

TABLE 1. Acreage Summary, Torrance and Santa Fe Counties, Projected 2013.

| ESTANCIA BASIN, TORRANCE AND SANTA FE COUNTIES | | | |
|--|--|----------------|------------------------------------|
| BUDGET AREA..... | ESTANCIA BASIN, TORRANCE AND SANTA FE COUNTIES | | |
| FARM SIZE..... | 900 ACRES | | |
| IRRIGATION TYPE..... | SPRINKLER and FLOOD | | |
| NUMBER OF CROPS.. | 6 | | |
| | | WATER USE | |
| ACREAGE SUMMARY: | LAND USE (ACRES) | AC.IN. PER AC. | TOTAL AC.IN. |
| ALFALFA ESTABLISHMENT | 64.00 * | 4 | 256 |
| ALFALFA | 320.00 | 44 | 14,080 |
| WHEAT | 68.00 | 15 | 1,020 |
| ARP | 0.00 | | |
| FLEX IN CORN FOR SILAGE | 12.00 | 28 | 336 |
| CORN FOR GRAIN | 134.00 | 28 | 3,752 |
| ARP | 0.00 | | |
| FLEX IN CORN FOR SILAGE | 24.00 | 28 | 672 |
| CORN SILAGE | 160.00 | 30 | 4,800 |
| PINTO BE | 80.00 | 12 | 960 |
| IDLE, ROADS, HOMESTEAD | 100.00 | | |
| | TOTAL | | 25,876 |
| | | | ACRE FEET PER ACRE OF WATER RIGHTS |
| | | | 2.40 |

* DOUBLE-CROPPED

TABLE 2. Basic cost information for the Estancia Basin, Projected 2013.

| Item | | |
|---------------------------------|-----------------------------|------------------------------|
| Labor Wage Rate: | | |
| Equipment operators | \$/hour | \$7.80 |
| General & Irrigators | \$/hour | \$7.50 |
| Purchased Inputs: | | |
| Fertilizer: | | |
| Anhydrous Ammonia (NH3) | \$/ton | \$830.00 |
| Nitrogen (N) | \$/pound | \$0.61 |
| Phosphate (P205) | \$/pound | \$0.60 |
| Potash (K20) | \$/pound | \$0.52 |
| Seed: | | |
| Alfalfa | \$/pound | \$6.50 |
| Wheat | \$/pound | \$0.65 |
| Corn | \$/bag | \$242.80 |
| Pinto Beans | \$/pound | \$35.00 |
| Baling Wire | \$/pound | \$0.91 |
| Baling Twine | \$/pound | \$0.64 |
| Natural gas | \$/MCF | \$4.01 |
| (service charge) | \$/month | \$10.00 |
| Diesel fuel | \$/gallon | \$3.00 |
| Gasoline | \$/gallon | \$3.80 |
| Electricity | cents/KwHr | 8.87 |
| LP Gas | \$/gallon | \$2.80 |
| 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 | 5.00% |
| Land Interest Rate | percent | 5.00% |
| Equipment Interest Rate | percent | 5.00% |
| Real Interest Rate | percent | 3.00% |
| Land Taxes | \$100.00 /acre (full value) | \$1.04 |
| Personal Property Tax Rate | - NR | \$/ \$1,000 (Assessed Value) |
| | - R | \$25.17 |
| Supervision Factors | | |
| Field Crop-Irrigation | \$/labor hour | \$1.00 |
| Field Crop-Equipment & General | \$/labor hour | \$0.50 |
| Management Rate | percent | 7.00% |

TABLE 3. Overhead cost information for the Estancia Basin, Projected 2013.

| Item | | |
|------------------------------------|------------------------|------------------|
| Electricity (Domestic & Shop) | \$242.00 per month | \$2,904 |
| Telephone | \$139.15 per month | \$1,670 |
| Accounting & Legal | | \$1,724 |
| Misc. Supplies & Hand Tools | | \$2,589 |
| Pickup and Auto | | |
| miles | 31,158 @ | \$0.500 per mile |
| Insurance | | |
| - general liability (non-employee) | | \$2,263 |
| - fire/theft | | \$1,906 |
| Property Taxes | | |
| - non-planted land | | \$0 |
| - other than land & machinery | | \$6,010 |
| Building repairs and maintenance | | \$1,452 |
| Dues, fees, publications | | \$436 |
| Farmstead Equipment | | \$188 |
| | Total | \$36,720 |
| | Total Per Planted Acre | \$46.01 |

TABLE 6. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 900 acre farm above average management, Estancia Basin, Projected 2013.
Planting dates: August 1 - September 15

| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
|---------------------------------|---------------|------------------------|---------------------|---------|----------------|---------|---------------|----------|
| <u>PURCHASED INPUTS</u> | | | | | | | | |
| SEED | \$6.50 | 20 LBS | \$130.00 | | | | | \$130.00 |
| PUMP WATER* | | 4 AC. IN. | | | | | | \$0.00 |
| | | | | | | | | \$0.00 |
| SUBTOTAL | | | \$130.00 | | | | | \$130.00 |
| <u>PREHARVEST OPERATIONS</u> | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC (2X) | 185 HP | 0.18 HR | | \$1.40 | \$5.59 | \$2.36 | \$3.98 | \$13.33 |
| CHISEL | 185 HP | 0.20 HR | | \$1.56 | \$6.22 | \$1.43 | \$3.50 | \$12.71 |
| DISC | 185 HP | 0.09 HR | | \$0.70 | \$2.80 | \$1.18 | \$1.99 | \$6.67 |
| FERT SPREADER | 65 HP | 0.05 HR | | \$0.39 | \$0.92 | \$0.11 | \$0.61 | \$2.04 |
| PLANE | 185 HP | 0.19 HR | | \$1.48 | \$5.90 | \$1.10 | \$3.75 | \$12.24 |
| DRILL | 65 HP | 0.21 HR | | \$1.64 | \$3.88 | \$0.49 | \$4.47 | \$10.48 |
| IRRIGATE (2X) | | 0.20 HR | | \$1.50 | \$9.77 | \$0.00 | \$1.21 | \$12.48 |
| SUBTOTAL | | 1.12 HR | | \$8.68 | \$35.09 | \$6.66 | \$19.51 | \$69.94 |
| <u>OVERHEAD EXPENSES</u> | | | | | | | | |
| DOWNTIME | | 0.23 HR | | \$1.79 | | | | \$1.79 |
| EMPLOYEE BENEFITS | | | | \$1.56 | | | | \$1.56 |
| INSURANCE | | | \$0.17 | | | | | \$0.17 |
| SUPERVISION AND MANAGEMENT | | | | \$14.66 | | | | \$14.66 |
| SUBTOTAL | | 0.23 HR | \$0.17 | \$18.01 | | | | \$18.19 |
| <u>TOTAL OPERATING EXPENSES</u> | | 1.35 HR | \$130.17 | \$26.69 | \$35.09 | \$6.66 | \$19.51 | \$218.13 |

TABLE 7. Alfalfa hay, sprinkler-irrigated, budgeted per acre costs and returns for a 900 acre farm with above average management, Estancia Basin, Projected 2013.
Harvesting dates: June 15 - October 15

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|-----------------|-----------------|----------------|-------------------|-----------------|
| GROSS RETURNS | | | | | | | | |
| ALFALFA HAY | \$245.00 | 5.00 TONS (STACKED) | | | | | | \$1,225.00 |
| GRAZING | \$10.00 | 1.00 ACRE | | | | | | \$10.00 |
| TOTAL | | | | | | | \$1,235.00 | |
| PURCHASED INPUTS | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
| PHOSPHATE (P205) | \$0.60 | 92.00 LBS | \$55.20 | | | | | \$55.20 |
| INSECTICIDE (CUSTOM) | \$23.14 | 1.00 ACRE | \$23.14 | | | | | \$23.14 |
| LIVESTOCK FAC & EQUIP | | | | | | | \$5.00 | \$5.00 |
| PLASTIC TWINE | \$0.64 | 850.00 FT | \$0.14 | | | | | \$0.14 |
| ESTABLISHMENT: Principal | | 5.00 YEARS | | | | | \$43.63 | \$43.63 |
| : Interest | | | | | | | \$6.15 | \$6.15 |
| PUMP WATER* | | 44.00 AC. IN. | | | | | | |
| SUBTOTAL | | | \$78.48 | | | | \$54.78 | \$133.26 |
| PREHARVEST OPERATIONS | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| FERT SPREADER | 185 HP | 0.05 HR | | \$0.39 | \$1.55 | \$0.33 | \$1.15 | \$3.42 |
| IRRIGATE (10X) | | 1.00 HR | | \$7.50 | \$107.52 | \$0.00 | \$13.30 | \$128.32 |
| SUBTOTAL | | 1.05 HR | | \$7.89 | \$109.08 | \$0.33 | \$14.45 | \$131.75 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER (3X) | 16 FT SP | 0.33 HR | | \$2.57 | \$3.71 | \$0.48 | \$12.50 | \$19.25 |
| RAKE (3X) | 65 HP | 0.15 HR | | \$1.17 | \$2.77 | \$0.34 | \$1.86 | \$6.14 |
| BALER (3X) | 155 HP | 0.21 HR | | \$1.64 | \$6.53 | \$1.55 | \$22.80 | \$32.52 |
| LOAD & HAUL (3X) | 2 TON | 1.50 HR | | \$11.70 | \$73.33 | \$20.36 | \$19.87 | \$125.26 |
| SUBTOTAL | | 2.19 HR | | \$17.08 | \$86.33 | \$22.73 | \$57.03 | \$183.17 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.52 HR | | \$4.08 | | | | \$4.08 |
| EMPLOYEE BENEFITS | | | | \$4.49 | | | | \$4.49 |
| INSURANCE | | | \$0.50 | | | | | \$0.50 |
| LAND TAXES | | | | | | | \$1.04 | \$1.04 |
| SUPERVISION AND MANAGEMENT | | | | \$88.50 | | | | \$88.50 |
| OTHER EXPENSES | | | \$46.01 | | | | | \$46.01 |
| SUBTOTAL | | 0.52 HR | \$46.51 | \$97.07 | | | \$1.04 | \$144.62 |
| TOTAL OPERATING EXPENSES | | 3.76 HR | \$124.99 | \$122.04 | \$195.41 | \$23.06 | \$127.30 | \$592.80 |
| NET OPERATING PROFIT | | | | | | | \$642.20 | |
| INTEREST ON OPERATING CAPITAL | | (| \$75.68 | @ | 5.00% |) | | \$3.78 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$6.78 |
| RETURN TO LAND AND RISK | | | | | | | \$631.63 | |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|------------|---|
| GROSS RETURN | | \$1,235.00 | |
| VARIABLE OPERATING EXPENSES | \$343.46 | | |
| RETURN OVER VARIABLE EXPENSES | | \$891.54 | (GROSS MARGIN) |
| FIXED EXPENSES | \$127.30 | | |
| NET FARM INCOME | | \$764.24 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$122.04 | | |
| NET OPERATING PROFIT | | \$642.20 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$10.57 | | |
| RETURN TO LAND AND RISK | | \$631.63 | |

TABLE 8. Wheat, sprinkler-irrigated, budgeted per acre costs and returns for a 900 acre farm with above average management, Estancia Basin, Projected 2013.
 Planting dates: September 15 - October 31
 Harvesting dates: July 15 - August 5

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|---------|--------------|------|-----------------|
| GROSS RETURNS | | | | |
| WHEAT | \$7.75 | 55.00 BUSHEL | | \$426.25 |
| DIRECT PAYMENT | \$0.00 | 55.00 BUSHEL | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | | | \$0.00 |
| GRAZING | \$40.00 | 1.00 ACRE | | \$40.00 |
| TOTAL | | | | \$466.25 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-----------------------------------|--------|-------------|------------------|---------------|-----------------|
| SEED | \$0.65 | 100 LBS | \$65.00 | | \$65.00 |
| ANHYDROUS AMMONIA (NH3) | \$0.42 | 100 LBS | \$41.50 | | \$41.50 |
| NITROGEN (N) | \$0.61 | 22 LBS | \$13.42 | | \$13.42 |
| PHOSPHATE (P205) | \$0.60 | 44 LBS | \$26.40 | | \$26.40 |
| POTASH (K20) | \$0.52 | 22 LBS | \$11.44 | | \$11.44 |
| LIVESTOCK FAC & EQUIP PUMP WATER* | | 15 ACRE IN. | | \$5.00 | \$5.00 |
| CROP INSURANCE | \$0.74 | | | | \$0.74 |
| SUBTOTAL | | | \$157.76 | \$5.00 | \$163.50 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|----------------|---------------|----------------|----------------|
| DISC (2X) | 185 HP | 0.18 HR | | \$1.40 | \$5.59 | \$2.36 | \$3.98 | \$13.33 |
| FERT SPREADER | 185 HP | 0.05 HR | | \$0.39 | \$1.55 | \$0.33 | \$1.15 | \$3.42 |
| ANHYDROUS APPL. | 185 HP | 0.17 HR | | \$1.33 | \$5.28 | \$0.96 | \$2.60 | \$10.17 |
| LISTER 6-ROW | 126 HP | 0.12 HR | | \$0.94 | \$2.97 | \$0.80 | \$1.36 | \$6.06 |
| DRILL | 65 HP | 0.21 HR | | \$1.64 | \$3.88 | \$0.49 | \$4.47 | \$10.48 |
| IRRIGATE (4X) | | 2.00 HR | | \$15.00 | \$36.66 | \$0.00 | \$4.53 | \$56.19 |
| SUBTOTAL | | 2.73 HR | | \$20.69 | \$55.93 | \$4.94 | \$18.10 | \$99.66 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|---------------|----------------|---------------|----------------|----------------|
| COMBINE | 126 HP | 0.30 HR | | \$2.34 | \$13.49 | \$0.55 | \$12.56 | \$28.94 |
| HAUL | 2 TON | 0.50 HR | | \$3.90 | \$12.07 | \$3.22 | \$4.04 | \$23.23 |
| SUBTOTAL | | 0.80 HR | \$0.00 | \$6.24 | \$25.56 | \$3.77 | \$16.60 | \$52.17 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-------------|---------|---------------|----------------|
| DOWNTIME | 0.18 HR | | \$1.42 | | | | \$1.42 |
| EMPLOYEE BENEFITS | | | \$4.85 | | | | \$4.85 |
| INSURANCE | | \$0.41 | | | | | \$0.41 |
| LAND TAXES | | | | | | \$1.04 | \$1.04 |
| SUPERVISION AND MANAGEMENT | | | \$35.00 | | | | \$35.00 |
| OTHER EXPENSES | | \$46.01 | | | | | \$46.01 |
| SUBTOTAL | 0.18 HR | \$46.43 | \$41.27 | | | \$1.04 | \$88.75 |

TOTAL OPERATING EXPENSES 3.71 HR \$204.19 \$68.21 \$81.49 \$8.71 \$40.74 \$404.08

NET OPERATING PROFIT \$62.17

INTEREST ON OPERATING CAPITAL (\$96.91 @ 5.00%) \$4.85
 INTEREST ON EQUIPMENT INVESTMENT \$14.11

RETURN TO LAND AND RISK \$43.21

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

BUDGET SUMMARY

| | | |
|-------------------------------|----------|---|
| GROSS RETURN | \$466.25 | |
| VARIABLE OPERATING EXPENSES | \$294.39 | |
| RETURN OVER VARIABLE EXPENSES | \$171.86 | (GROSS MARGIN) |
| FIXED EXPENSES | \$40.74 | |
| NET FARM INCOME | \$131.12 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$68.21 | |
| NET OPERATING PROFIT | \$62.91 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$18.96 | |
| RETURN TO LAND AND RISK | \$43.95 | |

TABLE 9. Corn for grain, sprinkler-irrigated, budgeted per acre costs and returns for a 900 acre farm with above average management, Estancia Basin, Projected 2013.
 Planting dates: April 20 - May 5
 Harvesting dates: October 15 - November 15

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|---------|----------------|------|-----------------|
| GROSS RETURNS | | | | |
| CORN | \$6.35 | 150.00 BUSHELS | | \$952.50 |
| DIRECT PAYMENT | \$0.00 | 150.00 BUSHELS | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | 0.00 BUSHELS | | \$0.00 |
| GRAZING | \$12.00 | 1.00 ACRE | | \$12.00 |
| TOTAL | | | | \$964.50 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-------------------------|---------|------------|------------------|---------------|-----------------|
| SEED | \$3.04 | 25 000 | \$75.88 | | \$75.88 |
| ANHYDROUS AMMONIA (NH3) | \$0.42 | 250 LBS | \$103.75 | | \$103.75 |
| NITROGEN (N) | \$0.61 | 22 LBS | \$13.42 | | \$13.42 |
| PHOSPHATE (P205) | \$0.60 | 44 LBS | \$26.40 | | \$26.40 |
| INSECTICIDE (FLY-ON) | \$11.37 | 1 ACRE | \$11.37 | | \$11.37 |
| INSECTICIDE | \$16.99 | 1 ACRE | \$16.99 | | \$16.99 |
| HERBICIDE | \$16.99 | 1 ACRE | \$16.99 | | \$16.99 |
| LIVESTOCK FAC & EQUIP | | | | \$5.00 | \$5.00 |
| PUMP WATER* | | 28 AC. IN. | | | |
| CROP INSURANCE | \$0.29 | | | | \$0.29 |
| SUBTOTAL | | | \$264.78 | \$5.00 | \$270.08 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|---------------|----------------|-----------------|
| DISC (2X) | 185 HP | 0.18 HR | | \$1.40 | \$5.59 | \$2.36 | \$3.98 | \$13.33 |
| CHISEL | 185 HP | 0.20 HR | | \$1.56 | \$6.22 | \$1.43 | \$3.50 | \$12.71 |
| FERT SPREADER | 185 HP | 0.05 HR | | \$0.39 | \$1.55 | \$0.33 | \$1.15 | \$3.42 |
| DISC & SPRAY | 185 HP | 0.14 HR | | \$1.09 | \$4.35 | \$1.93 | \$3.31 | \$10.68 |
| ANHYDROUS APPL. | 185 HP | 0.17 HR | | \$1.33 | \$5.28 | \$0.96 | \$2.60 | \$10.17 |
| LISTER | 126 HP | 0.12 HR | | \$0.94 | \$2.97 | \$0.80 | \$1.01 | \$5.72 |
| PLANTER & SPRAY | 126 HP | 0.20 HR | | \$1.56 | \$4.95 | \$1.34 | \$3.35 | \$11.20 |
| CULTIVATOR (1X) | 65 HP | 0.13 HR | | \$1.01 | \$2.40 | \$0.57 | \$1.33 | \$5.31 |
| IRRIGATE (13X) | | 1.30 HR | | \$9.75 | \$68.42 | \$0.00 | \$8.47 | \$86.64 |
| SUBTOTAL | | 2.49 HR | | \$19.03 | \$101.74 | \$9.71 | \$28.70 | \$159.18 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|---------------|----------------|---------------|----------------|----------------|
| COMBINE | 126 HP | 0.35 HR | | \$2.73 | \$15.74 | \$1.40 | \$19.68 | \$39.55 |
| HAUL | 2-TON | 0.50 HR | | \$3.90 | \$12.07 | \$3.22 | \$4.04 | \$23.23 |
| SUBTOTAL | | 0.85 HR | | \$6.63 | \$27.81 | \$4.62 | \$23.72 | \$62.78 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-------------|---------|---------------|-----------------|
| DOWNTIME | 0.47 HR | | \$3.65 | | | | \$3.65 |
| EMPLOYEE BENEFITS | | | \$4.62 | | | | \$4.62 |
| INSURANCE | | \$0.51 | | | | | \$0.51 |
| LAND TAXES | | | | | | \$1.04 | \$1.04 |
| SUPERVISION AND MANAGEMENT | | | \$71.45 | | | | \$71.45 |
| OTHER EXPENSES | | \$46.01 | | | | | \$46.01 |
| SUBTOTAL | 0.47 HR | \$46.53 | \$79.72 | | | \$1.04 | \$127.29 |

TOTAL OPERATING EXPENSES 3.81 HR \$311.31 \$105.38 \$129.55 \$14.33 \$58.47 \$619.32

NET OPERATING PROFIT \$345.18

INTEREST ON OPERATING CAPITAL (\$163.10 @ 5.00%) \$8.16
 INTEREST ON EQUIPMENT INVESTMENT \$20.45

RETURN TO LAND AND RISK \$316.57

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

| | | | |
|-------------------------------|----------|----------|---|
| GROSS RETURN | | \$964.50 | |
| VARIABLE OPERATING EXPENSES | \$455.19 | | |
| RETURN OVER VARIABLE EXPENSES | | \$509.31 | (GROSS MARGIN) |
| FIXED EXPENSES | \$58.47 | | |
| NET FARM INCOME | | \$450.85 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$105.38 | | |
| NET OPERATING PROFIT | | \$345.47 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$28.60 | | |
| RETURN TO LAND AND RISK | | \$316.86 | |

TABLE 10. Corn silage, flood-irrigated, budgeted per acre costs and returns for a 900 acre farm with above average management, Estancia Basin, Projected 2013.
 Planting dates: April 20 - May 5
 Harvesting dates: September 15 - October 15

| ITEM | PRICE | YIELD | TOTAL |
|---------------|---------|------------------|------------|
| GROSS RETURNS | | | |
| CORN SILAGE | \$55.00 | 25.00 TONS (CUT) | \$1,375.00 |
| TOTAL | | | \$1,375.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-------------------------|---------|------------|------------------|------------|----------|
| SEED | \$3.04 | 25 000 | \$75.88 | | \$75.88 |
| ANHYDROUS AMMONIA (NH3) | \$0.42 | 250 LBS | \$103.75 | | \$103.75 |
| NITROGEN (N) | \$0.61 | 22 LBS | \$13.42 | | \$13.42 |
| PHOSPHATE (P205) | \$0.60 | 44 LBS | \$26.40 | | \$26.40 |
| HERBICIDE | \$15.41 | 1 ACRE | \$15.41 | | \$15.41 |
| INSECTICIDE (FLY-ON) | \$11.37 | 1 ACRE | \$11.37 | | \$11.37 |
| INSECTICIDE | \$15.44 | 1 ACRE | \$15.44 | | \$15.44 |
| IRRIGATION WATER | | 30 AC. IN. | | | |
| SUBTOTAL | | | \$261.66 | | \$261.66 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| DISC (2X) | 185 HP | 0.18 HR | | \$1.40 | \$5.59 | \$2.36 | \$3.98 | \$13.33 |
| CHISEL | 185 HP | 0.20 HR | | \$1.56 | \$6.22 | \$1.43 | \$3.50 | \$12.71 |
| LAND PLANE | 185 HP | 0.24 HR | | \$1.87 | \$7.46 | \$1.38 | \$4.74 | \$15.46 |
| FERT SPREADER | 185 HP | 0.05 HR | | \$0.39 | \$1.55 | \$0.33 | \$1.15 | \$3.42 |
| LISTER & SPRAY | 126 HP | 0.17 HR | | \$1.33 | \$4.21 | \$1.24 | \$1.70 | \$8.47 |
| PRE-IRRIGATE | | 0.75 HR | | \$5.63 | \$14.66 | \$0.00 | \$0.53 | \$20.81 |
| PLANTER & SPRAY | 126 HP | 0.20 HR | | \$1.56 | \$4.95 | \$1.34 | \$3.35 | \$11.20 |
| CULTIVATOR | 65 HP | 0.13 HR | | \$1.01 | \$2.40 | \$0.57 | \$1.33 | \$5.31 |
| IRRIGATE (4X) | | 2.00 HR | | \$15.00 | \$58.65 | \$0.00 | \$2.11 | \$75.76 |
| SUBTOTAL | | 3.92 HR | | \$29.75 | \$105.69 | \$8.65 | \$22.39 | \$166.48 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|--------|-------------|---------|------------|---------|
| ENSILAGE CHOPPER | 126 HP | 0.71 HR | | \$5.54 | \$17.57 | \$3.08 | \$9.19 | \$35.38 |
| SUBTOTAL | | 0.71 HR | | \$5.54 | \$17.57 | \$3.08 | \$9.19 | \$35.38 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------|-------------|---------|------------|----------|
| DOWNTIME | 0.47 HR | | \$3.67 | | | | \$3.67 |
| EMPLOYEE BENEFITS | | | \$6.35 | | | | \$6.35 |
| INSURANCE | | \$0.71 | | | | | \$0.71 |
| LAND TAXES | | | | | | \$1.04 | \$1.04 |
| SUPERVISION AND MANAGEMENT | | | \$99.92 | | | | \$99.92 |
| OTHER EXPENSES | | \$46.01 | | | | | \$46.01 |
| SUBTOTAL | 0.47 HR | \$46.72 | \$109.94 | | | \$1.04 | \$157.70 |

| | | | | | | | |
|--------------------------|---------|----------|----------|----------|---------|---------|----------|
| TOTAL OPERATING EXPENSES | 5.10 HR | \$308.38 | \$145.23 | \$123.26 | \$11.73 | \$32.62 | \$621.22 |
|--------------------------|---------|----------|----------|----------|---------|---------|----------|

| | | | | | | | |
|----------------------|--|--|--|--|--|--|----------|
| NET OPERATING PROFIT | | | | | | | \$753.78 |
|----------------------|--|--|--|--|--|--|----------|

| | | | | | | | |
|----------------------------------|----------------------|--|--|--|--|--|---------|
| INTEREST ON OPERATING CAPITAL | (\$161.14 @ 5.00%) | | | | | | \$8.06 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$13.42 |

| | | | | | | | |
|-------------------------|--|--|--|--|--|--|----------|
| RETURN TO LAND AND RISK | | | | | | | \$732.30 |
|-------------------------|--|--|--|--|--|--|----------|

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

BUDGET SUMMARY

| | | |
|-------------------------------|------------|---|
| GROSS RETURN | \$1,375.00 | |
| VARIABLE OPERATING EXPENSES | \$443.37 | |
| RETURN OVER VARIABLE EXPENSES | \$931.63 | (GROSS MARGIN) |
| FIXED EXPENSES | \$32.62 | |
| NET FARM INCOME | \$899.01 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$145.23 | |
| NET OPERATING PROFIT | \$753.78 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$21.48 | |
| RETURN TO LAND AND RISK | \$732.30 | |

TABLE 11. Pinto beans, flood-irrigated, budgeted per acre costs and returns for a 900 acre farm with above average management, Estancia Basin, Projected 2013.
 Planting dates: May 15 - June 10
 Harvesting dates: September 1 - October 31

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|---------------|---------|-------|--------------------|--|--|--|--|-----------------|
| GROSS RETURNS | | | | | | | | |
| PINTO BEANS | \$20.00 | 20.00 | CWT (THRESHER RUN) | | | | | \$400.00 |
| TOTAL | | | | | | | | \$400.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
|----------------------|---------|------------|-------------------|--|--|--|------------|-------------------|
| SEED | \$35.00 | 60 LBS | \$2,100.00 | | | | | \$2,100.00 |
| NITROGEN (N) | \$0.61 | 18 LBS | \$10.98 | | | | | \$10.98 |
| PHOSPHATE (P205) | \$0.60 | 46 LBS | \$27.60 | | | | | \$27.60 |
| INSECTICIDE (CUSTOM) | \$15.62 | 1 ACRE | \$15.62 | | | | | \$15.62 |
| HERBICIDE | \$16.99 | 1 ACRE | \$16.99 | | | | | \$16.99 |
| PUMP WATER* | | 12 AC. IN. | | | | | | |
| SUBTOTAL | | | \$2,171.18 | | | | | \$2,171.18 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|----------------|---------------|----------------|-----------------|
| DISC (2X) | 185 HP | 0.18 HR | | \$1.40 | \$5.59 | \$2.36 | \$3.98 | \$13.33 |
| LAND PLANE (2X) | 185 HP | 0.48 HR | | \$3.74 | \$14.92 | \$2.77 | \$9.48 | \$30.91 |
| FERT SPREADER | 185 HP | 0.05 HR | | \$0.39 | \$1.55 | \$0.33 | \$1.15 | \$3.42 |
| LISTER & SPRAY | 126 HP | 0.17 HR | | \$1.33 | \$4.21 | \$1.24 | \$1.70 | \$8.47 |
| PLANTER | 126 HP | 0.17 HR | | \$1.33 | \$4.21 | \$1.02 | \$2.59 | \$9.14 |
| CULTIVATOR (2X) | 65 HP | 0.26 HR | | \$2.03 | \$4.80 | \$1.14 | \$2.66 | \$10.63 |
| IRRIGATE (3X) | | 1.50 HR | | \$11.25 | \$29.32 | \$0.00 | \$1.05 | \$41.63 |
| SUBTOTAL | | 2.81 HR | | \$21.47 | \$64.61 | \$8.86 | \$22.61 | \$117.55 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|---------------|----------------|---------------|----------------|----------------|
| ROD WEED | 126 HP | 0.08 HR | | \$0.62 | \$1.98 | \$0.38 | \$1.44 | \$4.43 |
| COMBINE | 126 HP | 0.50 HR | | \$3.90 | \$22.48 | \$1.02 | \$14.49 | \$41.89 |
| SUBTOTAL | | 0.58 HR | | \$4.52 | \$24.46 | \$1.40 | \$15.93 | \$46.32 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-------------|---------|---------------|----------------|
| DOWNTIME | 0.91 HR | | \$7.08 | | | | \$7.08 |
| EMPLOYEE BENEFITS | | | \$4.68 | | | | \$4.68 |
| INSURANCE | | \$0.52 | | | | | \$0.52 |
| LAND TAXES | | | | | | \$1.04 | \$1.04 |
| SUPERVISION AND MANAGEMENT | | | \$30.18 | | | | \$30.18 |
| OTHER EXPENSES | | \$46.01 | | | | | \$46.01 |
| SUBTOTAL | 0.91 HR | \$46.53 | \$41.94 | | | \$1.04 | \$89.52 |

| | | | | | | | |
|----------------------------------|------------------------|-------------------|----------------|----------------|----------------|----------------|---------------------|
| TOTAL OPERATING EXPENSES | 4.30 HR | \$2,217.72 | \$67.93 | \$89.07 | \$10.26 | \$39.59 | \$2,424.56 |
| NET OPERATING PROFIT | | | | | | | (\$2,024.56) |
| INTEREST ON OPERATING CAPITAL | (\$1,106.11 @ 5.00%) | | | | | | \$55.31 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$19.67 |
| RETURN TO LAND AND RISK | | | | | | | (\$2,099.54) |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|------------|--------------|---|
| GROSS RETURN | | \$400.00 | |
| VARIABLE OPERATING EXPENSES | \$2,317.05 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$1,917.05) | (GROSS MARGIN) |
| FIXED EXPENSES | \$39.59 | | |
| NET FARM INCOME | | (\$1,956.63) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$67.93 | | |
| NET OPERATING PROFIT | | (\$2,024.56) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$74.98 | | |
| RETURN TO LAND AND RISK | | (\$2,099.54) | |

TABLE 12. Summary of per acre costs and returns for a 900 acre farm with above average management, Estancia Basin, New Mexico, Projected 2013.

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | WHEAT | CORN FOR GRAIN | CORN FOR SILAGE | PINTO BEANS |
|----------------------------------|--------------------------|----------------|----------|-------------------|--------------------|----------------|
| | | TONS | BU | BU | TONS | CWT |
| PRIMARY YIELD | | 5.00 | 55.00 | 150.00 | 25.00 | 20.00 |
| PRIMARY PRICE | | \$245.00 | \$7.75 | \$6.35 | \$55.00 | \$20.00 |
| GOVERNMENT PAYMENTS | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SECOND INCOME | | \$10.00 | \$40.00 | \$12.00 | \$0.00 | \$0.00 |
| GROSS RETURN | | \$1,235.00 | \$466.25 | \$964.50 | \$1,375.00 | \$400.00 |
| CASH OPERATING EXPENSES | | | | | | |
| SEED | \$130.00 | | \$65.00 | \$75.88 | \$75.88 | \$2,100.00 |
| FERTILIZER | | \$55.20 | \$92.76 | \$143.57 | \$143.57 | \$38.58 |
| CHEMICALS | | \$23.14 | | \$45.34 | \$42.21 | \$32.60 |
| CROP INSURANCE | | | \$0.74 | \$0.29 | | |
| OTHER PURCHASED INPUTS | | \$0.14 | | | | |
| CANAL WATER | | | | | | |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$25.31 | \$87.89 | \$44.84 | \$61.12 | \$49.95 | \$59.74 |
| FUEL-IRRIGATION | \$9.77 | \$107.52 | \$36.66 | \$68.42 | \$73.31 | \$29.32 |
| REPAIRS | \$6.66 | \$23.06 | \$8.71 | \$14.33 | \$11.73 | \$10.26 |
| CUSTOM CHARGES | | | \$0.00 | \$0.00 | \$0.00 | |
| LAND TAXES | | \$1.04 | \$1.04 | \$1.04 | \$1.04 | \$1.04 |
| OTHER EXPENSES | \$0.17 | \$46.51 | \$46.43 | \$46.53 | \$46.72 | \$46.53 |
| TOTAL CASH EXPENSES | \$171.93 | \$344.50 | \$296.17 | \$456.53 | \$444.41 | \$2,318.09 |
| RETURN OVER CASH EXPENSES | (\$171.93) | \$890.50 | \$170.08 | \$507.97 | \$930.59 | (\$1,918.09) |
| FIXED EXPENSES | \$19.51 | \$126.26 | \$39.70 | \$57.42 | \$31.58 | \$38.54 |
| TOTAL EXPENSES | \$191.44 | \$470.76 | \$335.87 | \$513.95 | \$475.99 | \$2,356.63 |
| NET FARM INCOME | (\$191.44) | \$764.24 | \$130.38 | \$450.55 | \$899.01 | (\$1,956.63) |
| LABOR AND MANAGEMENT COSTS | \$26.69 | \$122.04 | \$68.21 | \$105.38 | \$145.23 | \$67.93 |
| NET OPERATING PROFIT | (\$218.13) | \$642.20 | \$62.17 | \$345.18 | \$753.78 | (\$2,024.56) |
| CAPITAL COSTS | | | | | | |
| INTEREST ON OPERATING CAPITAL | | \$3.78 | \$4.85 | \$8.16 | \$8.06 | \$55.31 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$6.78 | \$14.11 | \$20.45 | \$13.42 | \$19.67 |
| TOTAL CAPITAL COSTS | \$0.00 | \$10.57 | \$18.96 | \$28.60 | \$21.48 | \$74.98 |
| RETURN TO LAND AND RISK | (\$218.13) | \$631.63 | \$43.21 | \$316.57 | \$732.30 | (\$2,099.54) |

TABLE 13. Whole farm summary, Estancia Basin,
Projected 2013.

| | | |
|----------------------------------|--------------|------------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 320.00 ACRES | |
| CROP | | \$392,000 |
| GRAZING | | \$3,200 |
| WHEAT | 68.00 ACRES | |
| CROP | | \$28,985 |
| GRAZING | | \$2,720 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| CORN FOR GRAIN | 170.00 ACRES | |
| CROP | | \$161,925 |
| GRAZING | | \$2,040 |
| DIRECT PAYMENT | | \$0 |
| CORN FOR SILAGE | 160.00 ACRES | |
| CROP | | \$220,000 |
| PINTO BEANS | 80.00 ACRES | |
| CROP | | \$32,000 |
| GROSS RETURN | | <u>\$842,870</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$205,779 |
| FERTILIZER | | \$74,436 |
| CHEMICALS | | \$24,475 |
| CROP INSURANCE | | \$100 |
| OTHER PURCHASED INPUTS | | \$44 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$55,956 |
| FUEL-IRRIGATION | | \$63,232 |
| REPAIRS | | \$13,531 |
| CUSTOM CHARGES | | \$0 |
| LAND TAXES | | \$833 |
| OTHER EXPENSES | | \$37,161 |
| TOTAL CASH EXPENSES | | <u>\$475,547</u> |
| RETURN OVER CASH EXPENSES | | \$367,323 |
| FIXED EXPENSES | | \$48,288 |
| TOTAL EXPENSES | | \$523,835 |
| NET FARM INCOME | | \$319,035 |
| LABOR AND MANAGEMENT COSTS | | \$91,983 |
| NET OPERATING PROFIT | | \$227,052 |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$8,640 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$10,329 |
| TOTAL CAPITAL COSTS | | <u>\$18,969</u> |
| RETURN TO LAND AND RISK | | <u>\$208,083</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$750 /ACRE | \$187,833 | 23.48% |
| \$1,000 /ACRE | \$181,083 | 19.05% |
| \$1,250 /ACRE | \$174,333 | 16.02% |
| \$1,500 /ACRE | \$167,583 | 13.83% |

* 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)