

MICROCOMPUTER CROP COST AND RETURN GENERATOR

BUDGET AREA..... ARTESIA-LAKE ARTHUR ARE/ Projected 2011.  
FARM SIZE..... 500 ACRES  
IRRIGATION TYPE..... SPRINKLER  
NUMBER OF CROPS..... 6

VERSION 1.0

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TABLE 1. Acreage Summary, Eddy County, Artesia Lake Arthur Area, Projected 2011.

| BUDGET AREA..... ARTESIA-LAKE ARTHUR AREA |                  |                |              |
|---|------------------|----------------|--------------|
| FARM SIZE..... 500 ACRES                  |                  |                |              |
| IRRIGATION TYPE..... SPRINKLER            |                  |                |              |
| NUMBER OF CROPS..... 6                    |                  |                |              |
| WATER USE                                 |                  |                |              |
| ACREAGE SUMMARY:                          | LAND USE (ACRES) | AC.IN. PER AC. | TOTAL AC.IN. |
| ALFALFA ESTABLISHMENT                     | 57.00            | 42             | 2,394        |
| ALFALFA                                   | 285.00           | 48             | 13,680       |
| BARLEY                                    | 8.50             | 28             | 238          |
| ARP                                       | 0.00             |                |              |
| FLEX IN PICKER COTTON                     | 1.50             | 28             | 42           |
| OAT HAY                                   | 8.00             | 28             | 224          |
| PICKER COTTON                             | 59.50            | 28             | 1,666        |
| ARP                                       | 0.00             |                |              |
| FLEX IN PICKER COTTON                     | 10.50            | 28             | 294          |
| STRIPPER COTTON                           | 59.50            | 28             | 1,666        |
| ARP                                       | 0.00             |                |              |
| FLEX IN PICKER COTTON                     | 10.50            | 28             | 294          |
| TOTAL                                     | 500.00           |                | 20,498       |
| ACRE FEE PER ACRE OF WATER RIGHTS         |                  |                | 3.42         |

TABLE 2. Basic cost information for the Artesia-Lake Arthur area, Projected 2011.

| Item                                       |                              |         |
|--|------------------------------|---------|
| Labor Wage Rate:                           |                              |         |
| Equipment operators                        | \$/hour                      | \$7.20  |
| General & Irrigators                       | \$/hour                      | \$7.25  |
| Purchased Inputs:                          |                              |         |
| Fertilizer:                                |                              |         |
| Nitrogen (N)                               | \$/pound                     | \$0.71  |
| Phosphate (P <sub>2</sub> O <sub>5</sub> ) | \$/pound                     | \$0.65  |
| Chemicals:                                 |                              |         |
| Herbicide                                  | \$/acre                      | \$0.00  |
| Insecticide                                | \$/acre                      | \$0.00  |
| Seed:                                      |                              |         |
| Alfalfa                                    | \$/pound                     | \$3.30  |
| Cotton                                     |                              |         |
| picker                                     | \$/pound                     | \$2.15  |
| stripper                                   | \$/pound                     | \$2.15  |
| Oats                                       | \$/pound                     | \$0.38  |
| Barley                                     | \$/pound                     | \$0.28  |
| Wire:                                      |                              |         |
| Natural gas                                | \$/MCF                       | \$3.75  |
| (service charge)                           | \$/month                     | \$10.00 |
| Diesel fuel                                | \$/gallon                    | \$2.95  |
| Gasoline                                   | \$/gallon                    | \$3.05  |
| Electricity                                | cents/KwHr                   | 7.97    |
| LP Gas                                     | \$/gallon                    | \$2.55  |
| Employee Liability Insurance               | \$/ \$1,000 wages            | \$0.31  |
| Employee Benefits                          | percent/wages                | 18.00%  |
| Labor Downtime                             | percent                      | 0.00%   |
| Financial Rates:                           |                              |         |
| Operating Capital Interest Rate            | percent                      | 7.50%   |
| Land Interest Rate                         | percent                      | 7.00%   |
| Equipment Interest Rate                    | percent                      | 7.50%   |
| Real Interest Rate                         | percent                      | 4.00%   |
| Land Taxes                                 | \$250.00 /acre (full value)  | \$1.75  |
| Personal Property Tax Rate - NR            | \$/ \$1,000 (Assessed Value) | \$20.95 |
| - R  |                              | \$19.81 |
| Supervision Factors                        |                              |         |
| Field Crop-Irrigation                      | \$/labor hour                | \$0.07  |
| Field Crop-Equipment & General             | \$/labor hour                | \$0.03  |
| Vegetable Crop-Irrigation                  | \$/labor hour                | \$0.00  |
| Vegetable Crop-Equip. & General            | \$/labor hour                | \$0.00  |
| Management Rate                            |                              |         |
| Field Crops                                | percent/GR                   | 7.00%   |
| Vegetable Crops                            | percent/TOE                  | 0.00%   |

TABLE 3. Overhead cost information for the Artesia-Lake Arthur area, Projected 2011.

| Item                               |        |                    |             |
|------------------------------------|--------|--------------------|-------------|
| Electricity (Domestic & Shop)      |        | \$237.16 per month | \$2,845.92  |
| Telephone                          |        | \$118.58 per month | \$1,422.96  |
| Accounting & Legal                 |        |                    | \$1,645.60  |
| Misc. Supplies & Hand Tools        |        |                    | \$1,539.12  |
| Pickup and Auto                    |        |                    |             |
| miles                              | 24,200 | @ \$0.50 per mile  | \$12,100.00 |
| Insurance                          |        |                    |             |
| - general liability (non-employee) |        |                    | \$1,837.99  |
| - fire/theft                       |        |                    | \$1,645.60  |
| Property Taxes                     |        |                    |             |
| - non-planted land                 |        |                    | \$0.00      |
| - other than land & machinery      |        |                    | \$0.00      |
| Building repairs and maintenance   |        |                    | \$1,389.08  |
| Dues, fees, publications           |        |                    | \$423.50    |
| Farmstead Equipment                |        |                    | \$180.29    |
| Total                              |        |                    | \$25,030.06 |
| Total Per Planted Acre             |        |                    | \$56.50     |

TABLE 2 - Primary costs and data for individual wells, Anadarko Refinery

Table with 4 columns: Item, Units, Quantity, and Value. Rows include items like FUEL OIL, FUEL OIL, FUEL OIL, etc.

TABLE 3 - Equipment location by a 300 ton wellhead installation with about annual replacement, Anadarko Refinery

Table with 3 columns: Equipment, Quantity, and Value. Rows include items like TRUCK, TRUCK, TRUCK, etc.

EQUIPMENT LIST

Table with 10 columns: Item, Qty, Unit, Year, Price, Total, etc. Lists various equipment items and their costs.

REVENUE PRODUCTION

Table with 3 columns: Product, Quantity, and Value. Lists revenue from different products.

LIABILITIES LIST

Table with 10 columns: Item, Qty, Unit, Year, Price, Total, etc. Lists liability items and their costs.

ALPHA ESTABLISHMENT

Table with 4 columns: Item, Qty, Unit, Value. Lists items for Alpha Establishment.

REVENUE PRODUCTION

Table with 3 columns: Product, Quantity, and Value. Lists revenue from different products.

LIABILITIES LIST

Table with 10 columns: Item, Qty, Unit, Year, Price, Total, etc. Lists liability items and their costs.

ALPHA ESTABLISHMENT

Table with 4 columns: Item, Qty, Unit, Value. Lists items for Alpha Establishment.

REVENUE PRODUCTION

Table with 3 columns: Product, Quantity, and Value. Lists revenue from different products.

LIABILITIES LIST

Table with 10 columns: Item, Qty, Unit, Year, Price, Total, etc. Lists liability items and their costs.

ALPHA ESTABLISHMENT

Table with 4 columns: Item, Qty, Unit, Value. Lists items for Alpha Establishment.

REVENUE PRODUCTION

Table with 3 columns: Product, Quantity, and Value. Lists revenue from different products.

LIABILITIES LIST

Table with 10 columns: Item, Qty, Unit, Year, Price, Total, etc. Lists liability items and their costs.

ALPHA ESTABLISHMENT

Table with 4 columns: Item, Qty, Unit, Value. Lists items for Alpha Establishment.

TABLE 6. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 500 acre farm with above average management, Artesia-Lake Arthur area, Projected 2011.  
Planting dates: March 15 - April 30

| ITEM                                    | PRICE      | YIELD                                   |                  |                 |                 |                |                   | TOTAL           |
|---|------------|---|------------------|-----------------|-----------------|----------------|-------------------|-----------------|
| <b>GROSS RETURNS</b>                    |            |   |                  |                 |                 |                |                   |                 |
| ALFALFA HAY                             | \$165.00   | 6.50 TONS (STACKED)                     |                  |                 |                 |                |                   | \$1,072.50      |
| <b>TOTAL</b>                            |            |   |                  |                 |                 |                | <b>\$1,072.50</b> |                 |
| <hr/>                                   |            |   |                  |                 |                 |                |                   |                 |
| PURCHASED INPUTS                        | PRICE      | QUANTITY                                | PURCHASED INPUTS |                 |                 |                | FIXED COST        | TOTAL           |
| SEED                                    | \$3.30     | 20 LBS                                  | \$66.00          |                 |                 |                |                   | \$66.00         |
| FERTILIZER (16-20-0)                    | \$0.27     | 200 LBS                                 | \$54.00          |                 |                 |                |                   | \$54.00         |
| HERBICIDE                               | \$0.00     | 1 ACRE                                  | \$0.00           |                 |                 |                |                   | \$0.00          |
| PUMP WATER*                             |            | 42 AC. IN.                              |                  |                 |                 |                |                   |                 |
| <b>SUBTOTAL</b>                         |            |   | <b>\$120.00</b>  |                 |                 |                |                   | <b>\$120.00</b> |
| <hr/>                                   |            |   |                  |                 |                 |                |                   |                 |
| PREHARVEST OPERATIONS                   | POWER UNIT | ACCOMPLISHMENT RATE                     | PURCHASED INPUTS | LABOR           | FUEL & LUBE     | REPAIRS        | FIXED COST        | TOTAL           |
| DISC                                    | 145 HP     | 0.17 HR                                 |                  | \$1.22          | \$4.14          | \$1.15         | \$2.08            | \$8.59          |
| FLOW                                    | 145 HP     | 0.48 HR                                 |                  | \$3.46          | \$11.68         | \$4.29         | \$7.07            | \$26.49         |
| FLOAT                                   | 70 HP      | 0.16 HR                                 |                  | \$1.15          | \$2.87          | \$0.33         | \$1.40            | \$5.76          |
| PLANE (3X)                              | 145 HP     | 0.57 HR                                 |                  | \$4.10          | \$13.87         | \$2.33         | \$12.06           | \$32.36         |
| DISC (2X)                               | 145 HP     | 0.34 HR                                 |                  | \$2.45          | \$8.27          | \$2.30         | \$4.16            | \$17.18         |
| FLOAT (2X)                              | 70 HP      | 0.32 HR                                 |                  | \$2.30          | \$5.75          | \$0.67         | \$2.81            | \$11.53         |
| DRILL (2X)                              | 70 HP      | 0.42 HR                                 |                  | \$3.02          | \$7.55          | \$1.31         | \$10.13           | \$22.01         |
| IRRIGATE (6X)                           |            | 1.50 HR                                 |                  | \$10.88         | \$55.56         | \$0.00         | \$34.89           | \$101.32        |
| <b>SUBTOTAL</b>                         |            | <b>3.96 HR</b>                          |                  | <b>\$28.59</b>  | <b>\$109.69</b> | <b>\$12.38</b> | <b>\$74.60</b>    | <b>\$225.26</b> |
| <hr/>                                   |            |   |                  |                 |                 |                |                   |                 |
| HARVEST OPERATIONS                      |            |   |                  |                 |                 |                |                   |                 |
| SWATHER (3X)                            | 16 FT      | 0.33 HR                                 |                  | \$2.38          | \$3.64          | \$0.48         | \$7.23            | \$13.73         |
| RAKE                                    | 40 HP      | 0.05 HR                                 |                  | \$0.36          | \$0.57          | \$0.08         | \$0.40            | \$1.40          |
| BALER (3X)                              | 145 HP     | 0.75 HR                                 |                  | \$5.40          | \$18.25         | \$3.14         | \$8.07            | \$34.86         |
| BALEWAGON (3X)                          | SP         | 0.60 HR                                 |                  | \$4.32          | \$14.19         | \$13.39        | \$4.50            | \$36.40         |
| <b>SUBTOTAL</b>                         |            | <b>1.73 HR</b>                          |                  | <b>\$12.46</b>  | <b>\$36.65</b>  | <b>\$17.09</b> | <b>\$20.19</b>    | <b>\$86.39</b>  |
| <hr/>                                   |            |   |                  |                 |                 |                |                   |                 |
| OVERHEAD EXPENSES                       |            |   |                  |                 |                 |                |                   |                 |
| DOWNTIME                                |            | 0.00 HR                                 |                  | \$0.00          |                 |                |                   | \$0.00          |
| EMPLOYEE BENEFITS                       |            |   |                  | \$7.39          |                 |                |                   | \$7.39          |
| INSURANCE                               |            |   | \$0.01           |                 |                 |                |                   | \$0.01          |
| SUPERVISION AND MANAGEMENT              |            |   |                  | \$75.31         |                 |                |                   | \$75.31         |
| <b>SUBTOTAL</b>                         |            | <b>0.00 HR</b>                          | <b>\$0.01</b>    | <b>\$82.69</b>  |                 |                |                   | <b>\$82.71</b>  |
| <hr/>                                   |            |   |                  |                 |                 |                |                   |                 |
| <b>TOTAL OPERATING EXPENSES</b>         |            | <b>5.69 HR</b>                          | <b>\$120.01</b>  | <b>\$123.74</b> | <b>\$146.34</b> | <b>\$29.47</b> | <b>\$94.80</b>    | <b>\$514.35</b> |
| <hr/>                                   |            |   |                  |                 |                 |                |                   |                 |
| <b>NET OPERATING PROFIT</b>             |            |   |                  |                 |                 |                | <b>\$558.15</b>   |                 |
| <b>INTEREST ON EQUIPMENT INVESTMENT</b> |            |   |                  |                 |                 |                | <b>\$45.69</b>    |                 |
| <b>RETURN TO LAND AND RISK</b>          |            |   |                  |                 |                 |                | <b>\$512.45</b>   |                 |
| <hr/>                                   |            |   |                  |                 |                 |                |                   |                 |
| BUDGET SUMMARY                          |            |   |                  |                 |                 |                |                   |                 |
| GROSS RETURN                            |            | \$1,072.50                              |                  |                 |                 |                |                   |                 |
| VARIABLE OPERATING EXPENSES             | \$295.82   |   |                  |                 |                 |                |                   |                 |
| RETURN OVER VARIABLE EXPENSES           | \$776.68   | (GROSS MARGIN)                          |                  |                 |                 |                |                   |                 |
| FIXED EXPENSES                          | \$94.80    |   |                  |                 |                 |                |                   |                 |
| NET FARM INCOME                         | \$681.88   | (RETURN TO CAPITAL, LABOR, LAND & RISK) |                  |                 |                 |                |                   |                 |
| LABOR AND MANAGEMENT COST               | \$123.74   |   |                  |                 |                 |                |                   |                 |
| NET OPERATING PROFIT                    | \$558.15   | (RETURN TO CAPITAL, LAND & RISK)        |                  |                 |                 |                |                   |                 |
| CAPITAL COSTS                           | \$45.69    |   |                  |                 |                 |                |                   |                 |
| RETURN TO LAND AND RISK                 | \$512.45   |   |                  |                 |                 |                |                   |                 |

TABLE 7. Alfalfa hay, sprinkler-irrigated, budgeted per acre costs and returns for a 500 acre farm with above average management, Artesia-Lake Arthur area, Projected 2011.  
Harvesting Dates: May 5 - November 1

| ITEM                 | PRICE    | YIELD               | TOTAL             |
|----------------------|----------|---------------------|-------------------|
| <b>GROSS RETURNS</b> |          |                     |                   |
| ALFALFA HAY          | \$165.00 | 6.50 TONS (STACKED) | \$1,072.50        |
| GRAZING              | \$40.00  |                     | \$40.00           |
| <b>TOTAL</b>         |          |                     | <b>\$1,112.50</b> |

| PURCHASED INPUTS         | PRICE  | QUANTITY   | PURCHASED INPUTS | FIXED COST      | TOTAL           |
|--------------------------|--------|------------|------------------|-----------------|-----------------|
| INSECTICIDE (CUSTOM)     | \$0.00 | 2 X/ACRE   | \$0.00           |                 | \$0.00          |
| HERBICIDE (CUSTOM)       | \$0.00 | 1 X/ACRE   | \$0.00           |                 | \$0.00          |
| INSECT SCOUTING          | \$5.25 | 1 ACRE     | \$5.25           |                 | \$5.25          |
| FERTILIZER (5-26-30)     | \$0.71 | 200 LBS    | \$142.00         |                 | \$142.00        |
| WIRE                     | \$1.90 | 56 LBS     | \$105.84         |                 | \$105.84        |
| DRYING AGENT (AGRI-DRY)  | \$8.26 | 1 /TON     | \$53.66          |                 | \$53.66         |
| ESTABLISHMENT: Principal |        | 5 YEARS    |                  | \$102.49        | \$102.49        |
| : Interest               |        |            |                  | \$19.70         | \$19.70         |
| PUMP WATER*              |        | 48 AC. IN. |                  |                 |                 |
| <b>SUBTOTAL</b>          |        |            | <b>\$306.75</b>  | <b>\$122.19</b> | <b>\$428.94</b> |

| PREHARVEST OPERATIONS            | POWER UNIT | ACCOMPLISHMENT RATE  | PURCHASED INPUTS | LABOR    | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL           |
|----------------------------------|------------|----------------------|------------------|----------|-------------|---------|------------|-----------------|
| IRRIGATE (6X)                    |            | 1.50 HR              |                  | \$10.88  | \$63.50     | \$0.00  | \$39.87    | \$114.24        |
| <b>SUBTOTAL</b>                  |            | 1.50 HR              |                  | \$10.88  | \$63.50     | \$0.00  | \$39.87    | \$114.24        |
| <b>HARVEST OPERATIONS</b>        |            |                      |                  |          |             |         |            |                 |
| SWATHER (5X)                     | 16 FT SP   | 0.55 HR              |                  | \$3.96   | \$6.07      | \$0.80  | \$12.05    | \$22.88         |
| RAKE (5X)                        | 40 HP      | 0.25 HR              |                  | \$1.80   | \$2.85      | \$0.38  | \$1.98     | \$7.01          |
| BALER (5X)                       | 96 HP      | 1.25 HR              |                  | \$9.00   | \$22.46     | \$2.87  | \$6.30     | \$40.62         |
| BALE WAGON (5X)                  | SP         | 1.00 HR              |                  | \$7.20   | \$23.64     | \$22.32 | \$7.50     | \$60.66         |
| <b>SUBTOTAL</b>                  |            | 3.05 HR              |                  | \$21.96  | \$55.03     | \$26.36 | \$27.83    | \$131.18        |
| <b>OVERHEAD EXPENSES</b>         |            |                      |                  |          |             |         |            |                 |
| DOWNTIME                         |            | 0.00 HR              |                  | \$0.00   |             |         |            | \$0.00          |
| EMPLOYEE BENEFITS                |            |                      |                  | \$5.91   |             |         |            | \$5.91          |
| INSURANCE                        |            |                      | \$0.01           |          |             |         |            | \$0.01          |
| LAND TAXES                       |            |                      |                  |          |             |         | \$1.75     | \$1.75          |
| SUPERVISION AND MANAGEMENT       |            |                      |                  | \$78.07  |             |         |            | \$78.07         |
| OTHER EXPENSES                   |            |                      | \$56.50          |          |             |         |            | \$56.50         |
| <b>SUBTOTAL</b>                  |            | 0.00 HR              | \$56.51          | \$83.98  |             |         | \$1.75     | \$142.24        |
| <b>TOTAL OPERATING EXPENSES</b>  |            | 4.55 HR              | \$363.26         | \$116.82 | \$118.52    | \$26.36 | \$191.64   | \$816.60        |
| <b>NET OPERATING PROFIT</b>      |            |                      |                  |          |             |         |            | \$295.90        |
| INTEREST ON OPERATING CAPITAL    |            | ( \$176.03 @ 7.50% ) |                  |          |             |         |            | \$13.20         |
| INTEREST ON EQUIPMENT INVESTMENT |            |                      |                  |          |             |         |            | \$24.62         |
| <b>RETURN TO LAND AND RISK</b>   |            |                      |                  |          |             |         |            | <b>\$258.08</b> |

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

**BUDGET SUMMARY**

|                                |          |                 |   |
|--------------------------------|----------|-----------------|---|
| GROSS RETURN                   |          | \$1,112.50      |   |
| VARIABLE OPERATING EXPENSES    | \$508.15 |                 |   |
| RETURN OVER VARIABLE EXPENSES  | \$604.35 |                 | (GROSS MARGIN)                          |
| FIXED EXPENSES                 | \$191.64 |                 |   |
| NET FARM INCOME                | \$412.72 |                 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST      | \$116.82 |                 |   |
| NET OPERATING PROFIT           | \$295.90 |                 | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                  | \$37.82  |                 |   |
| <b>RETURN TO LAND AND RISK</b> |          | <b>\$258.08</b> |   |

TABLE 8. Barley, sprinkler-irrigated, budgeted per acre costs and returns for a 500 acre farm with above average management, Artesia-Lake Arthur area, Projected 2011.  
 Planting dates: August 20 - September 30  
 Harvesting dates: June 15 - July 1

| ITEM                     | PRICE   | YIELD     | TOTAL           |
|--------------------------|---------|-----------|-----------------|
| <b>GROSS RETURNS</b>     |         |           |                 |
| BARLEY                   | \$6.12  | 35.00 CWT | \$214.20        |
| DIRECT PAYMENT           | \$0.00  | 35.00 CWT | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.00  | 35.00 CWT | \$0.00          |
| GRAZING                  | \$40.00 |           | \$40.00         |
| <b>TOTAL</b>             |         |           | <b>\$254.20</b> |

| PURCHASED INPUTS     | PRICE  | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL           |
|----------------------|--------|------------|------------------|------------|-----------------|
| SEED                 | \$0.28 | 110 LBS    | \$30.80          |            | \$30.80         |
| NITROGEN (N)         | \$0.71 | 150 LBS    | \$106.50         |            | \$106.50        |
| INSECTICIDE (CUSTOM) | \$0.00 | 1 X/ACRE   | \$0.00           |            | \$0.00          |
| PUMP WATER*          |        | 28 AC. IN. |                  |            |                 |
| CROP INSURANCE       | \$5.88 |            | \$5.88           |            | \$5.88          |
| <b>SUBTOTAL</b>      |        |            | <b>\$143.18</b>  |            | <b>\$143.18</b> |

| PREHARVEST OPERATIONS | POWER UNIT     | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS       | FIXED COST     | TOTAL           |
|-----------------------|----------------|---------------------|------------------|----------------|----------------|---------------|----------------|-----------------|
| PLOW                  | 145 HP         | 0.48 HR             |                  | \$3.46         | \$11.68        | \$4.29        | \$7.07         | \$26.49         |
| DISC (2X)             | 145 HP         | 0.34 HR             |                  | \$2.45         | \$8.27         | \$2.30        | \$4.16         | \$17.18         |
| FERTILIZE             | DEALER APPLIED |                     |                  |                |                |               |                |                 |
| DRILL                 | 70 HP          | 0.21 HR             |                  | \$1.51         | \$3.77         | \$0.66        | \$5.07         | \$11.01         |
| IRRIGATE (4X)         |                | 1.00 HR             |                  | \$7.25         | \$37.04        | \$0.00        | \$23.26        | \$67.55         |
| <b>SUBTOTAL</b>       |                | <b>2.03 HR</b>      |                  | <b>\$14.67</b> | <b>\$60.77</b> | <b>\$7.24</b> | <b>\$39.55</b> | <b>\$122.23</b> |

| HARVEST OPERATIONS |  |  |                |  |  |  |  |                |
|--------------------|--|--|----------------|--|--|--|--|----------------|
| COMBINE (CUSTOM)   |  |  | \$17.91        |  |  |  |  | \$17.91        |
| HAUL (CUSTOM)      |  |  | \$7.00         |  |  |  |  | \$7.00         |
| <b>SUBTOTAL</b>    |  |  | <b>\$24.91</b> |  |  |  |  | <b>\$24.91</b> |

| OVERHEAD EXPENSES          |  |                |                |                |  |  |               |                |
|----------------------------|--|----------------|----------------|----------------|--|--|---------------|----------------|
| DOWNTIME                   |  | 0.00 HR        |                | \$0.00         |  |  |               | \$0.00         |
| EMPLOYEE BENEFITS          |  |                |                | \$2.64         |  |  |               | \$2.64         |
| INSURANCE                  |  |                | \$0.00         |                |  |  |               | \$0.00         |
| LAND TAXES                 |  |                |                |                |  |  | \$1.75        | \$1.75         |
| SUPERVISION AND MANAGEMENT |  |                |                | \$17.89        |  |  |               | \$17.89        |
| OTHER EXPENSES             |  |                | \$56.50        |                |  |  |               | \$56.50        |
| <b>SUBTOTAL</b>            |  | <b>0.00 HR</b> | <b>\$56.51</b> | <b>\$20.53</b> |  |  | <b>\$1.75</b> | <b>\$78.79</b> |

|                                 |  |                |                 |                |                |               |                |                 |
|---------------------------------|--|----------------|-----------------|----------------|----------------|---------------|----------------|-----------------|
| <b>TOTAL OPERATING EXPENSES</b> |  | <b>2.03 HR</b> | <b>\$224.60</b> | <b>\$35.20</b> | <b>\$60.77</b> | <b>\$7.24</b> | <b>\$41.30</b> | <b>\$369.11</b> |
|---------------------------------|--|----------------|-----------------|----------------|----------------|---------------|----------------|-----------------|

|                             |  |  |  |  |  |  |  |                   |
|-----------------------------|--|--|--|--|--|--|--|-------------------|
| <b>NET OPERATING PROFIT</b> |  |  |  |  |  |  |  | <b>(\$114.91)</b> |
|-----------------------------|--|--|--|--|--|--|--|-------------------|

|                                  |   |         |   |       |   |  |  |         |
|----------------------------------|---|---------|---|-------|---|--|--|---------|
| INTEREST ON OPERATING CAPITAL    | ( | \$90.67 | @ | 7.50% | ) |  |  | \$6.80  |
| INTEREST ON EQUIPMENT INVESTMENT |   |         |   |       |   |  |  | \$12.78 |

|                                |  |  |  |  |  |  |  |                   |
|--------------------------------|--|--|--|--|--|--|--|-------------------|
| <b>RETURN TO LAND AND RISK</b> |  |  |  |  |  |  |  | <b>(\$134.49)</b> |
|--------------------------------|--|--|--|--|--|--|--|-------------------|

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

**BUDGET SUMMARY**

|                                |          |                   |   |
|--------------------------------|----------|-------------------|---|
| GROSS RETURN                   |          | \$254.20          |   |
| VARIABLE OPERATING EXPENSES    | \$292.61 |                   |   |
| RETURN OVER VARIABLE EXPENSES  |          | (\$38.41)         | (GROSS MARGIN)                          |
| FIXED EXPENSES                 | \$41.30  |                   |   |
| NET FARM INCOME                |          | (\$79.71)         | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST      | \$35.20  |                   |   |
| NET OPERATING PROFIT           |          | (\$114.91)        | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                  | \$19.58  |                   |   |
| <b>RETURN TO LAND AND RISK</b> |          | <b>(\$134.49)</b> |   |

TABLE 9. Oat hay, sprinkler-irrigated, budgeted per acre costs and returns for a 500 acre farm with above average management, Artesia-Lake Arthur area, Projected 2011.  
 Planting dates: February 1 - February 28  
 Harvesting Dates: June 1 - June 30

| ITEM          | PRICE    | YIELD               | TOTAL    |
|---------------|----------|---------------------|----------|
| GROSS RETURNS |          |                     |          |
| OAT HAY       | \$125.00 | 3.50 TONS (STACKED) | \$437.50 |
| TOTAL         |          |                     | \$437.50 |

| PURCHASED INPUTS     | PRICE  | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL    |
|----------------------|--------|------------|------------------|------------|----------|
| SEED                 | \$0.38 | 100 LBS    | \$38.00          |            | \$38.00  |
| FERTILIZER (16-20-0) | \$0.65 | 150 LBS    | \$97.50          |            | \$97.50  |
| PUMP WATER*          |        | 28 AC. IN. |                  |            |          |
| SUBTOTAL             |        |            | \$135.50         |            | \$135.50 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL    |
|-----------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| PLOW                  | 145 HP     | 0.48 HR             |                  | \$3.46  | \$11.68     | \$4.29  | \$7.07     | \$26.49  |
| DISC (2X)             | 145 HP     | 0.34 HR             |                  | \$2.45  | \$8.27      | \$2.30  | \$4.16     | \$17.18  |
| DRILL                 | 70 HP      | 0.21 HR             |                  | \$1.51  | \$3.77      | \$0.66  | \$5.07     | \$11.01  |
| IRRIGATE (4X)         |            | 1.00 HR             |                  | \$7.25  | \$37.04     | \$0.00  | \$23.26    | \$67.55  |
| SUBTOTAL              |            | 2.03 HR             |                  | \$14.67 | \$60.77     | \$7.24  | \$39.55    | \$122.23 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR  | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL   |
|--------------------|------------|---------------------|------------------|--------|-------------|---------|------------|---------|
| SWATHER            | 14 FT      | 0.16 HR             |                  | \$1.15 | \$1.77      | \$0.23  | \$3.50     | \$6.66  |
| BALER              | 145 HP     | 0.25 HR             |                  | \$1.80 | \$6.08      | \$1.05  | \$2.69     | \$11.62 |
| BALE WAGON         | S. P.      | 0.20 HR             |                  | \$1.44 | \$4.73      | \$4.46  | \$1.50     | \$12.13 |
| SUBTOTAL           |            | 0.61 HR             |                  | \$4.39 | \$12.58     | \$5.74  | \$7.69     | \$30.41 |

| OVERHEAD EXPENSES          | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR   | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL   |
|----------------------------|---------------------|------------------|---------|-------------|---------|------------|---------|
| DOWNTIME                   | 0.00 HR             |                  | \$0.00  |             |         |            | \$0.00  |
| EMPLOYEE BENEFITS          |                     |                  | \$3.43  |             |         |            | \$3.43  |
| INSURANCE                  |                     | \$0.01           |         |             |         |            | \$0.01  |
| LAND TAXES                 |                     |                  |         |             |         | \$1.75     | \$1.75  |
| SUPERVISION AND MANAGEMENT |                     |                  | \$30.74 |             |         |            | \$30.74 |
| OTHER EXPENSES             |                     | \$56.50          |         |             |         |            | \$56.50 |
| SUBTOTAL                   | 0.00 HR             | \$56.51          | \$34.17 |             |         | \$1.75     | \$92.43 |

|                          |         |          |         |         |         |         |          |
|--------------------------|---------|----------|---------|---------|---------|---------|----------|
| TOTAL OPERATING EXPENSES | 2.64 HR | \$192.01 | \$53.23 | \$73.35 | \$12.99 | \$48.99 | \$380.57 |
|--------------------------|---------|----------|---------|---------|---------|---------|----------|

|                      |  |  |  |  |  |  |         |
|----------------------|--|--|--|--|--|--|---------|
| NET OPERATING PROFIT |  |  |  |  |  |  | \$56.93 |
|----------------------|--|--|--|--|--|--|---------|

|                                  |   |         |   |       |   |  |         |
|----------------------------------|---|---------|---|-------|---|--|---------|
| INTEREST ON OPERATING CAPITAL    | ( | \$86.28 | @ | 7.50% | ) |  | \$6.47  |
| INTEREST ON EQUIPMENT INVESTMENT |   |         |   |       |   |  | \$18.55 |

|                         |  |  |  |  |  |  |         |
|-------------------------|--|--|--|--|--|--|---------|
| RETURN TO LAND AND RISK |  |  |  |  |  |  | \$31.92 |
|-------------------------|--|--|--|--|--|--|---------|

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

BUDGET SUMMARY

|                               |          |          |   |
|-------------------------------|----------|----------|---|
| GROSS RETURN                  |          | \$437.50 |   |
| VARIABLE OPERATING EXPENSES   | \$278.34 |          |   |
| RETURN OVER VARIABLE EXPENSES | \$159.16 |          | (GROSS MARGIN)                          |
| FIXED EXPENSES                | \$48.99  |          |   |
| NET FARM INCOME               | \$110.17 |          | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST     | \$53.23  |          |   |
| NET OPERATING PROFIT          | \$56.93  |          | (RETURN TO CAPITAL, LAND & RISK)        |
| CAPITAL COSTS                 | \$25.02  |          |   |
| RETURN TO LAND AND RISK       |          | \$31.92  |   |

TABLE 10. Upland cotton (picker), sprinkler-irrigated, budgeted per acre costs and returns for a 500 acre farm with above average management, Artesia-Lake Arthur area, Projected 2011.  
 Planting dates: April 15 - May 15  
 Harvesting dates: October 15 - January 15

| ITEM                             | PRICE      | YIELD               | BASE             |                |                 |                |                 |                 | TOTAL            |
|----------------------------------|------------|---------------------|------------------|----------------|-----------------|----------------|-----------------|-----------------|------------------|
| <b>GROSS RETURNS</b>             |            |                     |                  |                |                 |                |                 |                 |                  |
| COTTON LINT                      | \$0.85     | 700 LBS             |                  |                |                 |                |                 |                 | \$595.00         |
| COTTON SEED                      | \$0.07     | 1,120.00 LBS        |                  |                |                 |                |                 |                 | \$78.40          |
| DIRECT PAYMENT                   | \$0.0000   | 700 LBS             | 0.85             |                |                 |                |                 |                 | \$0.00           |
| COUNTER CYCLICAL PAYMENT         | \$0.1373   | 700 LBS             | 0.85             |                |                 |                |                 |                 | \$81.69          |
| <b>TOTAL</b>                     |            |                     |                  |                |                 |                |                 |                 | <b>\$755.09</b>  |
| <b>PURCHASED INPUTS</b>          |            |                     |                  |                |                 |                |                 |                 |                  |
| PURCHASED INPUTS                 | PRICE      | QUANTITY            | PURCHASED INPUTS |                |                 |                |                 |                 | TOTAL            |
| SEED                             | \$2.15     | 15 LBS              | \$32.25          |                |                 |                |                 |                 | \$32.25          |
| FOLIAR FERTILIZER                | \$4.80     | 1 X/ACRE            | \$4.80           |                |                 |                |                 |                 | \$4.80           |
| INSECT SCOUTING                  | \$5.25     | 1 ACRE              | \$5.25           |                |                 |                |                 |                 | \$5.25           |
| HERBICIDE (CUSTOM)               | \$0.00     | 1 X/ACRE            | \$0.00           |                |                 |                |                 |                 | \$0.00           |
| INSECTICIDE (CUSTOM)             | \$0.00     | 3 X/ACRE            | \$0.00           |                |                 |                |                 |                 | \$0.00           |
| CROP INSURANCE                   |            |                     | \$1.64           |                |                 |                |                 |                 | \$1.64           |
| PUMP WATER*                      |            | 28 AC. IN.          |                  |                |                 |                |                 |                 |                  |
| <b>SUBTOTAL</b>                  |            |                     | <b>\$43.94</b>   |                |                 |                |                 |                 | <b>\$43.94</b>   |
| <b>PREHARVEST OPERATIONS</b>     |            |                     |                  |                |                 |                |                 |                 |                  |
|                                  | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE     | REPAIRS        | FIXED COST      | TOTAL           |                  |
| DISC                             | 145 HP     | 0.17 HR             |                  | \$1.22         | \$4.14          | \$1.15         | \$2.08          | \$8.59          |                  |
| PLOW                             | 145 HP     | 0.48 HR             |                  | \$3.46         | \$11.68         | \$4.29         | \$7.07          | \$26.49         |                  |
| DISC (2X)                        | 145 HP     | 0.34 HR             |                  | \$2.45         | \$8.27          | \$2.30         | \$4.16          | \$17.18         |                  |
| FLOAT                            | 145 HP     | 0.16 HR             |                  | \$1.15         | \$3.89          | \$0.64         | \$1.69          | \$7.37          |                  |
| PRE-IRRIGATE                     |            | 0.25 HR             |                  | \$1.81         | \$9.26          | \$0.00         | \$5.81          | \$16.89         |                  |
| CULTIVATOR                       | 65 HP      | 0.21 HR             |                  | \$1.51         | \$3.11          | \$1.57         | \$1.77          | \$7.96          |                  |
| PLANTER                          | 70 HP      | 0.26 HR             |                  | \$1.87         | \$4.67          | \$0.96         | \$6.93          | \$14.43         |                  |
| SLED                             | 70 HP      | 0.15 HR             |                  | \$1.08         | \$2.69          | \$0.35         | \$1.50          | \$5.62          |                  |
| CULTIVATOR (3X)                  | 65 HP      | 0.63 HR             |                  | \$4.54         | \$9.34          | \$4.72         | \$5.30          | \$23.89         |                  |
| HAND HOE (CUSTOM)                |            |                     | \$20.00          |                |                 |                |                 | \$20.00         |                  |
| IRRIGATE (3X)                    |            | 0.75 HR             |                  | \$5.44         | \$27.78         | \$0.00         | \$17.44         | \$50.66         |                  |
| <b>SUBTOTAL</b>                  |            | <b>3.40 HR</b>      | <b>\$20.00</b>   | <b>\$24.53</b> | <b>\$84.85</b>  | <b>\$15.98</b> | <b>\$53.74</b>  | <b>\$199.10</b> |                  |
| <b>HARVEST OPERATIONS</b>        |            |                     |                  |                |                 |                |                 |                 |                  |
| COTTON PICKER (2X)               | 2-ROW      | 0.74 HR             |                  | \$5.33         | \$13.20         | \$12.68        | \$183.30        | \$214.51        |                  |
| HAUL (2X)                        | 65 HP      | 1.00 HR             |                  | \$7.20         | \$14.83         | \$1.32         | \$6.64          | \$29.99         |                  |
| GIN COTTON (CUSTOM)              |            |                     | \$104.30         |                |                 |                |                 | \$104.30        |                  |
| <b>SUBTOTAL</b>                  |            | <b>1.74 HR</b>      | <b>\$104.30</b>  | <b>\$12.53</b> | <b>\$28.03</b>  | <b>\$14.00</b> | <b>\$189.94</b> | <b>\$348.81</b> |                  |
| <b>POSTHARVEST OPERATIONS</b>    |            |                     |                  |                |                 |                |                 |                 |                  |
| SHREDDER                         | 70 HP      | 0.14 HR             |                  | \$1.01         | \$2.52          | \$0.35         | \$3.53          | \$7.40          |                  |
| <b>SUBTOTAL</b>                  |            | <b>0.14 HR</b>      |                  | <b>\$1.01</b>  | <b>\$2.52</b>   | <b>\$0.35</b>  | <b>\$3.53</b>   | <b>\$7.40</b>   |                  |
| <b>OVERHEAD EXPENSES</b>         |            |                     |                  |                |                 |                |                 |                 |                  |
| DOWNTIME                         |            | 0.00 HR             |                  | \$0.00         |                 |                |                 | \$0.00          |                  |
| EMPLOYEE BENEFITS                |            |                     |                  | \$6.85         |                 |                |                 | \$6.85          |                  |
| INSURANCE                        |            |                     | \$0.01           |                |                 |                |                 | \$0.01          |                  |
| LAND TAXES                       |            |                     |                  |                |                 |                | \$1.75          | \$1.75          |                  |
| SUPERVISION AND MANAGEMENT       |            |                     |                  | \$53.05        |                 |                |                 | \$53.05         |                  |
| OTHER EXPENSES                   |            |                     | \$56.50          |                |                 |                |                 | \$56.50         |                  |
| <b>SUBTOTAL</b>                  |            | <b>0.00 HR</b>      | <b>\$56.51</b>   | <b>\$59.90</b> |                 |                | <b>\$1.75</b>   | <b>\$118.16</b> |                  |
| <b>TOTAL OPERATING EXPENSES</b>  |            | <b>5.28 HR</b>      | <b>\$224.75</b>  | <b>\$97.97</b> | <b>\$115.39</b> | <b>\$30.33</b> | <b>\$248.96</b> | <b>\$717.41</b> |                  |
| <b>NET OPERATING PROFIT</b>      |            |                     |                  |                |                 |                |                 |                 | <b>\$37.69</b>   |
| INTEREST ON OPERATING CAPITAL    |            | ( \$51.40 @         | 7.50%            | )              |                 |                |                 |                 | \$3.85           |
| INTEREST ON EQUIPMENT INVESTMENT |            |                     |                  |                |                 |                |                 |                 | \$127.56         |
| <b>RETURN TO LAND AND RISK</b>   |            |                     |                  |                |                 |                |                 |                 | <b>(\$93.73)</b> |

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

**BUDGET SUMMARY**

|                               |          |   |  |
|-------------------------------|----------|---|--|
| GROSS RETURN                  |          | \$755.09                                |  |
| VARIABLE OPERATING EXPENSES   | \$370.48 |   |  |
| RETURN OVER VARIABLE EXPENSES | \$384.61 | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                | \$248.96 |   |  |
| NET FARM INCOME               | \$135.66 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| aes                           | \$97.97  |   |  |
| NET OPERATING PROFIT          | \$37.69  | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                 | \$131.41 |   |  |
| RETURN TO LAND AND RISK       |          | (\$93.73)                               |  |



TABLE 11. Upland cotton (stripper), sprinkler-irrigated, budgeted per acre costs and returns for a 500 acre farm with above average management, Artesia-Lake Arthur area, Projected 2011.  
 Planting dates: April 15 - May 15  
 Harvesting dates: October 15 - January 15

| ITEM                     | PRICE    | YIELD     | BASE | TOTAL           |
|--------------------------|----------|-----------|------|-----------------|
| <b>GROSS RETURNS</b>     |          |           |      |                 |
| COTTON LINT              | \$0.81   | 700 LBS   |      | \$567.00        |
| COTTON SEED              | \$0.07   | 1,120 LBS |      | \$78.40         |
| DIRECT PAYMENT           | \$0.0000 | 700 LBS   | 0.85 | \$0.00          |
| COUNTER CYCLICAL PAYMENT | \$0.1373 | 700 LBS   | 0.85 | \$81.69         |
| <b>TOTAL</b>             |          |           |      | <b>\$727.09</b> |

| PURCHASED INPUTS     | PRICE  | QUANTITY   | PURCHASED INPUTS | FIXED COST | TOTAL          |
|----------------------|--------|------------|------------------|------------|----------------|
| SEED                 | \$2.15 | 20 LBS     | \$43.00          |            | \$43.00        |
| FOLIAR FERTILIZER    | \$4.80 | 1 X/ACRE   | \$4.80           |            | \$4.80         |
| INSECT SCOUTING      | \$5.25 | 1 ACRE     | \$5.25           |            | \$5.25         |
| HERBICIDE (CUSTOM)   | \$0.00 | 1 X/ACRE   | \$0.00           |            | \$0.00         |
| INSECTICIDE (CUSTOM) | \$0.00 | 3 X/ACRE   | \$0.00           |            | \$0.00         |
| CROP INSURANCE       |        |            | FCIC             | \$1.19     | \$1.19         |
| PUMP WATER*          |        | 28 AC. IN. |                  |            |                |
| <b>SUBTOTAL</b>      |        |            | <b>\$54.24</b>   |            | <b>\$54.24</b> |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE    | REPAIRS        | FIXED COST     | TOTAL           |
|-----------------------|------------|---------------------|------------------|----------------|----------------|----------------|----------------|-----------------|
| DISC                  | 145 HP     | 0.17 HR             |                  | \$1.22         | \$4.14         | \$1.15         | \$2.08         | \$8.59          |
| PLOW                  | 145 HP     | 0.48 HR             |                  | \$3.46         | \$11.68        | \$4.29         | \$7.07         | \$26.49         |
| DISC (2X)             | 145 HP     | 0.34 HR             |                  | \$2.45         | \$8.27         | \$2.30         | \$4.16         | \$17.18         |
| FLOAT                 | 145 HP     | 0.16 HR             |                  | \$1.15         | \$3.89         | \$0.64         | \$1.69         | \$7.37          |
| PRE-IRRIGATE          |            | 0.25 HR             |                  | \$1.81         | \$9.26         | \$0.00         | \$5.81         | \$16.89         |
| CULTIVATOR            | 65 HP      | 0.21 HR             |                  | \$1.51         | \$3.11         | \$1.57         | \$1.77         | \$7.96          |
| PLANTER               | 70 HP      | 0.26 HR             |                  | \$1.87         | \$4.67         | \$0.96         | \$6.93         | \$14.43         |
| SLED                  | 70 HP      | 0.15 HR             |                  | \$1.08         | \$2.69         | \$0.35         | \$1.50         | \$5.62          |
| CULTIVATOR (3X)       | 65 HP      | 0.63 HR             |                  | \$4.54         | \$9.34         | \$4.72         | \$5.30         | \$23.89         |
| HAND HOE (CUSTOM)     |            |                     | \$20.00          |                |                |                |                | \$20.00         |
| IRRIGATE (3X)         |            | 0.75 HR             |                  | \$5.44         | \$27.78        | \$0.00         | \$17.44        | \$50.66         |
| <b>SUBTOTAL</b>       |            | <b>3.40 HR</b>      | <b>\$20.00</b>   | <b>\$24.53</b> | <b>\$84.85</b> | <b>\$15.98</b> | <b>\$53.74</b> | <b>\$199.10</b> |

| HARVEST OPERATIONS  | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR         | FUEL & LUBE    | REPAIRS       | FIXED COST     | TOTAL           |
|---------------------|------------|---------------------|------------------|---------------|----------------|---------------|----------------|-----------------|
| COTTON STRIPPER     | 70 HP      | 0.62 HR             |                  | \$4.46        | \$11.14        | \$1.86        | \$18.21        | \$35.67         |
| HAUL                | 65 HP      | 0.75 HR             |                  | \$5.40        | \$11.12        | \$0.99        | \$4.98         | \$22.50         |
| GIN COTTON (CUSTOM) |            |                     | \$134.89         |               |                |               |                | \$134.89        |
| <b>SUBTOTAL</b>     |            | <b>1.37 HR</b>      | <b>\$134.89</b>  | <b>\$9.86</b> | <b>\$22.26</b> | <b>\$2.85</b> | <b>\$23.20</b> | <b>\$193.06</b> |

| POSTHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR         | FUEL & LUBE   | REPAIRS       | FIXED COST    | TOTAL         |
|------------------------|------------|---------------------|------------------|---------------|---------------|---------------|---------------|---------------|
| SHREDDER               | 70 HP      | 0.14 HR             |                  | \$0.56        | \$2.52        | \$0.35        | \$3.53        | \$6.95        |
| <b>SUBTOTAL</b>        |            | <b>0.14 HR</b>      |                  | <b>\$0.56</b> | <b>\$2.52</b> | <b>\$0.35</b> | <b>\$3.53</b> | <b>\$6.95</b> |

| OVERHEAD EXPENSES          | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR          | FUEL & LUBE | REPAIRS | FIXED COST    | TOTAL           |
|----------------------------|------------|---------------------|------------------|----------------|-------------|---------|---------------|-----------------|
| DOWNTIME                   |            | 0.00 HR             |                  | \$0.00         |             |         |               | \$0.00          |
| EMPLOYEE BENEFITS          |            |                     |                  | \$6.29         |             |         |               | \$6.29          |
| INSURANCE                  |            |                     | \$0.01           |                |             |         |               | \$0.01          |
| LAND TAXES                 |            |                     |                  |                |             |         | \$1.75        | \$1.75          |
| SUPERVISION AND MANAGEMENT |            |                     |                  | \$51.06        |             |         |               | \$51.06         |
| OTHER EXPENSES             |            |                     | \$56.50          |                |             |         |               | \$56.50         |
| <b>SUBTOTAL</b>            |            | <b>0.00 HR</b>      | <b>\$56.51</b>   | <b>\$57.35</b> |             |         | <b>\$1.75</b> | <b>\$115.61</b> |

|                                 |  |                |                 |                |                 |                |                |                 |
|---------------------------------|--|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|
| <b>TOTAL OPERATING EXPENSES</b> |  | <b>4.91 HR</b> | <b>\$265.64</b> | <b>\$92.31</b> | <b>\$109.62</b> | <b>\$19.17</b> | <b>\$82.21</b> | <b>\$568.96</b> |
|---------------------------------|--|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|

|                             |  |  |  |  |  |  |  |                 |
|-----------------------------|--|--|--|--|--|--|--|-----------------|
| <b>NET OPERATING PROFIT</b> |  |  |  |  |  |  |  | <b>\$158.13</b> |
|-----------------------------|--|--|--|--|--|--|--|-----------------|

|                                  |  |             |       |   |  |  |  |         |
|----------------------------------|--|-------------|-------|---|--|--|--|---------|
| INTEREST ON OPERATING CAPITAL    |  | ( \$55.13 @ | 7.50% | ) |  |  |  | \$4.14  |
| INTEREST ON EQUIPMENT INVESTMENT |  |             |       |   |  |  |  | \$40.64 |

|                                |  |  |  |  |  |  |  |                 |
|--------------------------------|--|--|--|--|--|--|--|-----------------|
| <b>RETURN TO LAND AND RISK</b> |  |  |  |  |  |  |  | <b>\$113.35</b> |
|--------------------------------|--|--|--|--|--|--|--|-----------------|

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

**BUDGET SUMMARY**

|                                |          |   |  |
|--------------------------------|----------|---|--|
| GROSS RETURN                   |          | \$727.09                                |  |
| VARIABLE OPERATING EXPENSES    | \$394.44 |   |  |
| RETURN OVER VARIABLE EXPENSES  | \$332.66 | (GROSS MARGIN)                          |  |
| FIXED EXPENSES                 | \$82.21  |   |  |
| NET FARM INCOME                | \$250.44 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |  |
| LABOR AND MANAGEMENT COST      | \$92.31  |   |  |
| NET OPERATING PROFIT           | \$158.13 | (RETURN TO CAPITAL, LAND & RISK)        |  |
| CAPITAL COSTS                  | \$44.78  |   |  |
| <b>RETURN TO LAND AND RISK</b> |          | <b>\$113.35</b>                         |  |

TABLE 12. Summary of per acre costs and returns for a 500 acre farm with above average, Artesia-Lake Authur area,  
Projected 2011.

|                                  | ALFALFA<br>ESTABLISHMENT | ALFALFA<br>HAY | BARLEY     | OAT HAY  | PICKER<br>COTTON | STRIPPER<br>COTTON |
|----------------------------------|--------------------------|----------------|------------|----------|------------------|--------------------|
|                                  | TONS                     | TONS           | CWT        | TONS     | LBS              | LBS                |
| PRIMARY YIELD                    | 6.50                     | 6.50           | 35.00      | 3.50     | 700.00           | 700.00             |
| PRIMARY PRICE                    | \$165.00                 | \$165.00       | \$6.12     | \$125.00 | \$0.85           | \$0.81             |
| GOVERNMENT PAYMENTS              | \$0.00                   | \$0.00         | \$0.00     | \$0.00   | \$81.69          | \$81.69            |
| SECOND INCOME                    | \$0.00                   | \$40.00        | \$40.00    | \$0.00   | \$78.40          | \$78.40            |
| GROSS RETURN                     | \$1,072.50               | \$1,112.50     | \$254.20   | \$437.50 | \$755.09         | \$727.09           |
| CASH OPERATING EXPENSES          |                          |                |            |          |                  |                    |
| SEED                             | \$66.00                  |                | \$30.80    | \$38.00  | \$32.25          | \$43.00            |
| FERTILIZER                       | \$54.00                  | \$142.00       | \$106.50   | \$97.50  | \$4.80           | \$4.80             |
| CHEMICALS                        | \$0.00                   | \$5.25         | \$0.00     |          | \$5.25           | \$5.25             |
| CROP INSURANCE                   |                          |                | \$5.88     |          | \$1.64           | \$1.19             |
| OTHER PURCHASED INPUTS           |                          | \$159.50       |            |          |                  |                    |
| CANAL WATER                      |                          |                |            |          |                  |                    |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$90.78                  | \$55.03        | \$23.73    | \$36.31  | \$78.35          | \$72.58            |
| FUEL-IRRIGATION                  | \$55.56                  | \$63.50        | \$37.04    | \$37.04  | \$37.04          | \$37.04            |
| REPAIRS                          | \$29.47                  | \$26.36        | \$7.24     | \$12.99  | \$30.33          | \$19.17            |
| CUSTOM CHARGES                   |                          |                | \$24.91    |          | \$124.30         | \$154.89           |
| LAND TAXES                       |                          | \$1.75         | \$1.75     | \$1.75   | \$1.75           | \$1.75             |
| OTHER EXPENSES                   | \$0.01                   | \$56.51        | \$56.51    | \$56.51  | \$56.51          | \$56.51            |
| TOTAL CASH EXPENSES              | \$295.82                 | \$509.89       | \$294.35   | \$280.09 | \$372.23         | \$396.18           |
| RETURN OVER CASH EXPENSES        | \$776.68                 | \$602.61       | (\$40.15)  | \$157.41 | \$382.87         | \$330.91           |
| FIXED EXPENSES                   | \$94.80                  | \$189.89       | \$39.55    | \$47.25  | \$247.21         | \$80.47            |
| TOTAL EXPENSES                   | \$390.62                 | \$699.78       | \$333.91   | \$327.33 | \$619.44         | \$476.65           |
| NET FARM INCOME                  | \$681.88                 | \$412.72       | (\$79.71)  | \$110.17 | \$135.66         | \$250.44           |
| LABOR AND MANAGEMENT COSTS       | \$123.74                 | \$116.82       | \$35.20    | \$53.23  | \$97.97          | \$92.31            |
| NET OPERATING PROFIT             | \$558.15                 | \$295.90       | (\$114.91) | \$56.93  | \$37.69          | \$158.13           |
| CAPITAL COSTS                    |                          |                |            |          |                  |                    |
| INTEREST ON OPERATING CAPITAL    |                          | \$13.20        | \$6.80     | \$6.47   | \$3.85           | \$4.14             |
| INTEREST ON EQUIPMENT INVESTMENT | \$45.69                  | \$24.62        | \$12.78    | \$18.55  | \$127.56         | \$40.64            |
| TOTAL CAPITAL COSTS              | \$45.69                  | \$37.82        | \$19.58    | \$25.02  | \$131.41         | \$44.78            |
| RETURN TO LAND AND RISK          | \$512.45                 | \$258.08       | (\$134.49) | \$31.92  | (\$93.73)        | \$113.35           |

Flex Computation

-82.155607 97.710463 281.04541 234.46652

TABLE 13. Whole farm summary, Artesia-Lake Arthur area,  
Projected 2011.

|                                  |                    |                           |
|----------------------------------|--------------------|---------------------------|
| GROSS RETURNS                    |                    |                           |
| ALFALFA HAY                      | 342 ACRES          | \$378,195                 |
| CROP                             |                    | \$11,400                  |
| GRAZING                          |                    |                           |
| BARLEY                           | 8.5 ACRES          | \$1,821                   |
| CROP                             |                    | \$0                       |
| DIRECT PAYMENTS                  |                    | \$0                       |
| COUNTER CYCLICAL PAYMENT         |                    | \$340                     |
| GRAZING                          |                    |                           |
| OAT HAY                          | 8 ACRES            | \$3,500                   |
| CROP                             |                    |                           |
| PICKER COTTON                    | 82 ACRES           | \$48,790                  |
| COTTON LINT                      |                    | \$6,429                   |
| COTTON SEED                      |                    | \$0                       |
| DIRECT PAYMENTS                  |                    | \$6,699                   |
| COUNTER CYCLICAL PAYMENT         |                    |                           |
| STRIPPER COTTON                  | 59.5 ACRES         | \$33,737                  |
| COTTON LINT                      |                    | \$4,665                   |
| COTTON SEED                      |                    | \$0                       |
| DIRECT PAYMENTS                  |                    | \$4,861                   |
| COUNTER CYCLICAL PAYMENT         |                    |                           |
|                                  |                    | <u>\$500,435</u>          |
| GROSS RETURN                     |                    |                           |
| CASH OPERATING EXPENSES          |                    |                           |
| SEED                             |                    | 9530.8                    |
| FERTILIZER                       |                    | \$45,912                  |
| CHEMICALS                        |                    | \$2,239                   |
| CROP INSURANCE                   |                    | \$150                     |
| OTHER PURCHASED INPUTS           |                    | \$45,458                  |
| CANAL WATER                      |                    | \$0                       |
| FUEL, OIL & LUBRICANTS-EQUIPMENT |                    | \$32,093                  |
| FUEL-IRRIGATION                  |                    | \$27,116                  |
| REPAIRS                          |                    | \$12,985                  |
| CUSTOM CHARGES                   |                    | \$19,620                  |
| LAND TAXES                       |                    | \$773                     |
| OTHER EXPENSES                   |                    | \$25,035                  |
|                                  |                    | <u>\$220,914</u>          |
| TOTAL CASH EXPENSES              |                    | \$279,522                 |
| RETURN OVER CASH EXPENSES        |                    | \$56,086                  |
| FIXED EXPENSES                   |                    | \$277,000                 |
| TOTAL EXPENSES                   |                    | \$223,436                 |
| NET FARM INCOME                  |                    | \$54,597                  |
| LABOR AND MANAGEMENT COSTS       |                    | \$168,839                 |
| NET OPERATING PROFIT             |                    | \$168,839                 |
| CAPITAL COSTS                    |                    | \$4,434                   |
| INTEREST ON OPERATING CAPITAL    |                    | \$22,756                  |
| INTEREST ON EQUIPMENT INVESTMENT |                    |                           |
|                                  |                    | <u>\$27,190</u>           |
| TOTAL CAPITAL COSTS              |                    | \$27,190                  |
| RETURN TO LAND AND RISK          |                    | <u><u>\$141,649</u></u>   |
| <hr/>                            |                    |                           |
| <hr/>                            |                    |                           |
| LAND VALUE                       | RETURN<br>TO RISK* | RETURN ON<br>INVESTMENT** |
| \$1,000 /ACRE                    | \$121,649          | 20.21%                    |
| \$2,500 /ACRE                    | \$91,649           | 10.65%                    |
| \$4,000 /ACRE                    | \$61,649           | 7.23%                     |
| \$5,500 /ACRE                    | \$31,649           | 5.47%                     |

\* 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)