

TABLE 1. Acreage Summary, Otero County,  
Projected 2016

| BUDGET AREA..... DELL CITY AREA, OTERO COUNTY |                     |                   |                 |
|---|---------------------|-------------------|-----------------|
| FARM SIZE..... 640 ACRES                      |                     |                   |                 |
| IRRIGATION TYPE..... PIVOT/FLOOD              |                     |                   |                 |
| NUMBER OF CROPS... 5                          |                     |                   |                 |
| WATER USE                                     |                     |                   |                 |
| ACREAGE SUMMARY:                              | LAND USE<br>(ACRES) | AC.IN.<br>PER AC. | TOTAL<br>AC.IN. |
| ALFALFA ESTABLISHMENT                         | 55.00 *             | 6                 | 330             |
| ALFALFA                                       | 200.00              | 40                | 8,000           |
| WHEAT   | 280.00              | 25                | 7,000           |
| ARP   | 0.00                |                   |                 |
| FLEX IN COTTON                                | 30.00               | 30                | 900             |
| WHITE CORN                                    | 50.00               | 48                | 2,400           |
| COTTON  | 42.50               | 30                | 1,275           |
| ARP   | 0.00                |                   |                 |
| FLEX IN COTTON                                | 7.50                | 30                | 225             |
| GRAIN SORGHUM                                 | 25.50               | 36                | 918             |
| ARP   | 0.00                |                   |                 |
| FLEX IN COTTON                                | 4.50                | 30                | 135             |
| ROADS, CORNERS,<br>DITCHES, HOMESTEAD         | 30.00               |                   |                 |
| TOTAL   | 670.00              |                   | 21,183          |
| ACRE FEET PER ACRE OF WATER RIGHTS            |                     |                   | 2.63            |

\* DOUBLE-CROPPED

TABLE 2. Basic cost information for Dell City area, Otero County,  
Projected 2016

| Item                            |                             |  |
|---------------------------------|-----------------------------|--|
| Labor Wage Rate:                |                             |  |
| Equipment operators             | \$/hour                     | \$8.55   |
| General & Irrigators            | \$/hour                     | \$7.50   |
| Purchased Inputs:               |                             |  |
| Fertilizer:                     |                             |  |
| Nitrogen (N)                    | \$/pound                    | \$0.48   |
| Phosphate (P205)                | \$/pound                    | \$0.61   |
| Anhydrous Ammonia (NH3)         | \$/ton                      | \$678.00   |
| Seed:                           |                             |  |
| Alfalfa                         | \$/pound                    | \$6.00   |
| Wheat                           | \$/pound                    | \$0.30   |
| White Corn                      | \$/bag                      | \$185.00   |
| Cotton                          | \$/pound                    | \$7.55   |
| Diesel fuel                     | \$/gallon                   | \$2.55   |
| Gasoline                        | \$/gallon                   | \$2.40   |
| Electricity (Rio Grande Elec)   | cents/KwHr                  | 7.34   |
| LP Gas                          | \$/gallon                   | \$2.65   |
| Baling Wire                     | \$/pound                    | \$1.68   |
| 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                     | 5.50%  |
| Land Interest Rate              | percent                     | 5.00%  |
| Equipment Interest Rate         | percent                     | 5.50%  |
| Real Interest Rate              | percent                     | 3.00%  |
| Land Taxes                      | \$300.00 /acre (full value) | \$2.46   |
| Personal Property Tax Rate      | - NR<br>- R                 | \$/ \$1,000 (Assessed Value)<br>\$24.57<br>\$21.37 |
| 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 Dell City area, Otero County,  
Projected 2016

| Item                               |                           |          |
|------------------------------------|---------------------------|----------|
| Electricity (Domestic & Shop)      | \$250.00 per month        | \$3,000  |
| Telephone                          | \$243.75 per month        | \$2,925  |
| Accounting & Legal                 |                           | \$1,831  |
| Misc. Supplies & Hand Tools        |                           | \$5,675  |
| Pickup and Auto                    |                           |          |
| miles                              | 64,375 @ \$0.500 per mile | \$32,188 |
| Insurance                          |                           |          |
| - general liability (non-employee) |                           | \$1,975  |
| - fire/theft                       |                           | \$1,563  |
| Property Taxes                     |                           |          |
| - non-planted land                 |                           | \$0      |
| - other than land & machinery      |                           | \$6,010  |
| Building repairs and maintenance   |                           | \$1,500  |
| Dues, fees, publications           |                           | \$450    |
| Farmstead Equipment                |                           | \$200    |
| Total                              |                           | \$57,316 |
| Total per planted acre             |                           | \$89.56  |

TABLE 6. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2016  
Planting dates: August 1 - September 1

| ITEM                            | PRICE         | QUANTITY               | PURCHASED<br>INPUTS |         |                |         |               | TOTAL    |
|---------------------------------|---------------|------------------------|---------------------|---------|----------------|---------|---------------|----------|
| <b>PURCHASED INPUTS</b>         |               |                        |                     |         |                |         |               |          |
| SEED                            | \$6.00        | 30 LBS                 | \$180.00            |         |                |         |               | \$180.00 |
| PUMP WATER*                     |               | 6 AC. IN.              |                     |         |                |         |               |          |
| SUBTOTAL                        |               |                        | \$180.00            |         |                |         |               | \$180.00 |
| <b>PREHARVEST OPERATIONS</b>    |               |                        |                     |         |                |         |               |          |
|                                 | POWER<br>UNIT | ACCOMPLISHMENT<br>RATE | PURCHASED<br>INPUTS | LABOR   | FUEL &<br>LUBE | REPAIRS | FIXED<br>COST | TOTAL    |
| DISC                            | 155 HP        | 0.14 HR                |                     | \$1.20  | \$3.20         | \$1.27  | \$2.70        | \$8.38   |
| CHISEL                          | 155 HP        | 0.20 HR                |                     | \$1.71  | \$4.57         | \$1.37  | \$4.64        | \$12.30  |
| PLOW                            | 155 HP        | 0.48 HR                |                     | \$4.10  | \$10.97        | \$4.97  | \$12.07       | \$32.12  |
| DISC (2X)                       | 155 HP        | 0.28 HR                |                     | \$2.39  | \$6.40         | \$2.55  | \$5.41        | \$16.76  |
| DRAG (2X)                       | 155 HP        | 0.30 HR                |                     | \$2.57  | \$6.86         | \$1.62  | \$5.24        | \$16.28  |
| DRILL                           | 93 HP         | 0.12 HR                |                     | \$1.03  | \$1.75         | \$0.32  | \$2.32        | \$5.42   |
| IRRIGATE (3X)                   |               | 0.30 HR                |                     | \$2.25  | \$15.20        | \$0.00  | \$2.02        | \$19.46  |
| SUBTOTAL                        |               | 1.82 HR                |                     | \$15.25 | \$48.96        | \$12.11 | \$34.41       | \$110.72 |
| <b>OVERHEAD EXPENSES</b>        |               |                        |                     |         |                |         |               |          |
| DOWNTIME                        |               | 0.12 HR                |                     | \$0.98  |                |         |               | \$0.98   |
| EMPLOYEE BENEFITS               |               |                        |                     | \$2.74  |                |         |               | \$2.74   |
| INSURANCE                       |               |                        | \$0.30              |         |                |         |               | \$0.30   |
| SUPERVISION AND MANAGEMENT      |               |                        |                     | \$20.88 |                |         |               | \$20.88  |
| SUBTOTAL                        |               | 0.12                   | \$0.30              | \$24.61 |                |         |               | \$24.91  |
| <b>TOTAL OPERATING EXPENSES</b> |               | 1.94 HR                | \$180.30            | \$39.85 | \$48.96        | \$12.11 | \$34.41       | \$315.63 |

TABLE 7. Alfalfa hay, pivot sprinkler-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2016  
Harvesting dates: June 1 - October 10

| ITEM                             | PRICE      | YIELD               |                  |                 |                 |                |                 |                   | TOTAL      |
|----------------------------------|------------|---------------------|------------------|-----------------|-----------------|----------------|-----------------|-------------------|------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                 |                 |                |                 |                   |            |
| ALFALFA HAY                      | \$195.00   | 6.50 TONS (STACKED) |                  |                 |                 |                |                 |                   | \$1,267.50 |
| GRAZING                          | \$15.00    | 1.00 ACRE           |                  |                 |                 |                |                 |                   | \$15.00    |
| <b>TOTAL</b>                     |            |                     |                  |                 |                 |                |                 | <b>\$1,282.50</b> |            |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |                 |                 |                |                 |                   |            |
|                                  | PRICE      | QUANTITY            | PURCHASED INPUTS |                 |                 |                | FIXED COST      | TOTAL             |            |
| NITROGEN (N)                     | \$0.48     | 75 LBS              | \$36.00          |                 |                 |                |                 | \$36.00           |            |
| PHOSPHATE (P2O5)                 | \$0.61     | 200 LBS             | \$122.00         |                 |                 |                |                 | \$122.00          |            |
| INSECTICIDE                      | \$16.03    | 2 X/ACRE            | \$32.05          |                 |                 |                |                 | \$32.05           |            |
| ESTABLISHMENT: Principal         |            | 5 YEARS             |                  |                 |                 |                | \$63.13         | \$63.13           |            |
| : Interest                       |            |                     |                  |                 |                 |                | \$9.61          | \$9.61            |            |
| BALING TWINE                     | \$1.68     | 56 LBS              | \$0.94           |                 |                 |                |                 | \$0.94            |            |
| PUMP WATER*                      |            | 40 AC. IN.          |                  |                 |                 |                |                 |                   |            |
| <b>SUBTOTAL</b>                  |            |                     | <b>\$190.99</b>  |                 |                 |                | <b>\$72.74</b>  | <b>\$263.72</b>   |            |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |                  |                 |                 |                |                 |                   |            |
|                                  | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR           | FUEL & LUBE     | REPAIRS        | FIXED COST      | TOTAL             |            |
| DRAG                             | 93 HP      | 0.15 HR             |                  | \$1.28          | \$2.19          | \$0.14         | \$0.22          | \$3.84            |            |
| IRRIGATE (11X)                   |            | 1.10 HR             |                  | \$8.25          | \$101.31        | \$0.00         | \$13.44         | \$123.00          |            |
| <b>SUBTOTAL</b>                  |            | <b>1.25 HR</b>      |                  | <b>\$9.53</b>   | <b>\$103.50</b> | <b>\$0.14</b>  | <b>\$13.66</b>  | <b>\$126.84</b>   |            |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                 |                 |                |                 |                   |            |
| SWATHER (5X)                     | 16 FT      | 0.55 HR             |                  | \$4.70          | \$5.25          | \$0.80         | \$19.59         | \$30.34           |            |
| BALER (5X)                       | 93 HP      | 0.85 HR             |                  | \$7.27          | \$12.42         | \$0.99         | \$3.59          | \$24.27           |            |
| LOAD (5X)                        | 93 HP      | 1.00 HR             |                  | \$8.55          | \$14.62         | \$24.76        | \$12.89         | \$60.82           |            |
| <b>SUBTOTAL</b>                  |            | <b>2.40 HR</b>      |                  | <b>\$20.52</b>  | <b>\$32.29</b>  | <b>\$26.55</b> | <b>\$36.07</b>  | <b>\$115.42</b>   |            |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                 |                 |                |                 |                   |            |
| DOWNTIME                         |            | 0.60 HR             |                  | \$5.13          |                 |                |                 | \$5.13            |            |
| EMPLOYEE BENEFITS                |            |                     |                  | \$5.41          |                 |                |                 | \$5.41            |            |
| INSURANCE                        |            |                     | \$0.60           |                 |                 |                |                 | \$0.60            |            |
| LAND TAXES                       |            |                     |                  |                 |                 |                | \$2.46          | \$2.46            |            |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$92.08         |                 |                |                 | \$92.08           |            |
| OTHER EXPENSES                   |            |                     | \$89.56          |                 |                 |                |                 | \$89.56           |            |
| <b>SUBTOTAL</b>                  |            | <b>0.60 HR</b>      | <b>\$90.16</b>   | <b>\$102.61</b> |                 |                | <b>\$2.46</b>   | <b>\$195.23</b>   |            |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>4.25 HR</b>      | <b>\$281.14</b>  | <b>\$132.67</b> | <b>\$135.79</b> | <b>\$26.69</b> | <b>\$124.93</b> | <b>\$701.22</b>   |            |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                 |                 |                |                 | <b>\$581.28</b>   |            |
| INTEREST ON OPERATING CAPITAL    |            | (                   | \$126.31         | @               | 5.50%           | )              |                 | \$6.95            |            |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                 |                 |                |                 | \$24.91           |            |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                 |                 |                |                 | <b>\$549.43</b>   |            |

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

**BUDGET SUMMARY**

|                               |          |            |   |
|-------------------------------|----------|------------|---|
| GROSS RETURN                  |          | \$1,282.50 |   |
| VARIABLE OPERATING EXPENSES   | \$443.62 |            |   |
| RETURN OVER VARIABLE EXPENSES |          | \$838.88   | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$124.93 |            |   |
| NET FARM INCOME               |          | \$713.95   | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$132.67 |            |   |
| NET OPERATING PROFIT          |          | \$581.28   | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$31.85  |            |   |
| RETURN TO LAND AND RISK       |          | \$549.43   |   |

TABLE 8. Wheat, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area,  
 Projected 2016  
 Planting dates: August 15 - September 15  
 Harvesting dates: July 15 - July 15

| ITEM                     | PRICE   | YIELD     | BASE | TOTAL           |
|--------------------------|---------|-----------|------|-----------------|
| <b>GROSS RETURNS</b>     |         |           |      |                 |
| WHEAT                    | \$8.33  | 35.00 CWT |      | \$291.67        |
| DIRECT PAYMENT           | \$0.00  | 35.00 CWT | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.00  |           |      | \$0.00          |
| GRAZING                  | \$25.00 | 1.00 ACRE |      | \$25.00         |
| <b>TOTAL</b>             |         |           |      | <b>\$316.67</b> |

| PURCHASED INPUTS                  | PRICE  | QUANTITY   | PURCHASED INPUTS | FIXED COST    | TOTAL          |
|-----------------------------------|--------|------------|------------------|---------------|----------------|
| SEED                              | \$0.30 | 150 LBS    | \$45.00          |               | \$45.00        |
| ANHYDROUS (NH3)                   | \$0.34 | 125 LBS    | \$42.38          |               | \$42.38        |
| LIVESTOCK FAC & EQUIP PUMP WATER* |        | 25 AC. IN. |                  | \$5.00        | \$5.00         |
| CROP INSURANCE                    | \$0.18 |            | \$0.18           |               | \$0.18         |
| <b>SUBTOTAL</b>                   |        |            | <b>\$87.55</b>   | <b>\$5.00</b> | <b>\$92.55</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS       | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|----------------|----------------|---------------|----------------|-----------------|
| DISC                  | 155 HP     | 0.14 HR             |                  | \$1.20         | \$3.20         | \$1.27        | \$2.70         | \$8.38          |
| ANHYDROUS APPL        | 155 HP     | 0.20 HR             | \$7.00           | \$1.71         | \$4.57         | \$1.08        | \$3.34         | \$17.70         |
| DISC                  | 155 HP     | 0.14 HR             |                  | \$1.20         | \$3.20         | \$1.27        | \$2.70         | \$8.38          |
| DRILL                 | 93 HP      | 0.12 HR             |                  | \$1.03         | \$1.75         | \$0.32        | \$2.32         | \$5.42          |
| IRRIGATE (5X)         |            | 2.50 HR             |                  | \$18.75        | \$63.32        | \$0.00        | \$2.03         | \$84.10         |
| <b>SUBTOTAL</b>       |            | <b>3.10 HR</b>      | <b>\$7.00</b>    | <b>\$23.88</b> | <b>\$76.05</b> | <b>\$3.95</b> | <b>\$13.10</b> | <b>\$123.98</b> |

| HARVEST OPERATIONS |  |  |                |               |               |               |               |                |
|--------------------|--|--|----------------|---------------|---------------|---------------|---------------|----------------|
| COMBINE (CUSTOM)   |  |  | \$26.00        |               |               |               |               | \$26.00        |
| <b>SUBTOTAL</b>    |  |  | <b>\$26.00</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$26.00</b> |

| OVERHEAD EXPENSES          |  |                |                |                |  |  |               |                 |
|----------------------------|--|----------------|----------------|----------------|--|--|---------------|-----------------|
| DOWNTIME                   |  | 0.15 HR        |                | \$1.28         |  |  |               | \$1.28          |
| EMPLOYEE BENEFITS          |  |                |                | \$4.30         |  |  |               | \$4.30          |
| INSURANCE                  |  |                | \$0.48         |                |  |  |               | \$0.48          |
| LAND TAXES                 |  |                |                |                |  |  | \$2.46        | \$2.46          |
| SUPERVISION AND MANAGEMENT |  |                |                | \$24.97        |  |  |               | \$24.97         |
| OTHER EXPENSES             |  |                | \$89.56        |                |  |  |               | \$89.56         |
| <b>SUBTOTAL</b>            |  | <b>0.15 HR</b> | <b>\$90.03</b> | <b>\$30.55</b> |  |  | <b>\$2.46</b> | <b>\$123.04</b> |

|                                 |  |                |                 |                |                |               |                |                 |
|---------------------------------|--|----------------|-----------------|----------------|----------------|---------------|----------------|-----------------|
| <b>TOTAL OPERATING EXPENSES</b> |  | <b>3.25 HR</b> | <b>\$210.59</b> | <b>\$54.43</b> | <b>\$76.05</b> | <b>\$3.95</b> | <b>\$20.56</b> | <b>\$365.57</b> |
|---------------------------------|--|----------------|-----------------|----------------|----------------|---------------|----------------|-----------------|

NET OPERATING PROFIT (\$48.90)

|                                  |   |         |   |       |   |  |  |        |
|----------------------------------|---|---------|---|-------|---|--|--|--------|
| INTEREST ON OPERATING CAPITAL    | ( | \$63.78 | @ | 5.50% | ) |  |  | \$3.51 |
| INTEREST ON EQUIPMENT INVESTMENT |   |         |   |       |   |  |  | \$5.33 |

RETURN TO LAND AND RISK (\$57.74)

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

BUDGET SUMMARY

|                               |          |           |   |
|-------------------------------|----------|-----------|---|
| GROSS RETURN                  |          | \$316.67  |   |
| VARIABLE OPERATING EXPENSES   | \$290.58 |           |   |
| RETURN OVER VARIABLE EXPENSES |          | \$26.08   | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$20.56  |           |   |
| NET FARM INCOME               |          | \$5.52    | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$54.43  |           |   |
| NET OPERATING PROFIT          |          | (\$48.90) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$8.84   |           |   |
| RETURN TO LAND AND RISK       |          | (\$57.74) |   |

TABLE 9. White corn, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2016  
 Planting dates: April 15 - May 15  
 Harvesting dates: October 1 - November 15

| ITEM                 | PRICE   | YIELD     | TOTAL           |
|----------------------|---------|-----------|-----------------|
| <b>GROSS RETURNS</b> |         |           |                 |
| CORN                 | \$7.50  | 70.00 CWT | \$525.00        |
| GRAZING              | \$20.00 | 1.00 ACRE | \$20.00         |
| <b>TOTAL</b>         |         |           | <b>\$545.00</b> |

| PURCHASED INPUTS      | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST    | TOTAL           |
|-----------------------|---------|------------|------------------|---------------|-----------------|
| SEED                  | \$1.85  | 25 000     | \$46.25          |               | \$46.25         |
| NITROGEN (N)          | \$0.48  | 30 LBS     | \$14.40          |               | \$14.40         |
| PHOSPHATE (P2O5)      | \$0.61  | 70 LBS     | \$42.70          |               | \$42.70         |
| TRACE ELEMENTS        | \$0.15  | 65 LBS     | \$9.75           |               | \$9.75          |
| ANHYDROUS (NH3)       | \$0.34  | 175 LBS    | \$59.33          |               | \$59.33         |
| INSECTICIDE (CUSTOM)  | \$16.03 | 3 ACRE     | \$48.08          |               | \$48.08         |
| HERBICIDE             | \$9.45  | 1 ACRE     | \$9.45           |               | \$9.45          |
| LIVESTOCK FAC & EQUIP |         |            |                  | \$5.00        | \$5.00          |
| PUMP WATER*           |         | 48 AC. IN. |                  |               | \$0.00          |
| <b>SUBTOTAL</b>       |         |            | <b>\$229.95</b>  | <b>\$5.00</b> | <b>\$234.95</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE     | REPAIRS       | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|---------------|----------------|-----------------|
| DISC                  | 155 HP     | 0.14 HR             |                  | \$1.20         | \$3.20          | \$1.27        | \$2.70         | \$8.38          |
| CHISEL                | 155 HP     | 0.20 HR             |                  | \$1.71         | \$4.57          | \$1.37        | \$4.64         | \$12.30         |
| ANHYDROUS APPL        | 155 HP     | 0.20 HR             | \$7.00           | \$1.71         | \$4.57          | \$1.08        | \$3.34         | \$17.70         |
| DISC & SPRAY          | 155 HP     | 0.19 HR             |                  | \$1.62         | \$4.34          | \$1.87        | \$6.48         | \$14.32         |
| LISTER                | 155 HP     | 0.12 HR             |                  | \$1.03         | \$2.74          | \$0.88        | \$3.42         | \$8.07          |
| PLANTER               | 93 HP      | 0.17 HR             |                  | \$1.45         | \$2.48          | \$0.51        | \$5.65         | \$10.10         |
| ROLLING CULT (3X)     | 93 HP      | 0.39 HR             |                  | \$3.33         | \$5.70          | \$1.82        | \$2.54         | \$13.39         |
| IRRIGATE (8X)         |            | 4.00 HR             |                  | \$30.00        | \$121.57        | \$0.00        | \$3.90         | \$155.47        |
| <b>SUBTOTAL</b>       |            | <b>5.41 HR</b>      | <b>\$7.00</b>    | <b>\$42.06</b> | <b>\$149.19</b> | <b>\$8.80</b> | <b>\$32.67</b> | <b>\$239.73</b> |

| HARVEST OPERATIONS |  |  |                |               |               |               |               |                |
|--------------------|--|--|----------------|---------------|---------------|---------------|---------------|----------------|
| COMBINE (CUSTOM)   |  |  | \$23.25        |               |               |               |               | \$23.25        |
| HAUL (CUSTOM)      |  |  | \$14.00        |               |               |               |               | \$14.00        |
| <b>SUBTOTAL</b>    |  |  | <b>\$37.25</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$37.25</b> |

| OVERHEAD EXPENSES          |  |                |                |                |  |               |  |                 |
|----------------------------|--|----------------|----------------|----------------|--|---------------|--|-----------------|
| DOWNTIME                   |  | 0.27 HR        |                | \$2.33         |  |               |  | \$2.33          |
| EMPLOYEE BENEFITS          |  |                |                | \$7.57         |  |               |  | \$7.57          |
| INSURANCE                  |  |                | \$0.84         |                |  |               |  | \$0.84          |
| LAND TAXES                 |  |                |                |                |  | \$2.46        |  | \$2.46          |
| SUPERVISION AND MANAGEMENT |  |                |                | \$44.27        |  |               |  | \$44.27         |
| OTHER EXPENSES             |  |                | \$89.56        |                |  |               |  | \$89.56         |
| <b>SUBTOTAL</b>            |  | <b>0.27 HR</b> | <b>\$90.40</b> | <b>\$54.16</b> |  | <b>\$2.46</b> |  | <b>\$147.02</b> |

TOTAL OPERATING EXPENSES 5.68 HR \$364.60 \$96.22 \$149.19 \$8.80 \$40.13 \$658.94

NET OPERATING PROFIT (\$113.94)

INTEREST ON OPERATING CAPITAL ( \$154.47 @ 5.50% ) \$8.50  
 INTEREST ON EQUIPMENT INVESTMENT \$12.62

RETURN TO LAND AND RISK (\$135.06)

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

BUDGET SUMMARY

|                               |          |            |   |
|-------------------------------|----------|------------|---|
| GROSS RETURN                  |          | \$545.00   |   |
| VARIABLE OPERATING EXPENSES   | \$522.59 |            |   |
| RETURN OVER VARIABLE EXPENSES |          | \$22.41    | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$40.13  |            |   |
| NET FARM INCOME               |          | (\$17.72)  | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$96.22  |            |   |
| NET OPERATING PROFIT          |          | (\$113.94) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$21.12  |            |   |
| RETURN TO LAND AND RISK       |          | (\$135.06) |   |

TABLE 10. Upland cotton (stripper), flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2016  
 Planting dates: April 15 - May 15  
 Harvesting dates: November 1 - January 15

| ITEM                     | PRICE    | YIELD        | BASE | TOTAL           |
|--------------------------|----------|--------------|------|-----------------|
| <b>GROSS RETURNS</b>     |          |              |      |                 |
| COTTON LINT              | \$0.67   | 1,000.00 LBS |      | \$670.00        |
| COTTON SEED              | \$0.08   | 1,600.00 LBS |      | \$128.00        |
| DIRECT PAYMENT           | \$0.0000 | 1,000.00 LBS | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.0000 | 720.00 LBS   | 0.85 | \$0.00          |
| <b>TOTAL</b>             |          |              |      | <b>\$798.00</b> |

| PURCHASED INPUTS     | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL           |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED                 | \$7.55  | 25 LBS     | \$188.75         |            | \$188.75        |
| NITROGEN (N)         | \$0.48  | 72 LBS     | \$34.56          |            | \$34.56         |
| PHOSPHATE (P2O5)     | \$0.61  | 184 LBS    | \$112.24         |            | \$112.24        |
| HERBICIDE (CUSTOM)   | \$19.93 | 1 X/ACRE   | \$19.93          |            | \$19.93         |
| INSECTICIDE (CUSTOM) | \$18.91 | 1 X/ACRE   | \$18.91          |            | \$18.91         |
| CROP INSURANCE       | \$0.59  | FCIC       | \$0.59           |            | \$0.59          |
| PUMP WATER*          |         | 30 AC. IN. |                  |            |                 |
| <b>SUBTOTAL</b>      |         |            | <b>\$374.98</b>  |            | <b>\$374.98</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE     | REPAIRS        | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|
| DISC                  | 155 HP     | 0.14 HR             |                  | \$1.20         | \$3.20          | \$1.27         | \$2.70         | \$8.38          |
| PLOW                  | 155 HP     | 0.48 HR             |                  | \$4.10         | \$10.97         | \$4.97         | \$12.07        | \$32.12         |
| DISC (2X)             | 155 HP     | 0.28 HR             |                  | \$2.39         | \$6.40          | \$2.55         | \$5.41         | \$16.76         |
| FLOAT (2X)            | 93 HP      | 0.32 HR             |                  | \$2.74         | \$4.68          | \$0.31         | \$0.99         | \$8.71          |
| LISTER                | 155 HP     | 0.12 HR             |                  | \$1.03         | \$2.74          | \$0.88         | \$3.42         | \$8.07          |
| PLANTER               | 155 HP     | 0.17 HR             |                  | \$1.45         | \$3.89          | \$1.26         | \$8.37         | \$14.97         |
| ROLLING CULT. (4X)    | 93 HP      | 0.52 HR             |                  | \$4.45         | \$7.60          | \$2.43         | \$3.38         | \$17.86         |
| HAND HOE (CUSTOM)     |            |                     | \$25.00          |                |                 |                |                | \$25.00         |
| IRRIGATE (6X)         |            | 3.00 HR             |                  | \$22.50        | \$75.98         | \$0.00         | \$2.44         | \$100.92        |
| <b>SUBTOTAL</b>       |            | <b>5.03 HR</b>      | <b>\$25.00</b>   | <b>\$39.86</b> | <b>\$115.47</b> | <b>\$13.67</b> | <b>\$38.78</b> | <b>\$232.77</b> |

| <b>HARVEST OPERATIONS</b> |       |                |                 |                |                |               |                |                 |
|---------------------------|-------|----------------|-----------------|----------------|----------------|---------------|----------------|-----------------|
| COTTON STRIPPER           | 93 HP | 0.62 HR        |                 | \$5.30         | \$9.06         | \$3.49        | \$49.44        | \$67.29         |
| HAUL                      | 93 HP | 1.00 HR        |                 | \$8.55         | \$14.62        | \$0.99        | \$6.87         | \$31.03         |
| GIN COTTON (CUSTOM)       |       |                | \$204.40        |                |                |               |                | \$204.40        |
| <b>SUBTOTAL</b>           |       | <b>1.62 HR</b> | <b>\$204.40</b> | <b>\$13.85</b> | <b>\$23.68</b> | <b>\$4.48</b> | <b>\$56.31</b> | <b>\$302.71</b> |

| <b>POST HARVEST OPERATIONS</b> |       |         |  |        |        |        |        |        |
|--------------------------------|-------|---------|--|--------|--------|--------|--------|--------|
| SHREDDER                       | 93 HP | 0.29 HR |  | \$2.48 | \$4.24 | \$0.33 | \$2.30 | \$9.35 |

| <b>OVERHEAD EXPENSES</b>   |  |                |                |                |  |  |               |                 |
|----------------------------|--|----------------|----------------|----------------|--|--|---------------|-----------------|
| DOWNTIME                   |  | 0.91 HR        |                | \$7.74         |  |  |               | \$7.74          |
| EMPLOYEE BENEFITS          |  |                |                | \$9.67         |  |  |               | \$9.67          |
| INSURANCE                  |  |                | \$1.07         |                |  |  |               | \$1.07          |
| LAND TAXES                 |  |                |                |                |  |  | \$2.46        | \$2.46          |
| SUPERVISION AND MANAGEMENT |  |                |                | \$61.95        |  |  |               | \$61.95         |
| OTHER EXPENSES             |  |                | \$89.56        |                |  |  |               | \$89.56         |
| <b>SUBTOTAL</b>            |  | <b>0.91 HR</b> | <b>\$90.63</b> | <b>\$79.35</b> |  |  | <b>\$2.46</b> | <b>\$172.44</b> |

|                                 |  |                |                 |                 |                 |                |                |                   |
|---------------------------------|--|----------------|-----------------|-----------------|-----------------|----------------|----------------|-------------------|
| <b>TOTAL OPERATING EXPENSES</b> |  | <b>7.85 HR</b> | <b>\$695.01</b> | <b>\$135.54</b> | <b>\$143.38</b> | <b>\$18.48</b> | <b>\$99.85</b> | <b>\$1,092.26</b> |
|---------------------------------|--|----------------|-----------------|-----------------|-----------------|----------------|----------------|-------------------|

|                             |  |  |  |  |  |  |  |                   |
|-----------------------------|--|--|--|--|--|--|--|-------------------|
| <b>NET OPERATING PROFIT</b> |  |  |  |  |  |  |  | <b>(\$294.26)</b> |
|-----------------------------|--|--|--|--|--|--|--|-------------------|

|                                  |   |          |   |       |   |  |  |         |
|----------------------------------|---|----------|---|-------|---|--|--|---------|
| INTEREST ON OPERATING CAPITAL    | ( | \$222.12 | @ | 5.50% | ) |  |  | \$12.22 |
| INTEREST ON EQUIPMENT INVESTMENT |   |          |   |       |   |  |  | \$36.54 |

|                                |  |  |  |  |  |  |  |                   |
|--------------------------------|--|--|--|--|--|--|--|-------------------|
| <b>RETURN TO LAND AND RISK</b> |  |  |  |  |  |  |  | <b>(\$343.01)</b> |
|--------------------------------|--|--|--|--|--|--|--|-------------------|

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

|                               |          |            |   |  |  |  |  |  |
|-------------------------------|----------|------------|---|--|--|--|--|--|
| GROSS RETURN                  |          | \$798.00   |   |  |  |  |  |  |
| VARIABLE OPERATING EXPENSES   | \$856.87 |            |   |  |  |  |  |  |
| RETURN OVER VARIABLE EXPENSES |          | (\$58.87)  | (GROSS MARGIN)                          |  |  |  |  |  |
| FIXED EXPENSES                | \$99.85  |            |   |  |  |  |  |  |
| NET FARM INCOME               |          | (\$158.72) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |  |  |  |  |
| LABOR AND MANAGEMENT COST     | \$135.54 |            |   |  |  |  |  |  |
| NET OPERATING PROFIT          |          | (\$294.26) | (RETURN TO CAPITAL, LAND & RISK)        |  |  |  |  |  |
| CAPITAL COSTS                 | \$48.76  |            |   |  |  |  |  |  |
| RETURN TO LAND AND RISK       |          | (\$343.01) |   |  |  |  |  |  |

TABLE 11. Grain sorghum, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2016  
 Planting dates: May 1 - June 15  
 Harvesting dates: October 15 - November 15

| ITEM                     | PRICE   | YIELD     | BASE | TOTAL           |
|--------------------------|---------|-----------|------|-----------------|
| <b>GROSS RETURNS</b>     |         |           |      |                 |
| GRAIN SORGHUM            | \$5.91  | 50.00 CWT |      | \$295.71        |
| DIRECT PAYMENT           | \$0.00  | 50.00 CWT | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.00  | 0.00 CWT  |      | \$0.00          |
| GRAZING                  | \$10.00 | 1 ACRE    |      | \$10.00         |
| <b>TOTAL</b>             |         |           |      | <b>\$305.71</b> |

| PURCHASED INPUTS      | PRICE   | QUANTITY   | PURCHASED INPUTS | FIXED COST    | TOTAL           |
|-----------------------|---------|------------|------------------|---------------|-----------------|
| SEED                  | \$1.04  | 12 LBS     | \$12.48          |               | \$12.48         |
| ANHYDROUS (NH3)       | \$0.34  | 150 LBS    | \$50.85          |               | \$50.85         |
| NITROGEN (N)          | \$0.48  | 18 LBS     | \$8.64           |               | \$8.64          |
| PHOSPHATE (P2O5)      | \$0.61  | 46 LBS     | \$28.06          |               | \$28.06         |
| INSECTICIDE           | \$14.17 | 1 ACRE     | \$14.17          |               | \$14.17         |
| HERBICIDE             | \$12.26 | 1 ACRE     | \$12.26          |               | \$12.26         |
| LIVESTOCK FAC & EQUIP |         |            |                  | \$5.00        | \$5.00          |
| PUMP WATER            |         | 36 AC. IN. | \$0.00           |               | \$0.00          |
| CROP INSURANCE        | \$1.96  |            |                  |               | \$1.96          |
| <b>SUBTOTAL</b>       |         |            | <b>\$126.46</b>  | <b>\$5.00</b> | <b>\$133.42</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE     | REPAIRS       | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|---------------|----------------|-----------------|
| DISC                  | 155 HP     | 0.14 HR             |                  | \$1.20         | \$3.20          | \$1.27        | \$2.70         | \$8.38          |
| CHISEL                | 155 HP     | 0.20 HR             |                  | \$1.71         | \$4.57          | \$1.37        | \$4.64         | \$12.30         |
| ANHYDROUS APPL        | 155 HP     | 0.20 HR             | \$7.00           | \$1.71         | \$4.57          | \$1.08        | \$3.34         | \$17.70         |
| DISC & SPRAY          | 155 HP     | 0.19 HR             |                  | \$1.62         | \$4.34          | \$1.87        | \$6.48         | \$14.32         |
| LISTER                | 155 HP     | 0.12 HR             |                  | \$1.03         | \$2.74          | \$0.88        | \$3.42         | \$8.07          |
| PLANTER               | 155 HP     | 0.17 HR             |                  | \$1.45         | \$3.89          | \$1.26        | \$8.37         | \$14.97         |
| ROLLING CULT (3X)     | 93 HP      | 0.39 HR             |                  | \$3.33         | \$5.70          | \$1.82        | \$2.54         | \$13.39         |
| IRRIGATE (6X)         |            | 3.00 HR             |                  | \$25.65        | \$91.18         | \$0.00        | \$2.92         | \$119.75        |
| <b>SUBTOTAL</b>       |            | <b>4.41 HR</b>      | <b>\$7.00</b>    | <b>\$37.71</b> | <b>\$120.20</b> | <b>\$9.56</b> | <b>\$34.42</b> | <b>\$208.88</b> |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR         | FUEL & LUBE   | REPAIRS       | FIXED COST    | TOTAL          |
|--------------------|------------|---------------------|------------------|---------------|---------------|---------------|---------------|----------------|
| COMBINE (CUSTOM)   | 14 FT SP   |                     | \$15.00          |               |               |               |               | \$15.00        |
| <b>SUBTOTAL</b>    |            | <b>0.00 HR</b>      | <b>\$15.00</b>   | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$15.00</b> |

| OVERHEAD EXPENSES          | QUANTITY       | PRICE   | TOTAL           |
|----------------------------|----------------|---------|-----------------|
| DOWNTIME                   | 1.10 HR        |         | \$9.43          |
| EMPLOYEE BENEFITS          |                |         | \$6.79          |
| INSURANCE                  |                | \$0.75  | \$0.75          |
| LAND TAXES                 |                |         | \$2.46          |
| SUPERVISION AND MANAGEMENT |                |         | \$23.61         |
| OTHER EXPENSES             |                | \$89.56 | \$89.56         |
| <b>SUBTOTAL</b>            | <b>1.10 HR</b> |         | <b>\$132.59</b> |

TOTAL OPERATING EXPENSES 5.51 HR \$238.77 \$77.52 \$120.20 \$9.56 \$41.87 \$489.89

NET OPERATING PROFIT (\$184.18)

INTEREST ON OPERATING CAPITAL ( \$99.15 @ 5.50% ) \$5.45  
 INTEREST ON EQUIPMENT INVESTMENT \$13.01

RETURN TO LAND AND RISK (\$202.64)

BUDGET SUMMARY

|                               |            |   |
|-------------------------------|------------|---|
| GROSS RETURN                  | \$305.71   |   |
| VARIABLE OPERATING EXPENSES   | \$368.53   |   |
| RETURN OVER VARIABLE EXPENSES | (\$62.82)  | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$41.87    |   |
| NET FARM INCOME               | (\$104.69) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$77.52    |   |
| NET OPERATING PROFIT          | (\$182.22) | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$18.47    |   |
| RETURN TO LAND AND RISK       | (\$200.68) |   |

TABLE 12. Summary of per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2016

|                                  | ALFALFA<br>ESTABLISHMENT | ALFALFA<br>HAY | WHEAT     | WHITE<br>CORN | STRIPPER<br>COTTON | GRAIN<br>SORGHUM |
|----------------------------------|--------------------------|----------------|-----------|---------------|--------------------|------------------|
|                                  |                          | TONS           | CWT       | CWT           | LBS                | CWT              |
| PRIMARY YIELD                    |                          | 6.50           | 35.00     | 70.00         | 1,000.00           | 50.00            |
| PRIMARY PRICE                    |                          | \$195.00       | \$8.33    | \$27.50       | \$0.67             | \$5.91           |
| GOVERNMENT PAYMENTS              |                          | \$0.00         | \$0.00    | \$0.00        | \$0.00             | \$0.00           |
| SECOND INCOME                    |                          | \$15.00        | \$25.00   | \$20.00       | \$128.00           | \$10.00          |
| GROSS RETURN                     |                          | \$1,282.50     | \$316.67  | \$545.00      | \$798.00           | \$305.71         |
| CASH OPERATING EXPENSES          |                          |                |           |               |                    |                  |
| SEED                             | \$180.00                 |                | \$45.00   | \$46.25       | \$188.75           | \$12.48          |
| FERTILIZER                       |                          | \$190.05       | \$42.38   | \$126.18      | \$34.56            | \$87.55          |
| CHEMICALS                        |                          |                |           | \$57.52       | \$38.84            | \$26.43          |
| CROP INSURANCE                   |                          |                | \$0.18    |               | \$0.59             | \$1.96           |
| OTHER PURCHASED INPUTS           |                          | \$0.94         |           |               | \$112.24           |                  |
| CANAL WATER                      |                          |                |           |               |                    |                  |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$33.76                  | \$34.48        | \$12.73   | \$27.62       | \$67.40            | \$29.02          |
| FUEL-IRRIGATION                  | \$15.20                  | \$101.31       | \$63.32   | \$121.57      | \$75.98            | \$91.18          |
| REPAIRS                          | \$12.11                  | \$26.69        | \$3.95    | \$8.80        | \$18.48            | \$9.56           |
| CUSTOM CHARGES                   |                          |                | \$33.00   | \$44.25       | \$229.40           | \$22.00          |
| LAND TAXES                       |                          | \$2.46         | \$2.46    | \$2.46        | \$2.46             | \$2.46           |
| OTHER EXPENSES                   | \$0.30                   | \$90.16        | \$90.03   | \$90.40       | \$90.63            | \$90.31          |
| TOTAL CASH EXPENSES              | \$241.37                 | \$446.08       | \$293.04  | \$525.05      | \$859.33           | \$372.95         |
| RETURN OVER CASH EXPENSES        | (\$241.37)               | \$836.42       | \$23.63   | \$19.95       | (\$61.33)          | (\$67.24)        |
| FIXED EXPENSES                   | \$34.41                  | \$122.47       | \$18.10   | \$37.67       | \$97.39            | \$39.42          |
| TOTAL EXPENSES                   | \$275.78                 | \$568.55       | \$311.14  | \$562.72      | \$956.72           | \$412.37         |
| NET FARM INCOME                  | (\$275.78)               | \$713.95       | \$5.52    | (\$17.72)     | (\$158.72)         | (\$106.65)       |
| LABOR AND MANAGEMENT COSTS       | \$39.85                  | \$132.67       | \$54.43   | \$96.22       | \$135.54           | \$77.52          |
| NET OPERATING PROFIT             | (\$315.63)               | \$581.28       | (\$48.90) | (\$113.94)    | (\$294.26)         | (\$184.18)       |
| CAPITAL COSTS                    |                          |                |           |               |                    |                  |
| INTEREST ON OPERATING CAPITAL    |                          | \$6.95         | \$3.51    | \$8.50        | \$12.22            | \$5.45           |
| INTEREST ON EQUIPMENT INVESTMENT |                          | \$24.91        | \$5.33    | \$12.62       | \$36.54            | \$13.01          |
| TOTAL CAPITAL COSTS              | \$0.00                   | \$31.85        | \$8.84    | \$21.12       | \$48.76            | \$18.47          |
| RETURN TO LAND AND RISK          | (\$315.63)               | \$549.43       | (\$57.74) | (\$135.06)    | (\$343.01)         | (\$202.64)       |



TABLE 13. Whole farm summary, Dell City area, Otero County,  
Projected 2016

|                                  |              |                  |
|----------------------------------|--------------|------------------|
| GROSS RETURNS                    |              |                  |
| ALFALFA HAY                      | 200.00 ACRES |                  |
| CROP                             |              | \$256,500        |
| WHEAT                            | 280.00 ACRES |                  |
| CROP                             |              | \$81,667         |
| GRAZING                          |              | \$7,000          |
| DIRECT PAYMENT                   |              | \$0              |
| COUNTER CYCLICAL PAYMENT         |              | \$0              |
| WHITE CORN                       | 50.00 ACRES  |                  |
| CROP                             |              | \$26,250         |
| GRAZING                          |              | \$1,000          |
| COTTON                           | 84.50 ACRES  |                  |
| LINT                             |              | \$56,615         |
| SEED                             |              | \$10,816         |
| DIRECT PAYMENT                   |              | \$0              |
| COUNTER CYCLICAL PAYMENT         |              | \$0              |
| GRAIN SORGHUM                    | 25.50 ACRES  |                  |
| CROP                             |              | \$7,541          |
| DIRECT PAYMENT                   |              | \$0              |
| COUNTER CYCLICAL PAYMENT         |              | \$0              |
| GRAZING                          |              | \$255            |
| GROSS RETURN                     |              | <u>\$447,643</u> |
| CASH OPERATING EXPENSES          |              |                  |
| SEED                             |              | \$41,080         |
| FERTILIZER                       |              | \$61,337         |
| CHEMICALS                        |              | \$6,832          |
| CROP INSURANCE                   |              | \$266            |
| OTHER PURCHASED INPUTS           |              | \$9,671          |
| CANAL WATER                      |              | \$0              |
| FUEL, OIL & LUBRICANTS-EQUIPMENT |              | \$20,134         |
| FUEL-IRRIGATION                  |              | \$53,651         |
| REPAIRS                          |              | \$9,355          |
| CUSTOM CHARGES                   |              | \$31,398         |
| LAND TAXES                       |              | \$1,572          |
| OTHER EXPENSES                   |              | \$57,739         |
| TOTAL CASH EXPENSES              |              | <u>\$293,035</u> |
| RETURN OVER CASH EXPENSES        |              | \$154,609        |
| FIXED EXPENSES                   |              | \$29,948         |
| TOTAL EXPENSES                   |              | <u>\$322,983</u> |
| NET FARM INCOME                  |              | \$124,661        |
| LABOR AND MANAGEMENT COSTS       |              | \$62,206         |
| NET OPERATING PROFIT             |              | \$62,455         |
| CAPITAL COSTS                    |              |                  |
| INTEREST ON OPERATING CAPITAL    |              | \$3,968          |
| INTEREST ON EQUIPMENT INVESTMENT |              | \$10,524         |
| TOTAL CAPITAL COSTS              |              | <u>\$14,492</u>  |
| RETURN TO LAND AND RISK          |              | <u>\$47,963</u>  |

| LAND VALUE    | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$500 /ACRE   | \$38,363        | 12.95%                 |
| \$750 /ACRE   | \$33,563        | 9.72%                  |
| \$1,000 /ACRE | \$28,763        | 7.78%                  |
| \$1,250 /ACRE | \$23,963        | 6.49%                  |
| \$1,500 /ACRE | \$19,163        | 5.56%                  |

\* 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)