

TABLE 1. Acreage Summary, Lea County,
Projected 2017

| | | |
|----------------------|----------------------------------|--|
| 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 |
| TOTAL | 1,600.00 |

TABLE 2. Basic cost information for Lea County,
Projected 2017

| Item | | |
|---------------------------------|----------------------------|---|
| Labor Wage Rate: | | |
| Equipment operators | \$/hour | \$8.55 |
| General & Irrigators | \$/hour | \$7.50 |
| Purchased Inputs: | | |
| Fertilizer: | | |
| Nitrogen (N) | \$/pound | \$0.22 |
| Phosphate (P205) | \$/pound | \$0.27 |
| Seed: | | |
| Wheat | \$/pound | \$0.44 |
| Grain Sorghum | \$/pound | \$1.70 |
| Fuel: | | |
| Diesel fuel | \$/gallon | \$2.35 |
| Gasoline | \$/gallon | \$2.10 |
| 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 | \$40.00 /acre (full value) | \$0.43 |
| Personal Property Tax Rate | - NR - R | \$/ \$1,000 (Assessed Value) \$26.96 |
| Supervision Factor | \$/labor hour | \$0.50 |
| Management Rate | percent | 7.00% |

TABLE 3. Overhead cost information for Lea County,
Projected 2017

| Item | | | |
|------------------------------------|--------|--------------------|-----------------|
| Electricity (Domestic & Shop) | | \$242.00 per month | \$2,904 |
| Telephone | | \$121.00 per month | \$1,452 |
| Accounting & Legal | | | \$1,767 |
| Misc. Supplies & Hand Tools | | | \$2,656 |
| Pickup and Auto | | | |
| miles | 37,510 | @ \$0.500 per mile | \$18,755 |
| Insurance | | | |
| - general liability (non-employee) | | | \$1,857 |
| - fire/theft | | | \$1,470 |
| Property Taxes | | | |
| - non-planted land | | | \$0 |
| - other than land & machinery | | | \$6,010 |
| Building repairs and maintenance | | | \$1,410 |
| Dues, fees, publications | | | \$424 |
| Farmstead Equipment | | | \$182 |
| | | Total | \$38,886 |
| Total per planted acre | | | \$24.93 |

TABLE 4. Equipment summary for a 1600 acre dryland farm with above average management, Lea County, Projected 2017.

| EQUIPMENT ITEM & SIZE | ANNUAL HOURS OF USE | NUMBER | VARIABLE COSTS | | | | | FIXED COSTS | | |
|------------------------------|---------------------------|--------|----------------|-------------------------|----------|---------------------|------------------|--------------|---------|-----------------|
| | | | TOTAL VALUE | FUEL, OIL, LUBRICANT | REPAIR | FUEL, OIL PER HR | REPAIR PER HR | DEPRECIATION | TAXES | TOTAL PER HR |
| TRACTOR 226 HP | 344 | 1 | \$65,154 | \$9,110 | \$2,690 | \$26.50 | \$7.83 | \$8,694 | \$704 | \$27.34 |
| TRUCK 2 TON | 218 | 1 | \$23,000 | \$3,260 | \$1,759 | \$14.93 | \$8.05 | \$4,600 | \$248 | \$22.20 |
| COMBINE 145 HP | 218 | 1 | \$51,677 | \$4,287 | \$5,392 | \$19.63 | \$24.69 | \$8,864 | \$718 | \$43.87 |
| GRAIN HEAD 22 FT | 218 | 1 | \$3,600 | | \$513 | | \$2.35 | \$501 | \$41 | \$2.48 |
| CULTIVATOR 12 ROW | 78 | 1 | \$5,000 | | \$481 | | \$6.20 | \$667 | \$54 | \$9.30 |
| CHISEL 40 FT | 91 | 1 | \$6,750 | | \$761 | | \$8.37 | \$900 | \$73 | \$10.70 |
| SPRAYER 12 ROW | 45 | 1 | \$2,250 | | \$49 | | \$1.08 | \$300 | \$24 | \$7.17 |
| PLANTER 12 ROW | 52 | 1 | \$8,500 | | \$211 | | \$4.08 | \$1,700 | \$92 | \$34.67 |
| DRILL 40 FT | 46 | 1 | \$7,750 | | \$170 | | \$3.72 | \$1,550 | \$84 | \$35.75 |
| FERT SPREADER DEALER FURNISH | 78 | 1 | | | | | | | | |
| | | | \$173,681 | \$16,657 | \$12,026 | | | \$27,776 | \$2,037 | |

EQUIPMENT LIST

| ITEM | NEW VALUE | USED VALUE | YEARS LIFE | EQUIP CODE | MAX HOURS | FUEL UNIT/HR | LUBE COEF | ACCUM HOURS | INTEREST AGE | EXPENSE |
|--------------------------------|-----------|------------|------------|------------|-----------|--------------|-----------|-------------|--------------|----------|
| TRACTOR 226 HP | 130,417 | 65,154 | 15 | 1 | 800 | 10.25 | 0.10 | 2062.92 | 6 | 3,586.47 |
| TRUCK 2 TON | 46,000 | 23,000 | 10 | 6 | 800 | 6.05 | 0.05 | 2839.20 | 13 | 1,265.00 |
| COMBINE 145 HP | 132,955 | 51,677 | 15 | 2 | 300 | 6.96 | 0.20 | 2839.20 | 13 | 3,656.26 |
| GRAIN HEAD 22 FT | 7,520 | 3,600 | 15 | 2 | 300 | | | 2839.20 | 13 | 206.80 |
| CULTIVATOR 12 ROW | 10,000 | 5,000 | 15 | 3 | 500 | | | 1240.32 | 16 | 275.00 |
| CHISEL 40 FT | 13,500 | 6,750 | 15 | 3 | 300 | | | 1363.80 | 15 | 371.25 |
| SPRAYER 12 ROW | 4,500 | 2,250 | 15 | 8 | 250 | | | 678.30 | 15 | 123.75 |
| PLANTER 12 ROW | 17,000 | 8,500 | 10 | 8 | 250 | | | 671.84 | 13 | 467.50 |
| DRILL 40 FT | 15,500 | 7,750 | 10 | 8 | 100 | | | 594.10 | 13 | 426.25 |
| FERT SPREADER DEALER FURNISHED | | | | | 100 | | | 1404.00 | 18 | |

USAGE LIST

| WHEAT | PER ACRE | |
|--------------------------|----------|--------|
| | MILO | TOTALS |
| -----hours per acre----- | | |
| | 0.15 | 0.32 |
| | 0.14 | 0.14 |
| | 0.14 | 0.14 |
| | 0.14 | 0.14 |
| | 0.00 | 0.12 |
| | 0.05 | 0.07 |
| | 0.00 | 0.07 |
| | 0.00 | 0.08 |
| | 0.05 | 0.00 |
| | 0.05 | 0.10 |

INTEREST PRORATION

| WHEAT | MILO |
|----------------------------|------|
| -----dollars per acre----- | |
| 1.56 | 3.34 |
| 0.81 | 0.81 |
| 2.34 | 2.34 |
| 0.13 | 0.13 |
| 0.00 | 0.43 |
| 0.20 | 0.29 |
| 0.00 | 0.19 |
| 0.00 | 0.72 |
| 0.47 | 0.00 |
| 5.52 | 8.25 |

WHEAT

| MACHINE | POWER UNIT | ACRES | PUMP WATER: ACCOMPLISHMENT | | |
|---------------|------------|-------|----------------------------|------|--------------|
| | | | TIMES OVER | RATE | TOTAL CUSTOM |
| CHISEL | 225 HP | 914 | 1.00 | 0.05 | 0.05 |
| DRILL | 225 HP | 914 | 1.00 | 0.05 | 0.05 |
| FERT SPREADER | 225 HP | 914 | 1.00 | 0.05 | 0.05 |
| COMBINE HAUL | 2 TON | 914 | 1.00 | 0.14 | 0.14 |

GRAIN SORGHUM

| MACHINE | POWER UNIT | ACRES | PUMP WATER: ACCOMPLISHMENT | | |
|-----------------|------------|-------|----------------------------|------|--------------|
| | | | TIMES OVER | RATE | TOTAL CUSTOM |
| FERT SPREADER | 225 HP | 646 | 1.00 | 0.05 | 0.05 |
| CHISEL & SPRAY | 225 HP | 646 | 1.00 | 0.07 | 0.07 |
| PLANTER | 225 HP | 646 | 1.00 | 0.08 | 0.08 |
| CULTIVATOR (2X) | 225 HP | 646 | 2.00 | 0.06 | 0.12 |
| COMBINE HAUL | 2 TON | 646 | 1.00 | 0.14 | 0.14 |

ANNUAL REPAIR COSTS AS A PERCENT OF NEW VALUE

| Hours of Use | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 0 | 0.000060 | 0.000020 | 0.000020 | 0.000020 | 0.000060 | 0.000140 | 0.000040 | 0.000240 | 0.000200 |
| 50 | 0.000060 | 0.000020 | 0.000020 | 0.000020 | 0.000080 | 0.000140 | 0.000040 | 0.000240 | 0.000200 |
| 100 | 0.000060 | 0.000020 | 0.000020 | 0.000020 | 0.000140 | 0.000220 | 0.000100 | 0.000380 | 0.000300 |
| 200 | 0.000030 | 0.000030 | 0.000430 | 0.000040 | 0.000180 | 0.000260 | 0.000110 | 0.000510 | 0.000260 |
| 300 | 0.000030 | 0.000050 | 0.000050 | 0.000050 | 0.000230 | 0.000310 | 0.000140 | 0.000630 | 0.000400 |
| 400 | 0.000030 | 0.000060 | 0.000370 | 0.000090 | 0.000260 | 0.000340 | 0.000150 | 0.000710 | 0.000450 |
| 500 | 0.000030 | 0.000070 | 0.000360 | 0.000100 | 0.000280 | 0.000370 | 0.000170 | 0.000800 | 0.000530 |
| 600 | 0.000030 | 0.000080 | 0.000340 | 0.000120 | 0.000310 | 0.000390 | 0.000190 | 0.000860 | 0.000530 |
| 700 | 0.000030 | 0.000100 | 0.000340 | 0.000130 | 0.000330 | 0.000410 | 0.000200 | 0.000910 | 0.000560 |
| 800 | 0.000030 | 0.000110 | 0.000320 | 0.000150 | 0.000350 | 0.000430 | 0.000210 | 0.000980 | 0.000590 |
| 900 | 0.000030 | 0.000120 | 0.000320 | 0.000160 | 0.000370 | 0.000450 | 0.000220 | 0.001020 | 0.000600 |
| 1000 | 0.000030 | 0.000130 | 0.000310 | 0.000180 | 0.000390 | 0.000460 | 0.000230 | 0.001070 | 0.000630 |
| 1200 | 0.000045 | 0.000145 | 0.000305 | 0.000205 | 0.000405 | 0.000480 | 0.000245 | 0.001135 | 0.000710 |
| 1400 | 0.000045 | 0.000170 | 0.000300 | 0.000230 | 0.000435 | 0.000510 | 0.000240 | 0.001260 | 0.000765 |
| 1500 | 0.000150 | 0.000170 | 0.000300 | 0.000230 | 0.000435 | 0.000510 | 0.000240 | 0.001260 | 0.000765 |
| 1600 | 0.000150 | 0.000190 | 0.000285 | 0.000255 | 0.000465 | 0.000525 | 0.000135 | 0.001235 | 0.000805 |
| 1800 | 0.000075 | 0.000170 | 0.000285 | 0.000285 | 0.000485 | 0.000550 | 0.000295 | | |
| 2000 | 0.000110 | 0.000265 | 0.000280 | 0.000305 | 0.000505 | 0.000565 | 0.000310 | | |
| 2500 | 0.000056 | | | | | | | | |
| 3000 | 0.000070 | | | | | | | | |
| 3500 | 0.000082 | | | | | | | | |
| 4000 | 0.000096 | | | | | | | | |
| 4500 | 0.000108 | | | | | | | | |
| 5000 | 0.000122 | | | | | | | | |
| 5500 | 0.000136 | | | | | | | | |
| 6000 | 0.000148 | | | | | | | | |
| 6500 | 0.000162 | | | | | | | | |
| 7000 | 0.000176 | | | | | | | | |
| 7500 | 0.000188 | | | | | | | | |
| 8000 | 0.000204 | | | | | | | | |

* Based on unpublished data of D. R. Hunt, Department of Agricultural Engineering, University of Illinois.

** Based on "Agricultural Machinery Data" in Agricultural Engineers Yearbook, 1983.

Codes

- 1 tractors
- 2 balers, combines, forage harvesters, windrowers, pickups
- 3 rotary hoes, disks, moldboard plows, chisels, field cultivators row cultivators, laser plane
- 4 harrows, wagons, floats, roto buck, drag, roller, water furrow, bed shaper
- 5 balerwagons, cotton pickers, cotton strippers, corn pickers corn heads, forage equipment, rotary mowers, stalk choppers, feed wagons, farm trucks
- 6 rakes, cutterbar mower
- 7 baler w engine, manure spreader
- 8 planters, drills, seeding equipment, mounted sprayers
- 9 fertilizer distributing equipment

TABLE 5. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County,
 Projected 2017
 Planting dates: August 15 - September 30
 Harvest dates: June 15 - July 5

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|--------|---------------|------|----------------|
| GROSS RETURNS | | | | |
| WHEAT | \$4.20 | 20.00 BUSHELS | | \$84.00 |
| DIRECT PAYMENT | \$0.00 | 20.00 BUSHELS | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | | | \$0.00 |
| TOTAL | | | | \$84.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|------------------|---------|----------|------------------|------------|----------------|
| SEED | \$0.44 | 30 LBS | \$13.20 | | \$13.20 |
| NITROGEN (N) | \$0.22 | 16 LBS | \$3.52 | | \$3.52 |
| PHOSPHATE (P205) | \$0.27 | 20 LBS | \$5.40 | | \$5.40 |
| INSECTICIDE | \$16.99 | 1 X/ACRE | \$16.99 | | \$16.99 |
| CROP INSURANCE | \$0.05 | | \$0.05 | | \$0.05 |
| SUBTOTAL | | | \$39.16 | | \$39.16 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|---------------|---------------|---------------|---------------|----------------|
| CHISEL | 225 HP | 0.05 HR | | \$0.43 | \$1.32 | \$0.81 | \$1.90 | \$4.46 |
| DRILL | 225 HP | 0.05 HR | | \$0.43 | \$1.32 | \$0.58 | \$3.15 | \$5.48 |
| FERT SPREADER | 225 HP | 0.05 HR | | \$0.43 | \$1.32 | \$0.39 | \$1.37 | \$3.51 |
| SUBTOTAL | | 0.15 HR | \$0.00 | \$1.28 | \$3.97 | \$1.78 | \$6.42 | \$13.46 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|---------------|---------------|---------------|---------------|----------------|
| COMBINE | | 0.14 HR | | \$1.20 | \$2.75 | \$3.56 | \$6.49 | \$13.99 |
| HAUL | 2 TON | 0.14 HR | | \$1.20 | \$2.09 | \$0.96 | \$3.11 | \$7.35 |
| SUBTOTAL | | 0.28 HR | \$0.00 | \$2.39 | \$4.84 | \$4.52 | \$9.60 | \$21.35 |

| 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 | | | | | | \$0.43 | \$0.43 |
| SUPERVISION AND MANAGEMENT | | | \$9.11 | | | | \$9.11 |
| OTHER EXPENSES | | \$24.93 | | | | | \$24.93 |
| SUBTOTAL | 0.11 HR | \$25.00 | \$10.69 | | | \$0.43 | \$36.12 |

| | | | | | | | |
|---------------------------------|----------------|----------------|----------------|---------------|---------------|----------------|-----------------|
| TOTAL OPERATING EXPENSES | 0.54 HR | \$64.16 | \$14.36 | \$8.81 | \$6.30 | \$16.45 | \$110.09 |
|---------------------------------|----------------|----------------|----------------|---------------|---------------|----------------|-----------------|

| | | | | | | | |
|-----------------------------|--|--|--|--|--|--|------------------|
| NET OPERATING PROFIT | | | | | | | (\$26.09) |
|-----------------------------|--|--|--|--|--|--|------------------|

| | | | | | | | |
|----------------------------------|---|---------|---|-------|---|--|--------|
| INTEREST ON OPERATING CAPITAL | (| \$21.80 | @ | 5.50% |) | | \$1.20 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$5.52 |

| | | | | | | | |
|--------------------------------|--|--|--|--|--|--|------------------|
| RETURN TO LAND AND RISK | | | | | | | (\$32.81) |
|--------------------------------|--|--|--|--|--|--|------------------|

BUDGET SUMMARY

| | | | |
|-------------------------------|---------|-----------|---|
| GROSS RETURN | | \$84.00 | |
| VARIABLE OPERATING EXPENSES | \$79.27 | | |
| RETURN OVER VARIABLE EXPENSES | | \$4.73 | (GROSS MARGIN) |
| FIXED EXPENSES | \$16.45 | | |
| NET FARM INCOME | | (\$11.72) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$14.36 | | |
| NET OPERATING PROFIT | | (\$26.09) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$6.72 | | |
| RETURN TO LAND AND RISK | | (\$32.81) | |

TABLE 6. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Projected 2017
 Planting dates: May 15 - June 10
 Harvest dates: October 15 - November 15

| ITEM | PRICE | YIELD | BASE | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|----------------|----------------|---------------|----------------|------------------|----------------|
| GROSS RETURNS | | | | | | | | | |
| 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 |
| TOTAL | | | | | | | | | \$70.97 |
| PURCHASED INPUTS | | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | | | TOTAL |
| SEED | \$1.70 | 3 LBS | \$5.10 | | | | | | \$5.10 |
| NITROGEN (N) | \$0.22 | 16 LBS | \$3.52 | | | | | | \$3.52 |
| PHOSPHATE (P205) | \$0.27 | 20 LBS | \$5.40 | | | | | | \$5.40 |
| HERBICIDE | \$18.82 | 1 X/ACRE | \$18.82 | | | | | | \$18.82 |
| CROP INSURANCE | \$0.08 | | \$0.08 | | | | | | \$0.08 |
| SUBTOTAL | | | \$32.91 | | | | | | \$32.91 |
| PREHARVEST OPERATIONS | | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| FERT SPREADER | 225 HP | 0.05 HR | | \$0.43 | \$1.32 | \$0.39 | \$1.37 | \$3.51 | |
| CHISEL & SPRAY | 225 HP | 0.07 HR | | \$0.60 | \$1.85 | \$1.21 | \$3.16 | \$6.83 | |
| PLANTER | 225 HP | 0.08 HR | | \$0.68 | \$2.12 | \$0.95 | \$4.96 | \$8.72 | |
| CULTIVATOR (2X) | 225 HP | 0.12 HR | | \$1.03 | \$3.18 | \$1.68 | \$4.40 | \$10.28 | |
| SUBTOTAL | | 0.32 HR | | \$2.74 | \$8.48 | \$4.24 | \$13.89 | \$29.34 | |
| HARVEST OPERATIONS | | | | | | | | | |
| COMBINE | | 0.14 HR | | \$1.20 | \$2.75 | \$3.89 | \$6.49 | \$14.32 | |
| HAUL | 2 TON | 0.14 HR | | \$1.20 | \$2.09 | \$1.09 | \$3.11 | \$7.48 | |
| SUBTOTAL | | 0.28 HR | | \$2.39 | \$4.84 | \$4.98 | \$9.60 | \$21.81 | |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.15 HR | | \$1.28 | | | | \$1.28 | |
| EMPLOYEE BENEFITS | | | | \$0.92 | | | | \$0.92 | |
| INSURANCE | | | \$0.10 | | | | | \$0.10 | |
| LAND TAXES | | | | | | | \$0.43 | \$0.43 | |
| SUPERVISION AND MANAGEMENT | | | | \$9.47 | | | | \$9.47 | |
| OTHER EXPENSES | | | \$24.93 | | | | | \$24.93 | |
| SUBTOTAL | | 0.15 HR | \$25.03 | \$11.67 | | | \$0.43 | \$37.14 | |
| TOTAL OPERATING EXPENSES | | 0.75 HR | \$57.94 | \$16.80 | \$13.32 | \$9.22 | \$23.92 | \$121.20 | |
| NET OPERATING PROFIT | | | | | | | | (\$50.22) | |
| INTEREST ON OPERATING CAPITAL | | (\$20.45 @ | 5.50% |) | | | | \$1.12 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$8.25 | |
| RETURN TO LAND AND RISK | | | | | | | | (\$59.60) | |

BUDGET SUMMARY

| | | | |
|--------------------------------|---------|------------------|---|
| GROSS RETURN | | \$70.97 | |
| VARIABLE OPERATING EXPENSES | \$80.47 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$9.50) | (GROSS MARGIN) |
| FIXED EXPENSES | \$23.92 | | |
| NET FARM INCOME | | (\$33.42) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$16.80 | | |
| NET OPERATING PROFIT | | (\$50.22) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$9.38 | | |
| RETURN TO LAND AND RISK | | (\$59.60) | |

TABLE 7. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Projected 2017

| | WHEAT | GRAIN SORGHUM |
|--|-----------|------------------|
| | BU | CWT |
| PRIMARY YIELD | 20.00 | 12.00 |
| PRIMARY PRICE | \$4.20 | \$5.91 |
| GOVERNMENT PAYMENTS | \$0.00 | \$0.00 |
| SECOND INCOME | \$0.00 | \$0.00 |
| GROSS RETURN | \$84.00 | \$70.97 |
| VARIABLE OPERATING EXPENSES | | |
| SEED | \$13.20 | \$5.10 |
| FERTILIZER | \$8.92 | \$8.92 |
| CHEMICALS | \$16.99 | \$18.82 |
| CROP INSURANCE | \$0.05 | \$0.08 |
| OTHER PURCHASED INPUTS | | |
| CANAL WATER | | |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$8.81 | \$13.32 |
| FUEL-IRRIGATION | | |
| REPAIRS | \$6.30 | \$9.22 |
| CUSTOM CHARGES | \$0.00 | \$0.00 |
| LAND TAXES | \$0.43 | \$0.43 |
| OTHER EXPENSES | \$25.00 | \$25.03 |
| TOTAL VARIABLE EXPENSES | \$79.70 | \$80.91 |
| RETURN OVER VARIABLE EXPENSES | \$4.30 | (\$9.94) |
| FIXED EXPENSES | \$16.02 | \$23.48 |
| TOTAL EXPENSES | \$95.72 | \$104.39 |
| RETURNS TO CAPITAL, LABOR, LAND & RISK | (\$11.72) | (\$33.42) |
| LABOR AND MANAGEMENT COSTS | \$14.36 | \$16.80 |
| RETURNS TO CAPITAL, LAND & RISK | (\$26.09) | (\$50.22) |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | \$1.20 | \$1.12 |
| INTEREST ON EQUIPMENT INVESTMENT | \$5.52 | \$8.25 |
| TOTAL CAPITAL COSTS | \$6.72 | \$9.38 |
| RETURN TO LAND AND RISK | (\$32.81) | (\$59.60) |

TABLE 8. Whole farm summary, Lea County,
Projected 2017

| | | |
|----------------------------------|--------------|-------------------|
| GROSS RETURNS | | |
| WHEAT | 914.00 ACRES | |
| CROP | | \$76,776 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| GRAIN SORGHUM | 646.00 ACRES | |
| CROP | | \$45,848 |
| DIRECT PAYMENT | | \$0 |
| GROSS RETURN | | <u>\$122,624</u> |
| VARIABLE OPERATING EXPENSES | | |
| SEED | | \$15,359 |
| FERTILIZER | | \$13,915 |
| CHEMICALS | | \$27,680 |
| CROP INSURANCE | | \$100 |
| OTHER PURCHASED INPUTS | | \$0 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$16,657 |
| FUEL-IRRIGATION | | \$0 |
| REPAIRS | | \$11,710 |
| CUSTOM CHARGES | | \$0 |
| LAND TAXES | | \$674 |
| OTHER EXPENSES | | \$39,019 |
| TOTAL VARIABLE EXPENSES | | <u>\$125,114</u> |
| RETURN OVER VARIABLE EXPENSES | | (\$2,491) |
| FIXED EXPENSES | | \$29,813 |
| TOTAL EXPENSES | | \$154,928 |
| NET FARM INCOME | | (\$32,304) |
| LABOR AND MANAGEMENT COSTS | | \$23,983 |
| NET OPERATING PROFIT | | (\$56,287) |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$1,823 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$10,378 |
| TOTAL CAPITAL COSTS | | <u>\$12,201</u> |
| RETURN TO LAND AND RISK | | <u>(\$68,487)</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|-------------|-----------------|------------------------|
| \$150 /ACRE | (\$75,687) | -13.61% |
| \$200 /ACRE | (\$78,087) | -11.40% |
| \$250 /ACRE | (\$80,487) | -9.81% |
| \$300 /ACRE | (\$82,887) | -8.61% |
| \$350 /ACRE | (\$85,287) | -7.67% |

* 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)