

TABLE 1. Acreage Summary, Lea County,  
Projected 2016

BUDGET AREA.....	SOUTHERN HIGH PLAINS, LEA COUNTY
FARM SIZE.....	1600 ACRES
IRRIGATION TYPE.....	DRYLAND
NUMBER OF CROPS.....	2

  

ACREAGE SUMMARY:	LAND USE (ACRES)
WHEAT	680.00
ARP	0.00
FLEX IN WHEAT	120.00
GRAIN SORGHUM	646.00
ARP	0.00
FLEX IN WHEAT	114.00
FALLOW	0.00
ROADS, HOMESTEAD	40.00
<b>TOTAL</b>	<b>1,600.00</b>

TABLE 2. Basic cost information for Lea County,  
Projected 2016

Item			
<b>Labor Wage Rate:</b>			
Equipment operators		\$/hour	\$8.55
General & Irrigators		\$/hour	\$7.50
<b>Purchased Inputs:</b>			
<b>Fertilizer:</b>			
Nitrogen (N)		\$/pound	\$0.48
Phosphate (P205)		\$/pound	\$0.61
<b>Seed:</b>			
Wheat		\$/pound	\$0.30
Grain Sorghum		\$/pound	\$1.70
<b>Fuel:</b>			
Diesel fuel		\$/gallon	\$2.55
Gasoline		\$/gallon	\$2.40
Employee Liability Insurance		\$/ \$1,000 wages	\$20.00
Employee Benefits		percent/wages	18.00%
Labor Downtime		percent	25.00%
<b>Financial Rates:</b>			
Operating Capital Interest Rate		percent	5.50%
Land Interest Rate		percent	5.00%
Equipment Interest Rate		percent	5.50%
Real Interest Rate		percent	3.00%
Land Taxes		\$40.00 /acre (full value)	\$0.40
Personal Property Tax Rate	- NR	\$/ \$1,000 (Assessed Value)	\$29.65
	- R		\$24.47
Supervision Factor		\$/labor hour	\$0.50
Management Rate		percent	7.00%

TABLE 3. Overhead cost information for Lea County,  
Projected 2016

Item			
Electricity (Domestic & Shop)		\$250.00 per month	\$3,000
Telephone		\$125.00 per month	\$1,500
Accounting & Legal			\$1,825
Misc. Supplies & Hand Tools			\$2,744
Pickup and Auto			
miles	38,750	@ \$0.500 per mile	\$19,375
<b>Insurance</b>			
- general liability (non-employee)			\$1,919
- fire/theft			\$1,519
<b>Property Taxes</b>			
- non-planted land			\$0
- other than land & machinery			\$6,010
Building repairs and maintenance			\$1,456
Dues, fees, publications			\$438
Farmstead Equipment			\$188
		<b>Total</b>	<b>\$39,973</b>
<b>Total per planted acre</b>			<b>\$25.62</b>

TABLE 5. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County,  
 Projected 2016  
 Planting dates: August 15 - September 30  
 Harvest dates: June 15 - July 5

ITEM	PRICE	YIELD	BASE	TOTAL
<b>GROSS RETURNS</b>				
WHEAT	\$5.00	20.00 BUSHEL		\$100.00
DIRECT PAYMENT	\$0.00	20.00 BUSHEL	0.85	\$0.00
COUNTER CYCLICAL PAYMENT	\$0.00			\$0.00
<b>TOTAL</b>				<b>\$100.00</b>

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$0.30	30 LBS	\$9.00		\$9.00
NITROGEN (N)	\$0.48	16 LBS	\$7.68		\$7.68
PHOSPHATE (P205)	\$0.61	20 LBS	\$12.20		\$12.20
INSECTICIDE	\$16.99	1 X/ACRE	\$16.99		\$16.99
CROP INSURANCE	\$0.05		\$0.05		\$0.05
<b>SUBTOTAL</b>			<b>\$45.92</b>		<b>\$45.92</b>

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
CHISEL	225 HP	0.05 HR		\$0.43	\$1.44	\$0.81	\$1.89	\$4.56
DRILL	225 HP	0.05 HR		\$0.43	\$1.44	\$0.58	\$3.14	\$5.58
FERT SPREADER	225 HP	0.05 HR		\$0.43	\$1.44	\$0.39	\$1.36	\$3.61
<b>SUBTOTAL</b>		<b>0.15 HR</b>	<b>\$0.00</b>	<b>\$1.28</b>	<b>\$4.31</b>	<b>\$1.78</b>	<b>\$6.39</b>	<b>\$13.76</b>

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.20	\$2.98	\$3.56	\$6.45	\$14.19
HAUL	2 TON	0.14 HR		\$1.20	\$2.27	\$0.96	\$3.09	\$7.52
<b>SUBTOTAL</b>		<b>0.28 HR</b>	<b>\$0.00</b>	<b>\$2.39</b>	<b>\$5.25</b>	<b>\$4.52</b>	<b>\$9.54</b>	<b>\$21.71</b>

OVERHEAD EXPENSES	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
DOWNTIME	0.11 HR		\$0.92				\$0.92
EMPLOYEE BENEFITS			\$0.66				\$0.66
INSURANCE		\$0.07					\$0.07
LAND TAXES						\$0.40	\$0.40
SUPERVISION AND MANAGEMENT			\$10.23				\$10.23
OTHER EXPENSES		\$25.62					\$25.62
<b>SUBTOTAL</b>	<b>0.11 HR</b>	<b>\$25.70</b>	<b>\$11.81</b>			<b>\$0.40</b>	<b>\$37.90</b>

<b>TOTAL OPERATING EXPENSES</b>	<b>0.54 HR</b>	<b>\$71.62</b>	<b>\$15.48</b>	<b>\$9.56</b>	<b>\$6.30</b>	<b>\$16.32</b>	<b>\$119.28</b>
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<b>NET OPERATING PROFIT</b>							<b>(\$19.28)</b>
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INTEREST ON OPERATING CAPITAL	(	\$25.30	@	5.50%	)		\$1.39
INTEREST ON EQUIPMENT INVESTMENT							\$5.52

<b>RETURN TO LAND AND RISK</b>							<b>(\$26.20)</b>
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BUDGET SUMMARY

GROSS RETURN		\$100.00	
VARIABLE OPERATING EXPENSES	\$87.48		
RETURN OVER VARIABLE EXPENSES		\$12.52	(GROSS MARGIN)
FIXED EXPENSES	\$16.32		
NET FARM INCOME		(\$3.80)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$15.48		
NET OPERATING PROFIT		(\$19.28)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$6.91		
RETURN TO LAND AND RISK		(\$26.20)	

TABLE 6. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County,  
 Projected 2016  
 Planting dates: May 15 - June 10  
 Harvest dates: October 15 - November 15

ITEM	PRICE	YIELD	BASE						TOTAL	
<b>GROSS RETURNS</b>										
GRAIN SORGHUM	\$5.91	12.00 CWT							\$70.97	
COUNTER CYCLICAL PAYMENT	\$0.00	0.00 CWT							\$0.00	
DIRECT PAYMENT	\$0.00	12.00 CWT	0.85						\$0.00	
<b>TOTAL</b>									<b>\$70.97</b>	
<b>PURCHASED INPUTS</b>										
PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS						FIXED COST	TOTAL
SEED	\$1.70	3 LBS	\$5.10						\$5.10	
NITROGEN (N)	\$0.48	16 LBS	\$7.68						\$7.68	
PHOSPHATE (P205)	\$0.61	20 LBS	\$12.20						\$12.20	
HERBICIDE	\$18.82	1 X/ACRE	\$18.82						\$18.82	
CROP INSURANCE	\$0.08		\$0.08						\$0.08	
<b>SUBTOTAL</b>			<b>\$43.87</b>						<b>\$43.87</b>	
<b>PREHARVEST OPERATIONS</b>										
PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL		
FERT SPREADER	225 HP	0.05 HR		\$0.43	\$1.44	\$0.39	\$1.36	\$3.61		
CHISEL & SPRAY	225 HP	0.07 HR		\$0.60	\$2.01	\$1.21	\$3.14	\$6.96		
PLANTER	225 HP	0.08 HR		\$0.68	\$2.30	\$0.95	\$4.93	\$8.87		
CULTIVATOR (2X)	225 HP	0.12 HR		\$1.03	\$3.45	\$1.68	\$4.37	\$10.53		
<b>SUBTOTAL</b>		<b>0.32 HR</b>		<b>\$2.74</b>	<b>\$9.20</b>	<b>\$4.24</b>	<b>\$13.81</b>	<b>\$29.98</b>		
<b>HARVEST OPERATIONS</b>										
COMBINE		0.14 HR		\$1.20	\$2.98	\$3.89	\$6.45	\$14.52		
HAUL	2 TON	0.14 HR		\$1.20	\$2.27	\$1.09	\$3.09	\$7.65		
<b>SUBTOTAL</b>		<b>0.28 HR</b>		<b>\$2.39</b>	<b>\$5.25</b>	<b>\$4.98</b>	<b>\$9.54</b>	<b>\$22.17</b>		
<b>OVERHEAD EXPENSES</b>										
DOWNTIME		0.15 HR		\$1.28				\$1.28		
EMPLOYEE BENEFITS				\$0.92				\$0.92		
INSURANCE			\$0.10					\$0.10		
LAND TAXES							\$0.40	\$0.40		
SUPERVISION AND MANAGEMENT				\$9.47				\$9.47		
OTHER EXPENSES			\$25.62					\$25.62		
<b>SUBTOTAL</b>		<b>0.15 HR</b>	<b>\$25.73</b>	<b>\$11.67</b>			<b>\$0.40</b>	<b>\$37.80</b>		
<b>TOTAL OPERATING EXPENSES</b>		<b>0.75 HR</b>	<b>\$69.60</b>	<b>\$16.80</b>	<b>\$14.45</b>	<b>\$9.22</b>	<b>\$23.74</b>	<b>\$133.81</b>		
<b>NET OPERATING PROFIT</b>								<b>(\$62.84)</b>		
INTEREST ON OPERATING CAPITAL		( \$26.15 @	5.50%	)				\$1.44		
INTEREST ON EQUIPMENT INVESTMENT								\$8.25		
<b>RETURN TO LAND AND RISK</b>								<b>(\$72.53)</b>		

**BUDGET SUMMARY**

GROSS RETURN		\$70.97	
VARIABLE OPERATING EXPENSES	\$93.26		
RETURN OVER VARIABLE EXPENSES		(\$22.29)	(GROSS MARGIN)
FIXED EXPENSES	\$23.74		
NET FARM INCOME		(\$46.04)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$16.80		
NET OPERATING PROFIT		(\$62.84)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$9.69		
<b>RETURN TO LAND AND RISK</b>		<b>(\$72.53)</b>	

TABLE 7. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Projected 2016

	WHEAT	GRAIN SORGHUM
	BU	CWT
PRIMARY YIELD	20.00	12.00
PRIMARY PRICE	\$5.00	\$5.91
GOVERNMENT PAYMENTS	\$0.00	\$0.00
SECOND INCOME	\$0.00	\$0.00
GROSS RETURN	\$100.00	\$70.97
VARIABLE OPERATING EXPENSES		
SEED	\$9.00	\$5.10
FERTILIZER	\$19.88	\$19.88
CHEMICALS	\$16.99	\$18.82
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$9.56	\$14.45
FUEL-IRRIGATION		
REPAIRS	\$6.30	\$9.22
CUSTOM CHARGES	\$0.00	\$0.00
LAND TAXES	\$0.40	\$0.40
OTHER EXPENSES	\$25.70	\$25.73
TOTAL VARIABLE EXPENSES	\$87.87	\$93.66
RETURN OVER VARIABLE EXPENSES	\$12.13	(\$22.69)
FIXED EXPENSES	\$15.93	\$23.35
TOTAL EXPENSES	\$103.80	\$117.01
RETURNS TO CAPITAL, LABOR, LAND & RISK	(\$3.80)	(\$46.04)
LABOR AND MANAGEMENT COSTS	\$15.48	\$16.80
RETURNS TO CAPITAL, LAND & RISK	(\$19.28)	(\$62.84)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.39	\$1.44
INTEREST ON EQUIPMENT INVESTMENT	\$5.52	\$8.25
TOTAL CAPITAL COSTS	\$6.91	\$9.69
RETURN TO LAND AND RISK	(\$26.20)	(\$72.53)

TABLE 8. Whole farm summary, Lea County,  
Projected 2016

GROSS RETURNS		
WHEAT	914.00 ACRES	
CROP		\$91,400
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$0
GRAIN SORGHUM	646.00 ACRES	
CROP		\$45,848
DIRECT PAYMENT		\$0
GROSS RETURN		<u>\$137,248</u>
VARIABLE OPERATING EXPENSES		
SEED		\$11,521
FERTILIZER		\$31,013
CHEMICALS		\$27,680
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$18,074
FUEL-IRRIGATION		\$0
REPAIRS		\$11,710
CUSTOM CHARGES		\$0
LAND TAXES		\$617
OTHER EXPENSES		\$40,106
TOTAL VARIABLE EXPENSES		<u>\$140,820</u>
RETURN OVER VARIABLE EXPENSES		(\$3,573)
FIXED EXPENSES		\$29,641
TOTAL EXPENSES		\$170,461
NET FARM INCOME		(\$33,214)
LABOR AND MANAGEMENT COSTS		\$25,006
NET OPERATING PROFIT		(\$58,220)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$2,201
INTEREST ON EQUIPMENT INVESTMENT		\$10,378
TOTAL CAPITAL COSTS		<u>\$12,579</u>
RETURN TO LAND AND RISK		<u>(\$70,799)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$77,999)	-14.20%
\$200 /ACRE	(\$80,399)	-11.88%
\$250 /ACRE	(\$82,799)	-10.22%
\$300 /ACRE	(\$85,199)	-8.96%
\$350 /ACRE	(\$87,599)	-7.98%

\* 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)