

TABLE 1. Acreage Summary, Otero County,
Projected 2018

| | |
|----------------------|------------------------------|
| BUDGET AREA..... | DELL CITY AREA, OTERO COUNTY |
| FARM SIZE..... | 640 ACRES |
| IRRIGATION TYPE..... | SIDEROLL/FLOOD |
| NUMBER OF CROPS..... | 5 |

| ACREAGE SUMMARY: | WATER USE | | |
|---|---------------------|-------------------|-----------------|
| | LAND USE (ACRES) | AC.IN. PER AC. | TOTAL AC.IN. |
| ALFALFA ESTABLISHMENT | 56.00 * | 6 | 336 |
| ALFALFA | 280.00 | 40 | 11,200 |
| WHEAT | 170.00 | 25 | 4,250 |
| ARP | 0.00 | | |
| FLEX IN COTTON | 30.00 | 30 | 900 |
| WHITE CORN | 50.00 | 48 | 2,400 |
| COTTON | 42.50 | 30 | 1,275 |
| ARP | 0.00 | | |
| FLEX IN COTTON | 7.50 | 30 | 225 |
| GRAIN SORGHUM | 25.50 | 36 | 918 |
| ARP | 0.00 | | |
| FLEX IN COTTON | 4.50 | 30 | 135 |
| ROADS, DITCHES, HOMESTEAD | 30.00 | | |
| TOTAL | 640.00 | | 21,639 |
| ACRE FEET PER ACRE OF WATER RIGHTS | | | 2.82 |

* DOUBLE-CROPPED

TABLE 2. Basic cost information for Dell City area, Otero County,
Projected 2018

| Item | | | |
|---------------------------------|----------|------------------------------|----------|
| Labor Wage Rate: | | | |
| Equipment operators | | \$/hour | \$8.55 |
| General & Irrigators | | \$/hour | \$7.50 |
| Purchased Inputs: | | | |
| Fertilizer: | | | |
| Nitrogen (N) | | \$/pound | \$0.31 |
| Phosphate (P205) | | \$/pound | \$0.24 |
| Anhydrous Ammonia (NH3) | | \$/ton | \$420.00 |
| Seed: | | | |
| Alfalfa | | \$/pound | \$4.00 |
| Wheat | | \$/pound | \$0.44 |
| White Corn | | \$/bag | \$185.00 |
| Cotton | | \$/pound | \$7.55 |
| Diesel fuel | | \$/gallon | \$2.70 |
| Gasoline | | \$/gallon | \$2.40 |
| Electricity (Rio Grande Elec) | | cents/KwHr | 7.34 |
| LP Gas | | \$/gallon | \$2.75 |
| Baling Wire | | \$/pound | \$1.32 |
| Employee Liability Insurance | | \$/ \$1,000 wages | \$20.00 |
| Employee Benefits | | percent/wages | 18.00% |
| Labor Downtime | | percent | 25.00% |
| Financial Rates: | | | |
| Operating Capital Interest Rate | | percent | 5.50% |
| Land Interest Rate | | percent | 5.00% |
| Equipment Interest Rate | | percent | 5.50% |
| Real Interest Rate | | percent | 3.00% |
| Land Taxes | \$300.00 | /acre (full value) | \$2.43 |
| Personal Property Tax Rate | - NR | \$/ \$1,000 (Assessed Value) | \$24.34 |
| | - R | | \$18.97 |
| Supervision Factors | | | |
| Field Crop-Irrigation | | \$/labor hour | \$1.00 |
| Field Crop-Equipment & General | | \$/labor hour | \$0.50 |
| Management Rate | | percent | 7.00% |

TABLE 3. Overhead cost information for Dell City area, Otero County,
Projected 2018

| Item | | | |
|------------------------------------|--------|--------------------|-----------------|
| Electricity (Domestic & Shop) | | \$254.00 per month | \$3,048 |
| Telephone | | \$247.65 per month | \$2,972 |
| Accounting & Legal | | | \$1,861 |
| Misc. Supplies & Hand Tools | | | \$5,766 |
| Pickup and Auto | | | |
| miles | 65,405 | @ \$0.500 per mile | \$32,703 |
| Insurance | | | |
| - general liability (non-employee) | | | \$2,007 |
| - fire/theft | | | \$1,588 |
| Property Taxes | | | |
| - non-planted land | | | \$0 |
| - other than land & machinery | | | \$6,010 |
| Building repairs and maintenance | | | \$1,524 |
| Dues, fees, publications | | | \$457 |
| Farmstead Equipment | | | \$203 |
| Total | | | \$58,137 |
| Total per planted acre | | | \$95.31 |

TABLE 3 - Fertilizer Use and Nitrate-nitrogen with Total N

Summary table showing fertilizer use and nitrate-nitrogen levels for various agricultural products and regions. Includes columns for product type, quantity, and associated fertilizer/nitrogen values.

TABLE 4 - Equipment Summary for 1 1/2-year period ending from each above average management (Over County)

Summary table for equipment over a 1.5-year period. Columns include equipment type, quantity, and associated costs/usage metrics.

TABLE 5 - Equipment List

Detailed equipment list table with columns for equipment type, quantity, and specific details.

TABLE 6 - Tractor List

Detailed tractor list table with columns for tractor type, quantity, and associated costs.

TABLE 7 - Tractor List

Detailed tractor list table with columns for tractor type, quantity, and associated costs.

TABLE 8 - Tractor List

Detailed tractor list table with columns for tractor type, quantity, and associated costs.

TABLE 9 - Tractor List

Detailed tractor list table with columns for tractor type, quantity, and associated costs.

TABLE 10 - Tractor List

Detailed tractor list table with columns for tractor type, quantity, and associated costs.

TABLE 11 - Tractor List

Detailed tractor list table with columns for tractor type, quantity, and associated costs.

TABLE 12 - Tractor List

Detailed tractor list table with columns for tractor type, quantity, and associated costs.

TABLE 13 - Tractor List

Detailed tractor list table with columns for tractor type, quantity, and associated costs.

TABLE 14 - Tractor List

Detailed tractor list table with columns for tractor type, quantity, and associated costs.

Source of information used in this report is Department of Agricultural Engineering, University of Illinois

TABLE 6. Alfalfa establishment, sprinkler-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2018
Planting dates: August 1 - September 1

| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
|---------------------------------|---------------|------------------------|---------------------|---------|----------------|---------|---------------|----------|
| PURCHASED INPUTS | | | | | | | | |
| SEED | \$4.00 | 30 LBS | \$120.00 | | | | | \$120.00 |
| PUMP WATER* | | 6 AC. IN. | | | | | | |
| SUBTOTAL | | | \$120.00 | | | | | \$120.00 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC | 155 HP | 0.14 HR | | \$1.20 | \$3.01 | \$1.27 | \$3.15 | \$8.64 |
| CHISEL | 155 HP | 0.20 HR | | \$1.71 | \$4.30 | \$1.37 | \$5.15 | \$12.54 |
| PLOW | 155 HP | 0.48 HR | | \$4.10 | \$10.33 | \$4.97 | \$13.29 | \$32.69 |
| DISC (2X) | 155 HP | 0.28 HR | | \$2.39 | \$6.03 | \$2.55 | \$6.31 | \$17.28 |
| DRAG (2X) | 155 HP | 0.30 HR | | \$2.57 | \$6.46 | \$1.62 | \$5.97 | \$16.61 |
| DRILL | 93 HP | 0.12 HR | | \$1.03 | \$1.75 | \$0.32 | \$3.46 | \$6.56 |
| IRRIGATE (3X) | | 0.75 HR | | \$5.63 | \$15.20 | \$0.00 | \$1.14 | \$21.96 |
| SUBTOTAL | | 2.27 HR | | \$18.62 | \$47.08 | \$12.11 | \$38.46 | \$116.27 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.12 HR | | \$0.98 | | | | \$0.98 |
| EMPLOYEE BENEFITS | | | | \$3.35 | | | | \$3.35 |
| INSURANCE | | | \$0.37 | | | | | \$0.37 |
| SUPERVISION AND MANAGEMENT | | | | \$17.52 | | | | \$17.52 |
| SUBTOTAL | | 0.12 | \$0.37 | \$21.85 | | | | \$22.23 |
| TOTAL OPERATING EXPENSES | | 2.39 HR | \$120.37 | \$40.47 | \$47.08 | \$12.11 | \$38.46 | \$258.49 |

TABLE 7. Alfalfa hay, sideroll sprinkler-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2018
Harvesting dates: June 1 - October 10

| ITEM | PRICE | YIELD | TOTAL |
|----------------------|----------|---------------------|-------------------|
| GROSS RETURNS | | | |
| ALFALFA HAY | \$185.00 | 6.50 TONS (STACKED) | \$1,202.50 |
| GRAZING | \$15.00 | 1.00 ACRE | \$15.00 |
| TOTAL | | | \$1,217.50 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|--------------------------|---------|------------|------------------|----------------|-----------------|
| NITROGEN (N) | \$0.31 | 75 LBS | \$23.25 | | \$23.25 |
| PHOSPHATE (P2O5) | \$0.24 | 200 LBS | \$48.00 | | \$48.00 |
| INSECTICIDE | \$16.03 | 2 X/ACRE | \$32.05 | | \$32.05 |
| ESTABLISHMENT: Principal | | 5 YEARS | | \$51.70 | \$51.70 |
| : Interest | | | | \$7.52 | \$7.52 |
| BALING TWINE | \$1.32 | 56 LBS | \$0.74 | | \$0.74 |
| PUMP WATER* | | 40 AC. IN. | | | |
| SUBTOTAL | | | \$104.04 | \$59.22 | \$163.25 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|---------------|---------------|-----------------|
| DRAG | 93 HP | 0.15 HR | | \$1.28 | \$2.19 | \$0.14 | \$0.27 | \$3.89 |
| IRRIGATE (11X) | | 2.75 HR | | \$20.63 | \$101.31 | \$0.00 | \$7.58 | \$129.51 |
| SUBTOTAL | | 2.90 HR | | \$21.91 | \$103.50 | \$0.14 | \$7.85 | \$133.40 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|----------------|----------------|----------------|----------------|-----------------|
| SWATHER (5X) | 16 FT | 0.55 HR | | \$4.70 | \$4.94 | \$0.80 | \$13.98 | \$24.42 |
| BALER (5X) | 93 HP | 0.85 HR | | \$7.27 | \$12.42 | \$0.99 | \$3.14 | \$23.82 |
| LOAD (5X) | 93 HP | 1.00 HR | | \$8.55 | \$14.62 | \$25.89 | \$9.89 | \$58.94 |
| SUBTOTAL | | 2.40 HR | | \$20.52 | \$31.98 | \$27.68 | \$27.01 | \$107.18 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-----------------|---------|---------------|-----------------|
| DOWNTIME | 0.60 HR | | \$5.13 | | | | \$5.13 |
| EMPLOYEE BENEFITS | | | \$7.64 | | | | \$7.64 |
| INSURANCE | | | \$0.85 | | | | \$0.85 |
| LAND TAXES | | | | | | \$2.43 | \$2.43 |
| SUPERVISION AND MANAGEMENT | | | \$89.18 | | | | \$89.18 |
| OTHER EXPENSES | | | \$95.31 | | | | \$95.31 |
| SUBTOTAL | 0.60 HR | | \$96.16 | \$101.94 | | \$2.43 | \$200.53 |

| | | | | | | | | |
|---------------------------------|----------------|--|-----------------|-----------------|-----------------|----------------|----------------|-----------------|
| TOTAL OPERATING EXPENSES | 5.90 HR | | \$200.19 | \$144.37 | \$135.48 | \$27.82 | \$96.51 | \$604.37 |
|---------------------------------|----------------|--|-----------------|-----------------|-----------------|----------------|----------------|-----------------|

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|-----------------|
| NET OPERATING PROFIT | | | | | | | | \$613.13 |
|-----------------------------|--|--|--|--|--|--|--|-----------------|

| | | | | | | | | |
|----------------------------------|---|---------|---|-------|---|--|--|---------|
| INTEREST ON OPERATING CAPITAL | (| \$82.90 | @ | 5.50% |) | | | \$4.56 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$16.12 |

| | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|--|-----------------|
| RETURN TO LAND AND RISK | | | | | | | | \$592.46 |
|--------------------------------|--|--|--|--|--|--|--|-----------------|

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|------------|---|
| GROSS RETURN | | \$1,217.50 | |
| VARIABLE OPERATING EXPENSES | \$363.49 | | |
| RETURN OVER VARIABLE EXPENSES | | \$854.01 | (GROSS MARGIN) |
| FIXED EXPENSES | \$96.51 | | |
| NET FARM INCOME | | \$757.50 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$144.37 | | |
| NET OPERATING PROFIT | | \$613.13 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$20.67 | | |
| RETURN TO LAND AND RISK | | \$592.46 | |

TABLE 8. Wheat, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2018
 Planting dates: August 15 - September 15
 Harvesting dates: July 15 - July 15

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|---------|-----------|------|-----------------|
| GROSS RETURNS | | | | |
| WHEAT | \$7.33 | 35.00 CWT | | \$256.67 |
| DIRECT PAYMENT | \$0.00 | 35.00 CWT | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | | | \$0.00 |
| GRAZING | \$25.00 | 1.00 ACRE | | \$25.00 |
| TOTAL | | | | \$281.67 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-----------------------|--------|------------|------------------|---------------|----------------|
| SEED | \$0.44 | 150 LBS | \$66.00 | | \$66.00 |
| ANHYDROUS (NH3) | \$0.21 | 125 LBS | \$26.25 | | \$26.25 |
| LIVESTOCK FAC & EQUIP | | | | \$5.00 | \$5.00 |
| PUMP WATER* | | 25 AC. IN. | | | \$0.00 |
| CROP INSURANCE | \$0.29 | | | | \$0.29 |
| SUBTOTAL | | | \$92.25 | \$5.00 | \$97.54 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|----------------|---------------|----------------|-----------------|
| DISC | 155 HP | 0.14 HR | | \$1.20 | \$3.01 | \$1.27 | \$3.15 | \$8.64 |
| ANHYDROUS APPL | 155 HP | 0.20 HR | \$7.00 | \$1.71 | \$4.30 | \$1.08 | \$3.86 | \$17.95 |
| DISC | 155 HP | 0.14 HR | | \$1.20 | \$3.01 | \$1.27 | \$3.15 | \$8.64 |
| DRILL | 93 HP | 0.12 HR | | \$1.03 | \$1.75 | \$0.32 | \$3.46 | \$6.56 |
| IRRIGATE (5X) | | 2.50 HR | | \$18.75 | \$63.32 | \$0.00 | \$3.97 | \$86.04 |
| SUBTOTAL | | 3.10 HR | \$7.00 | \$23.88 | \$75.40 | \$3.95 | \$17.59 | \$127.82 |

| | | | | | | | | |
|---------------------------|--|--|----------------|---------------|---------------|---------------|---------------|----------------|
| HARVEST OPERATIONS | | | | | | | | |
| COMBINE (CUSTOM) | | | \$26.00 | | | | | \$26.00 |
| SUBTOTAL | | | \$26.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$26.00 |

| | | | | | | | | |
|----------------------------|--|----------------|----------------|----------------|--|--|---------------|-----------------|
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.15 HR | | \$1.28 | | | | \$1.28 |
| EMPLOYEE BENEFITS | | | | \$4.30 | | | | \$4.30 |
| INSURANCE | | | \$0.48 | | | | | \$0.48 |
| LAND TAXES | | | | | | | \$2.43 | \$2.43 |
| SUPERVISION AND MANAGEMENT | | | | \$22.52 | | | | \$22.52 |
| OTHER EXPENSES | | | \$95.31 | | | | | \$95.31 |
| SUBTOTAL | | 0.15 HR | \$95.78 | \$28.10 | | | \$2.43 | \$126.32 |

| | | | | | | | | |
|---------------------------------|--|----------------|-----------------|----------------|----------------|---------------|----------------|-----------------|
| TOTAL OPERATING EXPENSES | | 3.25 HR | \$221.03 | \$51.98 | \$75.40 | \$3.95 | \$25.03 | \$377.68 |
|---------------------------------|--|----------------|-----------------|----------------|----------------|---------------|----------------|-----------------|

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|------------------|
| NET OPERATING PROFIT | | | | | | | | (\$96.02) |
|-----------------------------|--|--|--|--|--|--|--|------------------|

| | | | | | | | | |
|----------------------------------|---|---------|---|-------|---|--|--|--------|
| INTEREST ON OPERATING CAPITAL | (| \$66.11 | @ | 5.50% |) | | | \$3.64 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$6.13 |

| | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|--|-------------------|
| RETURN TO LAND AND RISK | | | | | | | | (\$105.78) |
|--------------------------------|--|--|--|--|--|--|--|-------------------|

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

BUDGET SUMMARY

| | | | |
|--------------------------------|----------|-------------------|---|
| GROSS RETURN | | \$281.67 | |
| VARIABLE OPERATING EXPENSES | \$300.38 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$18.72) | (GROSS MARGIN) |
| FIXED EXPENSES | \$25.03 | | |
| NET FARM INCOME | | (\$43.74) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$51.98 | | |
| NET OPERATING PROFIT | | (\$95.72) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$9.76 | | |
| RETURN TO LAND AND RISK | | (\$105.49) | |

TABLE 9. White corn, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2018
 Planting dates: April 15 - May 15
 Harvesting dates: October 1 - November 15

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

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-----------------------|---------|------------|------------------|---------------|-----------------|
| SEED | \$1.85 | 25 000 | \$46.25 | | \$46.25 |
| NITROGEN (N) | \$0.31 | 30 LBS | \$9.30 | | \$9.30 |
| PHOSPHATE (P2O5) | \$0.24 | 70 LBS | \$16.80 | | \$16.80 |
| TRACE ELEMENTS | \$0.15 | 65 LBS | \$9.75 | | \$9.75 |
| ANHYDROUS (NH3) | \$0.21 | 175 LBS | \$36.75 | | \$36.75 |
| INSECTICIDE (CUSTOM) | \$16.03 | 3 ACRE | \$48.08 | | \$48.08 |
| HERBICIDE | \$9.45 | 1 ACRE | \$9.45 | | \$9.45 |
| LIVESTOCK FAC & EQUIP | | | | \$5.00 | \$5.00 |
| PUMP WATER* | | 48 AC. IN. | | | \$0.00 |
| SUBTOTAL | | | \$176.37 | \$5.00 | \$181.37 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|---------------|----------------|-----------------|
| DISC | 155 HP | 0.14 HR | | \$1.20 | \$3.01 | \$1.27 | \$3.15 | \$8.64 |
| CHISEL | 155 HP | 0.20 HR | | \$1.71 | \$4.30 | \$1.37 | \$5.15 | \$12.54 |
| ANHYDROUS APPL | 155 HP | 0.20 HR | \$7.00 | \$1.71 | \$4.30 | \$1.08 | \$3.86 | \$17.95 |
| DISC & SPRAY | 155 HP | 0.19 HR | | \$1.62 | \$4.09 | \$1.87 | \$7.09 | \$14.67 |
| LISTER | 155 HP | 0.12 HR | | \$1.03 | \$2.58 | \$0.88 | \$3.73 | \$8.22 |
| PLANTER | 93 HP | 0.17 HR | | \$1.45 | \$2.48 | \$0.51 | \$5.73 | \$10.18 |
| ROLLING CULT (3X) | 93 HP | 0.39 HR | | \$3.33 | \$5.70 | \$1.82 | \$2.72 | \$13.58 |
| IRRIGATE (8X) | | 4.00 HR | | \$30.00 | \$121.57 | \$0.00 | \$7.62 | \$159.19 |
| SUBTOTAL | | 5.41 HR | \$7.00 | \$42.06 | \$148.05 | \$8.80 | \$39.06 | \$244.96 |

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

| OVERHEAD EXPENSES | | | | | | | | |
|----------------------------|--|----------------|----------------|----------------|--|---------------|--|-----------------|
| DOWNTIME | | 0.27 HR | | \$2.33 | | | | \$2.33 |
| EMPLOYEE BENEFITS | | | | \$7.57 | | | | \$7.57 |
| INSURANCE | | | \$0.84 | | | | | \$0.84 |
| LAND TAXES | | | | | | \$2.43 | | \$2.43 |
| SUPERVISION AND MANAGEMENT | | | | \$44.27 | | | | \$44.27 |
| OTHER EXPENSES | | | \$95.31 | | | | | \$95.31 |
| SUBTOTAL | | 0.27 HR | \$96.15 | \$54.16 | | \$2.43 | | \$152.75 |

TOTAL OPERATING EXPENSES 5.68 HR \$316.77 \$96.22 \$148.05 \$8.80 \$46.49 \$616.33

NET OPERATING PROFIT (\$71.33)

INTEREST ON OPERATING CAPITAL (\$127.40 @ 5.50%) \$7.01
 INTEREST ON EQUIPMENT INVESTMENT \$13.94

RETURN TO LAND AND RISK (\$92.28)

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

| | | | |
|-------------------------------|-----------|---|--|
| GROSS RETURN | | \$545.00 | |
| VARIABLE OPERATING EXPENSES | \$473.62 | | |
| RETURN OVER VARIABLE EXPENSES | \$71.38 | (GROSS MARGIN) | |
| FIXED EXPENSES | \$46.49 | | |
| NET FARM INCOME | \$24.89 | (RETURN TO CAPITAL, LABOR, LAND & RISK) | |
| LABOR AND MANAGEMENT COST | \$96.22 | | |
| NET OPERATING PROFIT | (\$71.33) | (RETURN TO CAPITAL, LAND & RISK) | |
| CAPITAL COSTS | \$20.94 | | |
| RETURN TO LAND AND RISK | | (\$92.28) | |

TABLE 10. Upland cotton (stripper), flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2018
 Planting dates: April 15 - May 15
 Harvesting dates: November 1 - January 15

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|----------|--------------|------|-----------------|
| GROSS RETURNS | | | | |
| COTTON LINT | \$0.73 | 1,000.00 LBS | | \$730.00 |
| COTTON SEED | \$0.10 | 1,600.00 LBS | | \$156.00 |
| DIRECT PAYMENT | \$0.0000 | 1,000.00 LBS | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.1373 | 720.00 LBS | 0.85 | \$84.03 |
| TOTAL | | | | \$970.03 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|----------------------|---------|------------|------------------|------------|-----------------|
| SEED | \$7.55 | 25 LBS | \$188.75 | | \$188.75 |
| NITROGEN (N) | \$0.31 | 72 LBS | \$22.32 | | \$22.32 |
| PHOSPHATE (P2O5) | \$0.24 | 184 LBS | \$44.16 | | \$44.16 |
| HERBICIDE (CUSTOM) | \$19.93 | 1 X/ACRE | \$19.93 | | \$19.93 |
| INSECTICIDE (CUSTOM) | \$18.91 | 1 X/ACRE | \$18.91 | | \$18.91 |
| CROP INSURANCE | | FCIC | \$0.59 | | \$0.59 |
| PUMP WATER* | | 30 AC. IN. | | | |
| SUBTOTAL | | | \$294.66 | | \$294.66 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|
| DISC | 155 HP | 0.14 HR | | \$1.20 | \$3.01 | \$1.27 | \$3.15 | \$8.64 |
| PLOW | 155 HP | 0.48 HR | | \$4.10 | \$10.33 | \$4.97 | \$13.29 | \$32.69 |
| DISC (2X) | 155 HP | 0.28 HR | | \$2.39 | \$6.03 | \$2.55 | \$6.31 | \$17.28 |
| FLOAT (2X) | 93 HP | 0.32 HR | | \$2.74 | \$4.68 | \$0.31 | \$1.14 | \$8.86 |
| LISTER | 155 HP | 0.12 HR | | \$1.03 | \$2.58 | \$0.88 | \$3.73 | \$8.22 |
| PLANTER | 155 HP | 0.17 HR | | \$1.45 | \$3.66 | \$1.26 | \$8.81 | \$15.18 |
| ROLLING CULT. (4X) | 93 HP | 0.52 HR | | \$4.45 | \$7.60 | \$2.43 | \$3.63 | \$18.10 |
| HAND HOE (CUSTOM) | | | \$25.00 | | | | | \$25.00 |
| IRRIGATE (6X) | | 3.00 HR | | \$22.50 | \$75.98 | \$0.00 | \$4.76 | \$103.25 |
| SUBTOTAL | | 5.03 HR | \$25.00 | \$39.86 | \$113.87 | \$13.67 | \$44.81 | \$237.21 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|---------------------|------------|---------------------|------------------|----------------|----------------|---------------|----------------|-----------------|
| COTTON STRIPPER | 93 HP | 0.62 HR | | \$5.30 | \$9.06 | \$1.16 | \$10.37 | \$25.89 |
| HAUL | 93 HP | 1.00 HR | | \$8.55 | \$14.62 | \$0.99 | \$7.34 | \$31.50 |
| GIN COTTON (CUSTOM) | | | \$204.40 | | | | | \$204.40 |
| SUBTOTAL | | 1.62 HR | \$204.40 | \$13.85 | \$23.68 | \$2.15 | \$17.71 | \$261.78 |

| POST HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-------------------------|------------|---------------------|------------------|--------|-------------|---------|------------|--------|
| SHREDDER | 93 HP | 0.29 HR | | \$2.48 | \$4.24 | \$0.33 | \$2.44 | \$9.49 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-------------|---------|---------------|-----------------|
| DOWNTIME | 0.91 HR | | \$7.74 | | | | \$7.74 |
| EMPLOYEE BENEFITS | | | \$9.67 | | | | \$9.67 |
| INSURANCE | | \$1.07 | | | | | \$1.07 |
| LAND TAXES | | | | | | \$2.43 | \$2.43 |
| SUPERVISION AND MANAGEMENT | | | \$73.99 | | | | \$73.99 |
| OTHER EXPENSES | | \$95.31 | | | | | \$95.31 |
| SUBTOTAL | 0.91 HR | \$96.38 | \$91.39 | | | \$2.43 | \$190.21 |

| | | | | | | | |
|---------------------------------|----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|
| TOTAL OPERATING EXPENSES | 7.85 HR | \$620.44 | \$147.58 | \$141.78 | \$16.15 | \$67.39 | \$993.34 |
|---------------------------------|----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|

| | | | | | | | |
|-----------------------------|--|--|--|--|--|--|------------------|
| NET OPERATING PROFIT | | | | | | | (\$23.32) |
|-----------------------------|--|--|--|--|--|--|------------------|

| | | | | | | | |
|----------------------------------|---|----------|---|-------|---|--|---------|
| INTEREST ON OPERATING CAPITAL | (| \$181.37 | @ | 5.50% |) | | \$9.98 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$22.71 |

| | | | | | | | |
|--------------------------------|--|--|--|--|--|--|------------------|
| RETURN TO LAND AND RISK | | | | | | | (\$56.00) |
|--------------------------------|--|--|--|--|--|--|------------------|

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

| | | | |
|-------------------------------|-----------|---|--|
| GROSS RETURN | | \$970.03 | |
| VARIABLE OPERATING EXPENSES | \$778.37 | | |
| RETURN OVER VARIABLE EXPENSES | \$191.66 | (GROSS MARGIN) | |
| FIXED EXPENSES | \$67.39 | | |
| NET FARM INCOME | \$124.26 | (RETURN TO CAPITAL, LABOR, LAND & RISK) | |
| LABOR AND MANAGEMENT COST | \$147.58 | | |
| NET OPERATING PROFIT | (\$23.32) | (RETURN TO CAPITAL, LAND & RISK) | |
| CAPITAL COSTS | \$32.68 | | |
| RETURN TO LAND AND RISK | (\$56.00) | | |

TABLE 11. Grain sorghum, flood-irrigated, budgeted per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2018
 Planting dates: May 1 - June 15
 Harvesting dates: October 15 - November 15

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|---------|-----------|------|-----------------|
| GROSS RETURNS | | | | |
| GRAIN SORGHUM | \$6.08 | 50.00 CWT | | \$303.93 |
| DIRECT PAYMENT | \$0.00 | 50.00 CWT | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | 0.00 CWT | | \$0.00 |
| GRAZING | \$13.00 | 1.00 ACRE | | \$13.00 |
| TOTAL | | | | \$316.93 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-----------------------|---------|------------|------------------|---------------|----------------|
| SEED | \$1.04 | 12 LBS | \$12.48 | | \$12.48 |
| ANHYDROUS (NH3) | \$0.21 | 150 LBS | \$31.50 | | \$31.50 |
| NITROGEN (N) | \$0.31 | 18 LBS | \$5.58 | | \$5.58 |
| PHOSPHATE (P2O5) | \$0.24 | 46 LBS | \$11.04 | | \$11.04 |
| INSECTICIDE | \$15.07 | 1 ACRE | \$15.07 | | \$15.07 |
| HERBICIDE | \$12.26 | 1 ACRE | \$12.26 | | \$12.26 |
| LIVESTOCK FAC & EQUIP | | | | \$5.00 | \$5.00 |
| PUMP WATER | | 36 AC. IN. | \$0.00 | | \$0.00 |
| CROP INSURANCE | \$1.96 | | | | \$1.96 |
| SUBTOTAL | | | \$87.93 | \$5.00 | \$94.89 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|---------------|----------------|-----------------|
| DISC | 155 HP | 0.14 HR | | \$1.20 | \$3.01 | \$1.27 | \$3.15 | \$8.64 |
| CHISEL | 155 HP | 0.20 HR | | \$1.71 | \$4.30 | \$1.37 | \$5.15 | \$12.54 |
| ANHYDROUS APPL | 155 HP | 0.20 HR | \$7.00 | \$1.71 | \$4.30 | \$1.08 | \$3.86 | \$17.95 |
| DISC & SPRAY | 155 HP | 0.19 HR | | \$1.62 | \$4.09 | \$1.87 | \$7.09 | \$14.67 |
| LISTER | 155 HP | 0.12 HR | | \$1.03 | \$2.58 | \$0.88 | \$3.73 | \$8.22 |
| PLANTER | 155 HP | 0.17 HR | | \$1.45 | \$3.66 | \$1.26 | \$8.81 | \$15.18 |
| ROLLING CULT (3X) | 93 HP | 0.39 HR | | \$3.33 | \$5.70 | \$1.82 | \$2.72 | \$13.58 |
| IRRIGATE (6X) | | 3.00 HR | | \$25.65 | \$91.18 | \$0.00 | \$5.72 | \$122.55 |
| SUBTOTAL | | 4.41 HR | \$7.00 | \$37.71 | \$118.83 | \$9.56 | \$40.23 | \$213.32 |

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

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-------------|---------|---------------|-----------------|
| DOWNTIME | 1.10 HR | | \$9.43 | | | | \$9.43 |
| EMPLOYEE BENEFITS | | | \$6.79 | | | | \$6.79 |
| INSURANCE | | \$0.75 | | | | | \$0.75 |
| LAND TAXES | | | | | | \$2.43 | \$2.43 |
| SUPERVISION AND MANAGEMENT | | | \$24.39 | | | | \$24.39 |
| OTHER EXPENSES | | \$95.31 | | | | | \$95.31 |
| SUBTOTAL | 1.10 HR | \$96.06 | \$40.60 | | | \$2.43 | \$139.10 |

TOTAL OPERATING EXPENSES 5.51 HR \$205.99 \$78.31 \$118.83 \$9.56 \$47.66 \$462.31

NET OPERATING PROFIT (\$145.38)

INTEREST ON OPERATING CAPITAL (\$79.54 @ 5.50%) \$4.37
 INTEREST ON EQUIPMENT INVESTMENT \$14.53

RETURN TO LAND AND RISK (\$164.28)

BUDGET SUMMARY

| | | | |
|-------------------------------|------------|---|--|
| GROSS RETURN | \$316.93 | | |
| VARIABLE OPERATING EXPENSES | \$334.38 | | |
| RETURN OVER VARIABLE EXPENSES | (\$17.45) | (GROSS MARGIN) | |
| FIXED EXPENSES | \$47.66 | | |
| NET FARM INCOME | (\$65.11) | (RETURN TO CAPITAL, LABOR, LAND & RISK) | |
| LABOR AND MANAGEMENT COST | \$78.31 | | |
| NET OPERATING PROFIT | (\$143.42) | (RETURN TO CAPITAL, LAND & RISK) | |
| CAPITAL COSTS | \$18.90 | | |
| RETURN TO LAND AND RISK | (\$162.32) | | |

TABLE 12. Summary of per acre costs and returns for a 640 acre farm with above average management, Dell City area, Otero County, Projected 2018

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | WHEAT | WHITE CORN | STRIPPER COTTON | GRAIN SORGHUM |
|----------------------------------|--------------------------|----------------|------------|---------------|--------------------|------------------|
| | | TONS | CWT | CWT | LBS | CWT |
| PRIMARY YIELD | | 6.50 | 35.00 | 70.00 | 1,000.00 | 50.00 |
| PRIMARY PRICE | | \$185.00 | \$7.33 | \$7.50 | \$0.73 | \$6.08 |
| GOVERNMENT PAYMENTS | | \$0.00 | \$0.00 | \$0.00 | \$84.03 | \$0.00 |
| SECOND INCOME | | \$15.00 | \$25.00 | \$20.00 | \$156.00 | \$13.00 |
| GROSS RETURN | | \$1,217.50 | \$281.67 | \$545.00 | \$970.03 | \$316.93 |
| CASH OPERATING EXPENSES | | | | | | |
| SEED | \$120.00 | | \$66.00 | \$46.25 | \$188.75 | \$12.48 |
| FERTILIZER | | \$103.30 | \$26.25 | \$72.60 | \$22.32 | \$48.12 |
| CHEMICALS | | | | \$57.52 | \$38.84 | \$27.33 |
| CROP INSURANCE | | | \$0.29 | | \$0.59 | \$1.96 |
| OTHER PURCHASED INPUTS | | \$0.74 | | | \$44.16 | |
| CANAL WATER | | | | | | |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$31.88 | \$34.17 | \$12.08 | \$26.48 | \$65.80 | \$27.65 |
| FUEL-IRRIGATION | \$15.20 | \$101.31 | \$63.32 | \$121.57 | \$75.98 | \$91.18 |
| REPAIRS | \$12.11 | \$27.82 | \$3.95 | \$8.80 | \$16.15 | \$9.56 |
| CUSTOM CHARGES | | | \$33.00 | \$44.25 | \$229.40 | \$22.00 |
| LAND TAXES | | \$2.43 | \$2.43 | \$2.43 | \$2.43 | \$2.43 |
| OTHER EXPENSES | \$0.37 | \$96.16 | \$95.78 | \$96.15 | \$96.38 | \$96.06 |
| TOTAL CASH EXPENSES | \$179.56 | \$365.93 | \$303.11 | \$476.06 | \$780.80 | \$338.77 |
| RETURN OVER CASH EXPENSES | (\$179.56) | \$851.57 | (\$21.45) | \$68.94 | \$189.22 | (\$21.84) |
| FIXED EXPENSES | \$38.46 | \$94.07 | \$22.59 | \$44.06 | \$64.96 | \$45.23 |
| TOTAL EXPENSES | \$218.02 | \$460.00 | \$325.71 | \$520.11 | \$845.77 | \$384.00 |
| NET FARM INCOME | (\$218.02) | \$757.50 | (\$44.04) | \$24.89 | \$124.26 | (\$67.07) |
| LABOR AND MANAGEMENT COSTS | \$40.47 | \$144.37 | \$51.98 | \$96.22 | \$147.58 | \$78.31 |
| NET OPERATING PROFIT | (\$258.49) | \$613.13 | (\$96.02) | (\$71.33) | (\$23.32) | (\$145.38) |
| CAPITAL COSTS | | | | | | |
| INTEREST ON OPERATING CAPITAL | | \$4.56 | \$3.64 | \$7.01 | \$9.98 | \$4.37 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$16.12 | \$6.13 | \$13.94 | \$22.71 | \$14.53 |
| TOTAL CAPITAL COSTS | \$0.00 | \$20.67 | \$9.76 | \$20.94 | \$32.68 | \$18.90 |
| RETURN TO LAND AND RISK | (\$258.49) | \$592.46 | (\$105.78) | (\$92.28) | (\$56.00) | (\$164.28) |

TABLE 13. Whole farm summary, Dell City area, Otero County,
Projected 2018

| | | |
|----------------------------------|--------|------------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 280.00 | ACRES |
| CROP | | \$340,900 |
| WHEAT | 170.00 | ACRES |
| CROP | | \$43,633 |
| GRAZING | | \$4,250 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| WHITE CORN | 50.00 | ACRES |
| CROP | | \$26,250 |
| GRAZING | | \$1,000 |
| COTTON | 84.50 | ACRES |
| LINT | | \$61,685 |
| SEED | | \$13,182 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$7,100 |
| GRAIN SORGHUM | 25.50 | ACRES |
| CROP | | \$7,750 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| GRAZING | | \$332 |
| GROSS RETURN | | <u>\$506,082</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$36,520 |
| FERTILIZER | | \$40,130 |
| CHEMICALS | | \$6,855 |
| CROP INSURANCE | | \$150 |
| OTHER PURCHASED INPUTS | | \$3,937 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$20,997 |
| FUEL-IRRIGATION | | \$54,806 |
| REPAIRS | | \$11,187 |
| CUSTOM CHARGES | | \$27,768 |
| LAND TAXES | | \$1,485 |
| OTHER EXPENSES | | \$58,629 |
| TOTAL CASH EXPENSES | | <u>\$262,463</u> |
| RETURN OVER CASH EXPENSES | | \$243,619 |
| FIXED EXPENSES | | \$26,705 |
| TOTAL EXPENSES | | \$289,168 |
| NET FARM INCOME | | \$216,915 |
| LABOR AND MANAGEMENT COSTS | | \$70,805 |
| NET OPERATING PROFIT | | \$146,110 |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$3,200 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$8,540 |
| TOTAL CAPITAL COSTS | | <u>\$11,740</u> |
| RETURN TO LAND AND RISK | | <u>\$134,370</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$500 /ACRE | \$124,770 | 28.98% |
| \$750 /ACRE | \$119,970 | 22.00% |
| \$1,000 /ACRE | \$115,170 | 17.73% |
| \$1,250 /ACRE | \$110,370 | 14.85% |
| \$1,500 /ACRE | \$105,570 | 12.77% |

* 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)