                                         |
| VARIABLE OPERATING EXPENSES   | \$341.98 |           |                                         |
| RETURN OVER VARIABLE EXPENSES |          | \$48.02   | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$24.35  |           |                                         |
| NET FARM INCOME               |          | \$23.67   | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$63.76  |           |                                         |
| NET OPERATING PROFIT          |          | (\$40.09) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$14.19  |           |                                         |
| RETURN TO LAND AND RISK       |          | (\$54.28) |                                         |

TABLE 7. Corn for grain, flood-irrigated, budgeted per acre costs and returns for a 320 acre farm with above average management, Portales Valley, Roosevelt County, Projected 2015  
 Planting Dates: April 15 - May 15  
 Harvest Dates: November 1 - November 30

| ITEM                     | PRICE   | YIELD     | BASE | TOTAL           |
|--------------------------|---------|-----------|------|-----------------|
| <b>GROSS RETURNS</b>     |         |           |      |                 |
| CORN FOR GRAIN           | \$7.68  | 65.00 CWT |      | \$499.11        |
| DIRECT PAYMENT           | \$0.00  | 65.00 CWT | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.00  | 0.00 CWT  |      | \$0.00          |
| GRAZING                  | \$15.00 | 1.00 ACRE |      | \$15.00         |
| <b>TOTAL</b>             |         |           |      | <b>\$514.11</b> |

| PURCHASED INPUTS     | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL           |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED                 | \$3.26  | 28 000     | \$91.35          |            | \$91.35         |
| NITROGEN (N)         | \$0.45  | 150 LBS    | \$67.50          |            | \$67.50         |
| PHOSPHATE (P205)     | \$0.40  | 60 LBS     | \$24.00          |            | \$24.00         |
| HERBICIDE            | \$15.88 | 1 X/ACRE   | \$15.88          |            | \$15.88         |
| INSECTICIDE (CUSTOM) | \$16.96 | 2 X/ACRE   | \$33.92          |            | \$33.92         |
| PUMP WATER*          |         | 38 AC. IN. |                  |            |                 |
| CROP INSURANCE       | \$0.98  |            | \$0.98           |            | \$0.98          |
| <b>SUBTOTAL</b>      |         |            | <b>\$233.64</b>  |            | <b>\$233.64</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE     | REPAIRS        | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.20         | \$4.39          | \$1.27         | \$2.67         | \$9.53          |
| PLOW                  | 185 HP     | 0.48 HR             |                  | \$4.10         | \$15.06         | \$4.97         | \$9.24         | \$33.37         |
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.20         | \$4.39          | \$1.27         | \$2.67         | \$9.53          |
| FERT SPREADER         | 126 HP     | 0.05 HR             |                  | \$0.43         | \$1.03          | \$0.20         | \$0.41         | \$2.07          |
| SPRAY & DISC          | 185 HP     | 0.17 HR             |                  | \$1.45         | \$5.34          | \$1.66         | \$4.08         | \$12.53         |
| LISTER                | 126 HP     | 0.12 HR             |                  | \$1.03         | \$2.47          | \$0.80         | \$2.02         | \$6.31          |
| TRACK                 | 126 HP     | 0.40 HR             |                  | \$3.42         | \$8.25          | \$1.59         | \$3.30         | \$16.56         |
| PRE-IRRIGATE          |            | 0.75 HR             |                  | \$6.41         | \$14.89         | \$0.00         | \$0.64         | \$21.94         |
| ROD WEED              | 185 HP     | 0.08 HR             |                  | \$0.68         | \$2.51          | \$0.49         | \$1.52         | \$5.21          |
| PLANTER               | 185 HP     | 0.17 HR             |                  | \$1.45         | \$5.34          | \$1.26         | \$6.39         | \$14.44         |
| CULTIVATOR (2X)       | 126 HP     | 0.26 HR             |                  | \$2.22         | \$5.36          | \$2.00         | \$3.95         | \$13.53         |
| IRRIGATE (5X)         |            | 2.50 HR             |                  | \$18.75        | \$74.45         | \$0.00         | \$3.21         | \$96.41         |
| <b>SUBTOTAL</b>       |            | <b>5.26 HR</b>      |                  | <b>\$42.35</b> | <b>\$143.49</b> | <b>\$15.52</b> | <b>\$40.09</b> | <b>\$241.45</b> |

| <b>HARVEST OPERATIONS</b> |  |  |                |                |
|---------------------------|--|--|----------------|----------------|
| COMBINE (CUSTOM)          |  |  | \$22.75        | \$22.75        |
| HAUL (CUSTOM)             |  |  | \$11.70        | \$11.70        |
| <b>SUBTOTAL</b>           |  |  | <b>\$34.45</b> | <b>\$34.45</b> |

| <b>OVERHEAD EXPENSES</b>   |                |  |                 |                 |
|----------------------------|----------------|--|-----------------|-----------------|
| DOWNTIME                   | 0.36 HR        |  | \$3.06          | \$3.06          |
| EMPLOYEE BENEFITS          |                |  | \$7.62          | \$7.62          |
| INSURANCE                  |                |  | \$0.85          | \$0.85          |
| LAND TAXES                 |                |  |                 | \$0.55          |
| SUPERVISION AND MANAGEMENT |                |  | \$39.33         | \$39.33         |
| OTHER EXPENSES             |                |  | \$112.16        | \$112.16        |
| <b>SUBTOTAL</b>            | <b>0.36 HR</b> |  | <b>\$113.01</b> | <b>\$163.56</b> |

TOTAL OPERATING EXPENSES 5.62 HR \$381.09 \$92.36 \$143.49 \$15.52 \$40.63 \$673.10

NET OPERATING PROFIT (\$158.99)

INTEREST ON OPERATING CAPITAL ( \$159.44 @ 5.50% ) \$8.77  
 INTEREST ON EQUIPMENT INVESTMENT \$17.94

RETURN TO LAND AND RISK (\$185.69)

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

BUDGET SUMMARY

|                               |            |                                         |
|-------------------------------|------------|-----------------------------------------|
| GROSS RETURN                  | \$514.11   |                                         |
| VARIABLE OPERATING EXPENSES   | \$540.10   |                                         |
| RETURN OVER VARIABLE EXPENSES | (\$25.99)  | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$40.63    |                                         |
| NET FARM INCOME               | (\$66.63)  | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$92.36    |                                         |
| NET OPERATING PROFIT          | (\$158.99) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$26.71    |                                         |
| RETURN TO LAND AND RISK       | (\$185.69) |                                         |

TABLE 8. Grain sorghum, flood-irrigated, budgeted per acre costs and returns for a 320 acre farm with above average management, Portales Valley, Roosevelt County, Projected 2015  
 Planting Dates: May 15 - June 10  
 Harvest Dates: October 15 - November 15

| ITEM                     | PRICE  | YIELD     | BASE | TOTAL           |
|--------------------------|--------|-----------|------|-----------------|
| <b>GROSS RETURNS</b>     |        |           |      |                 |
| GRAIN SORGHUM            | \$7.06 | 55.00 CWT |      | \$388.54        |
| DIRECT PAYMENT           | \$0.00 | 55.00 CWT | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.00 | 0.00 CWT  |      | \$0.00          |
| GRAZING                  | \$9.00 | 1.00 ACRE |      | \$9.00          |
| <b>TOTAL</b>             |        |           |      | <b>\$397.54</b> |

| PURCHASED INPUTS     | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL           |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED                 | \$1.31  | 6 LBS      | \$7.86           |            | \$7.86          |
| NITROGEN (N)         | \$0.45  | 100 LBS    | \$45.00          |            | \$45.00         |
| PHOSPHATE (P205)     | \$0.40  | 40 LBS     | \$16.00          |            | \$16.00         |
| HERBICIDE            | \$15.88 | 1 ACRE     | \$15.88          |            | \$15.88         |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 ACRE     | \$20.01          |            | \$20.01         |
| PUMP WATER*          |         | 20 AC. IN. |                  |            |                 |
| CROP INSURANCE       | \$0.98  |            | \$0.98           |            | \$0.98          |
| <b>SUBTOTAL</b>      |         |            | <b>\$105.73</b>  |            | <b>\$105.73</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE     | REPAIRS        | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.20         | \$4.39          | \$1.27         | \$2.67         | \$9.53          |
| PLOW                  | 185 HP     | 0.48 HR             |                  | \$4.10         | \$15.06         | \$4.97         | \$9.24         | \$33.37         |
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.20         | \$4.39          | \$1.27         | \$2.67         | \$9.53          |
| FERT SPREADER         | 126 HP     | 0.05 HR             |                  | \$0.43         | \$1.03          | \$0.20         | \$0.41         | \$2.07          |
| DISC & SPRAY          | 185 HP     | 0.17 HR             |                  | \$1.45         | \$5.34          | \$1.66         | \$4.08         | \$12.53         |
| LISTER                | 126 HP     | 0.12 HR             |                  | \$1.03         | \$2.47          | \$0.80         | \$2.02         | \$6.31          |
| TRACK                 | 126 HP     | 0.40 HR             |                  | \$3.42         | \$8.25          | \$1.59         | \$3.30         | \$16.56         |
| PRE-IRRIGATE          |            | 0.75 HR             |                  | \$5.63         | \$11.76         | \$0.00         | \$0.51         | \$17.89         |
| ROD WEED              | 126 HP     | 0.08 HR             |                  | \$0.68         | \$1.65          | \$0.38         | \$0.95         | \$3.66          |
| PLANTER               | 185 HP     | 0.17 HR             |                  | \$1.45         | \$5.34          | \$1.26         | \$6.39         | \$14.44         |
| CULTIVATOR (2X)       | 126 HP     | 0.26 HR             |                  | \$2.22         | \$5.36          | \$2.00         | \$3.95         | \$13.53         |
| IRRIGATE (3X)         |            | 1.50 HR             |                  | \$11.25        | \$35.27         | \$0.00         | \$1.52         | \$48.04         |
| <b>SUBTOTAL</b>       |            | <b>4.26 HR</b>      |                  | <b>\$34.06</b> | <b>\$100.31</b> | <b>\$15.40</b> | <b>\$37.69</b> | <b>\$187.47</b> |

| HARVEST OPERATIONS |  |  |  |                |  |  |  |                |
|--------------------|--|--|--|----------------|--|--|--|----------------|
| COMBINE (CUSTOM)   |  |  |  | \$26.18        |  |  |  | \$26.18        |
| HAUL (CUSTOM)      |  |  |  | \$10.45        |  |  |  | \$10.45        |
| <b>SUBTOTAL</b>    |  |  |  | <b>\$36.63</b> |  |  |  | <b>\$36.63</b> |

| OVERHEAD EXPENSES          |  |                |          |                 |                |        |               |                 |
|----------------------------|--|----------------|----------|-----------------|----------------|--------|---------------|-----------------|
| DOWNTIME                   |  | 0.66 HR        |          | \$5.60          |                |        |               | \$5.60          |
| EMPLOYEE BENEFITS          |  |                |          | \$6.13          |                |        |               | \$6.13          |
| INSURANCE                  |  |                | \$0.68   |                 |                |        |               | \$0.68          |
| LAND TAXES                 |  |                |          |                 |                | \$0.55 |               | \$0.55          |
| SUPERVISION AND MANAGEMENT |  |                |          | \$30.64         |                |        |               | \$30.64         |
| OTHER EXPENSES             |  |                | \$112.16 |                 |                |        |               | \$112.16        |
| <b>SUBTOTAL</b>            |  | <b>0.66 HR</b> |          | <b>\$112.84</b> | <b>\$42.37</b> |        | <b>\$0.55</b> | <b>\$155.76</b> |

|                                 |  |                |  |                 |                |                 |                |                |                 |
|---------------------------------|--|----------------|--|-----------------|----------------|-----------------|----------------|----------------|-----------------|
| <b>TOTAL OPERATING EXPENSES</b> |  | <b>4.92 HR</b> |  | <b>\$255.20</b> | <b>\$76.43</b> | <b>\$100.31</b> | <b>\$15.40</b> | <b>\$38.24</b> | <b>\$485.59</b> |
|---------------------------------|--|----------------|--|-----------------|----------------|-----------------|----------------|----------------|-----------------|

|                             |  |  |  |  |  |  |  |  |                  |
|-----------------------------|--|--|--|--|--|--|--|--|------------------|
| <b>NET OPERATING PROFIT</b> |  |  |  |  |  |  |  |  | <b>(\$88.05)</b> |
|-----------------------------|--|--|--|--|--|--|--|--|------------------|

|                                  |   |         |   |       |   |  |  |  |         |
|----------------------------------|---|---------|---|-------|---|--|--|--|---------|
| INTEREST ON OPERATING CAPITAL    | ( | \$84.85 | @ | 5.50% | ) |  |  |  | \$4.67  |
| INTEREST ON EQUIPMENT INVESTMENT |   |         |   |       |   |  |  |  | \$16.71 |

|                                |  |  |  |  |  |  |  |  |                   |
|--------------------------------|--|--|--|--|--|--|--|--|-------------------|
| <b>RETURN TO LAND AND RISK</b> |  |  |  |  |  |  |  |  | <b>(\$109.43)</b> |
|--------------------------------|--|--|--|--|--|--|--|--|-------------------|

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

**BUDGET SUMMARY**

|                               |          |            |                                         |  |
|-------------------------------|----------|------------|-----------------------------------------|--|
| GROSS RETURN                  |          | \$397.54   |                                         |  |
| VARIABLE OPERATING EXPENSES   | \$370.92 |            |                                         |  |
| RETURN OVER VARIABLE EXPENSES |          | \$26.62    | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                | \$38.24  |            |                                         |  |
| NET FARM INCOME               |          | (\$11.62)  | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| LABOR AND MANAGEMENT COST     | \$76.43  |            |                                         |  |
| NET OPERATING PROFIT          |          | (\$88.05)  | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                 | \$21.38  |            |                                         |  |
| RETURN TO LAND AND RISK       |          | (\$109.43) |                                         |  |

TABLE 9. Upland cotton (stripper), flood-irrigated, budgeted per acre costs and returns for a 320 acre farm with above average management, Portales Valley, Roosevelt County, Projected 2015  
 Planting Dates: May 1 - May 15  
 Harvest Dates: November 15 - December 30

| ITEM                     | PRICE    | YIELD      | BASE | TOTAL    |
|--------------------------|----------|------------|------|----------|
| <b>GROSS RETURNS</b>     |          |            |      |          |
| LINT                     | \$0.85   | 500.00 LBS |      | \$425.00 |
| SEED                     | \$0.09   | 800 LBS    |      | \$72.00  |
| DIRECT PAYMENT           | \$0.0000 | 500.00 LBS | 0.85 | \$0.00   |
| COUNTER CYCLICAL PAYMENT | \$0.1373 | 500.00 LBS | 0.85 | \$58.35  |
| TOTAL                    |          |            |      | \$555.35 |

| PURCHASED INPUTS     | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL    |
|----------------------|---------|------------|------------------|------------|----------|
| SEED                 | \$7.55  | 25 LB      | \$188.75         |            | \$188.75 |
| NITROGEN (N)         | \$0.45  | 80 LB      | \$36.00          |            | \$36.00  |
| PHOSPHATE (P205)     | \$0.40  | 60 LB      | \$24.00          |            | \$24.00  |
| HERBICIDE            | \$15.88 | 1 X/ACRE   | \$15.88          |            | \$15.88  |
| INSECTICIDE          | \$10.28 | 1 X/ACRE   | \$10.28          |            | \$10.28  |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 X/ACRE   | \$20.01          |            | \$20.01  |
| PUMP WATER*          |         | 15 AC. IN. |                  |            |          |
| CROP INSURANCE       | \$0.71  |            | \$0.71           |            | \$0.71   |
| SUBTOTAL             |         |            | \$295.63         |            | \$295.63 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
|-----------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.20  | \$4.39      | \$1.27  | \$2.67     | \$9.53   |
| PLOW                  | 185 HP     | 0.48 HR             |                  | \$4.10  | \$15.06     | \$4.97  | \$9.24     | \$33.37  |
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.20  | \$4.39      | \$1.27  | \$2.67     | \$9.53   |
| FERT SPREADER         | 126 HP     | 0.05 HR             |                  | \$0.43  | \$1.03      | \$0.20  | \$0.41     | \$2.07   |
| DISC & SPRAY          | 185 HP     | 0.17 HR             |                  | \$1.45  | \$5.34      | \$1.66  | \$4.08     | \$12.53  |
| LISTER                | 126 HP     | 0.12 HR             |                  | \$1.03  | \$2.47      | \$0.80  | \$2.02     | \$6.31   |
| TRACK                 | 126 HP     | 0.40 HR             |                  | \$3.42  | \$8.25      | \$1.59  | \$3.30     | \$16.56  |
| PRE-IRRIGATE          |            | 0.75 HR             |                  | \$5.63  | \$11.76     | \$0.00  | \$0.51     | \$17.89  |
| ROD WEED              | 126 HP     | 0.08 HR             |                  | \$0.68  | \$1.65      | \$0.38  | \$0.95     | \$3.66   |
| PLANTER               | 185 HP     | 0.17 HR             |                  | \$1.45  | \$5.34      | \$1.26  | \$6.39     | \$14.44  |
| CULTIVATOR (2X)       | 126 HP     | 0.26 HR             |                  | \$2.22  | \$5.36      | \$2.00  | \$3.95     | \$13.53  |
| HAND HOE (CUSTOM)     |            |                     | \$10.00          |         |             |         |            | \$10.00  |
| IRRIGATE (2X)         |            | 1.00 HR             |                  | \$7.50  | \$23.51     | \$0.00  | \$1.01     | \$32.02  |
| SUBTOTAL              |            | 3.76 HR             | \$10.00          | \$30.31 | \$88.56     | \$15.40 | \$37.19    | \$181.46 |

| <b>HARVEST OPERATIONS</b> |        |         |         |         |         |        |         |          |
|---------------------------|--------|---------|---------|---------|---------|--------|---------|----------|
| COTTON STRIPPER MTD       | 126 HP | 0.62 HR |         | \$5.30  | \$19.46 | \$3.91 | \$20.99 | \$49.66  |
| HAUL                      | 126 HP | 0.75 HR |         | \$6.41  | \$15.47 | \$3.01 | \$9.83  | \$34.72  |
| GIN COTTON (CUSTOM)       |        |         | \$82.70 |         |         |        |         | \$82.70  |
| SUBTOTAL                  |        | 1.37 HR | \$82.70 | \$11.71 | \$34.92 | \$6.92 | \$30.81 | \$167.08 |

| <b>POSTHARVEST OPERATIONS</b> |        |         |  |        |        |        |        |         |
|-------------------------------|--------|---------|--|--------|--------|--------|--------|---------|
| SHREDDER                      | 126 HP | 0.14 HR |  | \$1.20 | \$2.89 | \$0.61 | \$6.14 | \$10.83 |

| <b>OVERHEAD EXPENSES</b>   |  |         |          |         |  |        |  |          |
|----------------------------|--|---------|----------|---------|--|--------|--|----------|
| DOWNTIME                   |  | 0.92 HR |          | \$7.84  |  |        |  | \$7.84   |
| EMPLOYEE BENEFITS          |  |         |          | \$7.78  |  |        |  | \$7.78   |
| INSURANCE                  |  |         | \$0.86   |         |  |        |  | \$0.86   |
| LAND TAXES                 |  |         |          |         |  | \$0.55 |  | \$0.55   |
| SUPERVISION AND MANAGEMENT |  |         |          | \$41.77 |  |        |  | \$41.77  |
| OTHER EXPENSES             |  |         | \$112.16 |         |  |        |  | \$112.16 |
| SUBTOTAL                   |  | 0.92 HR | \$113.02 | \$57.39 |  | \$0.55 |  | \$170.96 |

|                          |  |         |          |          |          |         |         |          |
|--------------------------|--|---------|----------|----------|----------|---------|---------|----------|
| TOTAL OPERATING EXPENSES |  | 6.19 HR | \$501.36 | \$100.62 | \$126.37 | \$22.94 | \$74.69 | \$825.97 |
|--------------------------|--|---------|----------|----------|----------|---------|---------|----------|

|                      |  |  |  |  |  |  |  |            |
|----------------------|--|--|--|--|--|--|--|------------|
| NET OPERATING PROFIT |  |  |  |  |  |  |  | (\$270.61) |
|----------------------|--|--|--|--|--|--|--|------------|

|                                  |   |          |   |       |   |  |  |         |
|----------------------------------|---|----------|---|-------|---|--|--|---------|
| INTEREST ON OPERATING CAPITAL    | ( | \$185.06 | @ | 5.50% | ) |  |  | \$10.18 |
| INTEREST ON EQUIPMENT INVESTMENT |   |          |   |       |   |  |  | \$32.26 |

|                         |  |  |  |  |  |  |  |            |
|-------------------------|--|--|--|--|--|--|--|------------|
| RETURN TO LAND AND RISK |  |  |  |  |  |  |  | (\$313.05) |
|-------------------------|--|--|--|--|--|--|--|------------|

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

**BUDGET SUMMARY**

|                               |          |            |                                         |  |
|-------------------------------|----------|------------|-----------------------------------------|--|
| GROSS RETURN                  |          | \$555.35   |                                         |  |
| VARIABLE OPERATING EXPENSES   | \$650.66 |            |                                         |  |
| RETURN OVER VARIABLE EXPENSES |          | (\$95.31)  | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                | \$74.69  |            |                                         |  |
| NET FARM INCOME               |          | (\$170.00) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| LABOR AND MANAGEMENT COST     | \$100.62 |            |                                         |  |
| NET OPERATING PROFIT          |          | (\$270.61) | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                 | \$42.43  |            |                                         |  |
| RETURN TO LAND AND RISK       |          | (\$313.05) |                                         |  |

TABLE 10. Peanuts, flood-irrigated, budgeted per acre costs and returns for a 320 acre farm with above average management, Portales Valley, Roosevelt County, Projected 2015  
 Planting Dates: May 10 - June 10  
 Harvest Dates: October 10 - November 10

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

| PURCHASED INPUTS     | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL    |
|----------------------|---------|------------|------------------|------------|----------|
| SEED                 | \$0.95  | 100 LB     | \$95.00          |            | \$95.00  |
| NITROGEN (N)         | \$0.45  | 50 LB      | \$22.50          |            | \$22.50  |
| PHOSPHATE (P205)     | \$0.40  | 80 LB      | \$32.00          |            | \$32.00  |
| HERBICIDE            | \$16.96 | 1 X/ACRE   | \$16.96          |            | \$16.96  |
| INSECTICIDE (CUSTOM) | \$20.01 | 1 X/ACRE   | \$20.01          |            | \$20.01  |
| FUNGICIDE            | \$37.67 | 1 X/ACRE   | \$37.67          |            | \$37.67  |
| TRACE ELEMENTS       | \$11.92 | 1 X/ACRE   | \$11.92          |            | \$11.92  |
| PUMP WATER*          |         | 24 AC. IN. |                  |            |          |
| SUBTOTAL             |         |            | \$236.05         |            | \$236.05 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
|-----------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.20  | \$4.39      | \$1.27  | \$2.67     | \$9.53   |
| PLOW                  | 185 HP     | 0.48 HR             |                  | \$4.10  | \$15.06     | \$4.97  | \$9.24     | \$33.37  |
| DISC                  | 185 HP     | 0.14 HR             |                  | \$1.20  | \$4.39      | \$1.27  | \$2.67     | \$9.53   |
| FERT SPREADER         | 126 HP     | 0.05 HR             |                  | \$0.43  | \$1.03      | \$0.20  | \$0.41     | \$2.07   |
| SPRAY & DISC          | 185 HP     | 0.17 HR             |                  | \$1.45  | \$5.34      | \$1.66  | \$4.08     | \$12.53  |
| LISTER                | 126 HP     | 0.12 HR             |                  | \$1.03  | \$2.47      | \$0.80  | \$2.02     | \$6.31   |
| TRACK                 | 126 HP     | 0.40 HR             |                  | \$3.42  | \$8.25      | \$1.59  | \$3.30     | \$16.56  |
| PRE-IRRIGATE          |            | 0.75 HR             |                  | \$5.63  | \$14.11     | \$0.00  | \$0.61     | \$20.34  |
| LISTER                | 126 HP     | 0.12 HR             |                  | \$1.03  | \$2.47      | \$0.80  | \$2.02     | \$6.31   |
| ROD WEEDER            | 126 HP     | 0.08 HR             |                  | \$0.68  | \$1.65      | \$0.38  | \$0.95     | \$3.66   |
| PLANTER               | 185 HP     | 0.17 HR             |                  | \$1.45  | \$5.34      | \$1.26  | \$6.39     | \$14.44  |
| CULTIVATOR (2X)       | 126 HP     | 0.26 HR             |                  | \$2.22  | \$5.36      | \$2.00  | \$3.95     | \$13.53  |
| HAND HOE (CUSTOM)     |            |                     | \$12.00          |         |             |         |            | \$12.00  |
| IRRIGATE (3X)         |            | 1.50 HR             |                  | \$11.25 | \$42.32     | \$0.00  | \$1.82     | \$55.39  |
| SUBTOTAL              |            | 4.38 HR             | \$12.00          | \$35.09 | \$112.19    | \$16.20 | \$40.12    | \$215.59 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
|--------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| DIG AND INVERT     | 185 HP     | 0.24 HR             |                  | \$2.05  | \$7.53      | \$1.30  | \$5.14     | \$16.03  |
| COMBINE PEANUTS    | 185 HP     | 0.80 HR             |                  | \$6.84  | \$25.11     | \$5.24  | \$79.71    | \$116.90 |
| HAUL               | 126 HP     | 0.80 HR             |                  | \$6.84  | \$16.50     | \$3.29  | \$14.74    | \$41.36  |
| SUBTOTAL           |            | 1.84 HR             | \$0.00           | \$15.73 | \$49.14     | \$9.82  | \$99.59    | \$174.29 |

| OVERHEAD EXPENSES          | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
|----------------------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| DOWNTIME                   | 0.81 HR             |                  | \$6.90  |             |         |            | \$6.90   |
| EMPLOYEE BENEFITS          |                     |                  | \$9.15  |             |         |            | \$9.15   |
| INSURANCE                  |                     | \$1.02           |         |             |         |            | \$1.02   |
| LAND TAXES                 |                     |                  |         |             |         | \$0.55     | \$0.55   |
| SUPERVISION AND MANAGEMENT |                     |                  | \$33.03 |             |         |            | \$33.03  |
| OTHER EXPENSES             |                     | \$112.16         |         |             |         |            | \$112.16 |
| SUBTOTAL                   | 0.81 HR             | \$113.17         | \$49.08 |             |         | \$0.55     | \$162.81 |

|                          |         |          |         |          |         |          |          |
|--------------------------|---------|----------|---------|----------|---------|----------|----------|
| TOTAL OPERATING EXPENSES | 7.03 HR | \$361.23 | \$99.90 | \$161.33 | \$26.03 | \$140.26 | \$788.74 |
|--------------------------|---------|----------|---------|----------|---------|----------|----------|

|                      |  |  |  |  |  |  |            |
|----------------------|--|--|--|--|--|--|------------|
| NET OPERATING PROFIT |  |  |  |  |  |  | (\$394.84) |
|----------------------|--|--|--|--|--|--|------------|

|                                  |                      |  |  |  |  |  |         |
|----------------------------------|----------------------|--|--|--|--|--|---------|
| INTEREST ON OPERATING CAPITAL    | ( \$155.04 @ 5.50% ) |  |  |  |  |  | \$8.53  |
| INTEREST ON EQUIPMENT INVESTMENT |                      |  |  |  |  |  | \$58.89 |

|                         |  |  |  |  |  |  |            |
|-------------------------|--|--|--|--|--|--|------------|
| RETURN TO LAND AND RISK |  |  |  |  |  |  | (\$462.25) |
|-------------------------|--|--|--|--|--|--|------------|

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

BUDGET SUMMARY

|                               |          |            |                                         |
|-------------------------------|----------|------------|-----------------------------------------|
| GROSS RETURN                  |          | \$393.90   |                                         |
| VARIABLE OPERATING EXPENSES   | \$548.58 |            |                                         |
| RETURN OVER VARIABLE EXPENSES |          | (\$154.68) | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$140.26 |            |                                         |
| NET FARM INCOME               |          | (\$294.94) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$99.90  |            |                                         |
| NET OPERATING PROFIT          |          | (\$394.84) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$67.41  |            |                                         |
| RETURN TO LAND AND RISK       |          | (\$462.25) |                                         |

TABLE 11. Summary of per acre costs and returns for a 320 acre farm with above average management, Roosevelt County, New Mexico, Projected 2015

|                                  | WHEAT     | CORN       | GRAIN<br>SORGHUM | STRIPPER<br>COTTON | PEANUTS    |
|----------------------------------|-----------|------------|------------------|--------------------|------------|
|                                  | BU        | CWT        | CWT              | LBS                | LBS        |
| PRIMARY YIELD                    | 50.00     | 65.00      | 55.00            | 500.00             | 2,600.00   |
| PRIMARY PRICE                    | \$7.00    | \$7.68     | \$7.06           | \$0.85             | \$0.15     |
| GOVERNMENT PAYMENTS              | \$0.00    | \$0.00     | \$0.00           | \$0.00             | \$0.00     |
| SECOND INCOME                    | \$40.00   | \$15.00    | \$9.00           | \$72.00            | \$0.00     |
| GROSS RETURN                     | \$390.00  | \$514.11   | \$397.54         | \$555.35           | \$393.90   |
| CASH OPERATING EXPENSES          |           |            |                  |                    |            |
| SEED                             | \$27.00   | \$91.35    | \$7.86           | \$188.75           | \$95.00    |
| FERTILIZER                       | \$61.00   | \$91.50    | \$61.00          | \$60.00            | \$54.50    |
| CHEMICALS                        | \$20.01   | \$49.80    | \$35.89          | \$46.17            | \$74.64    |
| CROP INSURANCE                   | \$0.74    | \$0.98     | \$0.98           | \$0.71             |            |
| OTHER PURCHASED INPUTS           |           |            |                  |                    | \$11.92    |
| CANAL WATER                      |           |            |                  |                    |            |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$25.85   | \$54.15    | \$53.29          | \$91.10            | \$104.90   |
| FUEL-IRRIGATION                  | \$58.78   | \$89.35    | \$47.02          | \$35.27            | \$56.43    |
| REPAIRS                          | \$7.72    | \$15.52    | \$15.40          | \$22.94            | \$26.03    |
| CUSTOM CHARGES                   | \$28.20   | \$34.45    | \$36.63          | \$92.70            | \$12.00    |
| LAND TAXES                       | \$0.55    | \$0.55     | \$0.55           | \$0.55             | \$0.55     |
| OTHER EXPENSES                   | \$112.69  | \$113.01   | \$112.84         | \$113.02           | \$113.17   |
| TOTAL CASH EXPENSES              | \$342.53  | \$540.65   | \$371.47         | \$651.21           | \$549.13   |
| RETURN OVER CASH EXPENSES        | \$47.47   | (\$26.54)  | \$26.07          | (\$95.86)          | (\$155.23) |
| FIXED EXPENSES                   | \$23.80   | \$40.09    | \$37.69          | \$74.14            | \$139.71   |
| TOTAL EXPENSES                   | \$366.33  | \$580.74   | \$409.16         | \$725.35           | \$688.84   |
| NET FARM INCOME                  | \$23.67   | (\$66.63)  | (\$11.62)        | (\$170.00)         | (\$294.94) |
| LABOR AND MANAGEMENT COSTS       | \$63.76   | \$92.36    | \$76.43          | \$100.62           | \$99.90    |
| NET OPERATING PROFIT             | (\$40.09) | (\$158.99) | (\$88.05)        | (\$270.61)         | (\$394.84) |
| CAPITAL COSTS                    |           |            |                  |                    |            |
| INTEREST ON OPERATING CAPITAL    | \$4.39    | \$8.77     | \$4.67           | \$10.18            | \$8.53     |
| INTEREST ON EQUIPMENT INVESTMENT | \$9.80    | \$17.94    | \$16.71          | \$32.26            | \$58.89    |
| TOTAL CAPITAL COSTS              | \$14.19   | \$26.71    | \$21.38          | \$42.43            | \$67.41    |
| RETURN TO LAND AND RISK          | (\$54.28) | (\$185.69) | (\$109.43)       | (\$313.05)         | (\$462.25) |
| Flex Computation                 | -20.68    | -127.67    | -55.03           | -206.65            | -263.66    |

TABLE 12. Whole farm summary, Portales Valley, Roosevelt County,  
Projected 2015

|                                  |                 |                        |
|----------------------------------|-----------------|------------------------|
| GROSS RETURNS                    |                 |                        |
| WHEAT                            | 68.00 ACRES     |                        |
| CROP                             |                 | \$23,800               |
| GRAZING                          |                 | \$2,720                |
| DIRECT PAYMENT                   |                 | \$0                    |
| COUNTER CYCLICAL PAYMENT         |                 | \$0                    |
| CORN FOR GRAIN                   | 51.00 ACRES     |                        |
| CROP                             |                 | \$25,454               |
| GRAZING                          |                 | \$765                  |
| DIRECT PAYMENT                   |                 | \$0                    |
| COUNTER CYCLICAL PAYMENT         |                 | \$0                    |
| GRAIN SORGHUM                    | 51.00 ACRES     |                        |
| CROP                             |                 | \$19,815               |
| GRAZING                          |                 | \$459                  |
| DIRECT PAYMENT                   |                 | \$0                    |
| COUNTER CYCLICAL PAYMENT         |                 | \$0                    |
| UPLAND COTTON                    | 70.00 ACRES     |                        |
| LINT                             |                 | \$29,750               |
| SEED                             |                 | \$5,040                |
| DIRECT PAYMENT                   |                 | \$0                    |
| PEANUTS                          | 60.00 ACRES     |                        |
| CROP                             |                 | \$23,634               |
| GROSS RETURN                     |                 | <u>\$131,438</u>       |
| CASH OPERATING EXPENSES          |                 |                        |
| SEED                             |                 | \$25,808               |
| FERTILIZER                       |                 | \$19,396               |
| CHEMICALS                        |                 | \$13,441               |
| CROP INSURANCE                   |                 | \$200                  |
| OTHER PURCHASED INPUTS           |                 | \$715                  |
| CANAL WATER                      |                 | \$0                    |
| FUEL, OIL & LUBRICANTS-EQUIPMENT |                 | \$19,908               |
| FUEL-IRRIGATION                  |                 | \$16,806               |
| REPAIRS                          |                 | \$5,269                |
| CUSTOM CHARGES                   |                 | \$12,752               |
| LAND TAXES                       |                 | \$164                  |
| OTHER EXPENSES                   |                 | \$33,883               |
| TOTAL CASH EXPENSES              |                 | <u>\$148,343</u>       |
| RETURN OVER CASH EXPENSES        |                 | (\$16,905)             |
| FIXED EXPENSES                   |                 | \$19,158               |
| TOTAL EXPENSES                   |                 | \$167,500              |
| NET FARM INCOME                  |                 | (\$36,062)             |
| LABOR AND MANAGEMENT COSTS       |                 | \$25,981               |
| NET OPERATING PROFIT             |                 | (\$62,043)             |
| CAPITAL COSTS                    |                 |                        |
| INTEREST ON OPERATING CAPITAL    |                 | \$2,208                |
| INTEREST ON EQUIPMENT INVESTMENT |                 | \$8,224                |
| TOTAL CAPITAL COSTS              |                 | <u>\$10,432</u>        |
| RETURN TO LAND AND RISK          |                 | <u>(\$72,475)</u>      |
|                                  |                 |                        |
| LAND VALUE                       | RETURN TO RISK* | RETURN ON INVESTMENT** |
| \$500 /ACRE                      | (\$77,275)      | -21.05%                |
| \$750 /ACRE                      | (\$79,675)      | -16.56%                |
| \$1,000 /ACRE                    | (\$82,075)      | -13.64%                |
| \$1,250 /ACRE                    | (\$84,475)      | -11.60%                |
| \$1,500 /ACRE                    | (\$86,875)      | -10.09%                |
| \$1,750 /ACRE                    | (\$89,275)      | -8.93%                 |
| \$2,000 /ACRE                    | (\$91,675)      | -8.01%                 |

\* 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)