

TABLE 1. Acreage Summary, Lea County,  
Projected 2021

BUDGET AREA.....	SOUTHERN HIGH PLAINS, LEA COUNTY
FARM SIZE.....	1600 ACRES
IRRIGATION TYPE.....	DRYLAND
NUMBER OF CROPS.....	2

  

ACREAGE SUMMARY:	LAND USE (ACRES)
WHEAT	680.00
ARP	0.00
FLEX IN WHEAT	120.00
GRAIN SORGHUM	646.00
ARP	0.00
FLEX IN WHEAT	114.00
FALLOW	0.00
ROADS, HOMESTEAD	40.00
<b>TOTAL</b>	<b>1,600.00</b>

TABLE 2. Basic cost information for Lea County,  
Projected 2021

Item		
<b>Labor Wage Rate:</b>		
Equipment operators	\$/hour	\$8.55
General & Irrigators	\$/hour	\$7.50
<b>Purchased Inputs:</b>		
<b>Fertilizer:</b>		
Nitrogen (N)	\$/pound	\$0.35
Phosphate (P205)	\$/pound	\$0.75
<b>Seed:</b>		
Wheat	\$/pound	\$0.40
Grain Sorghum	\$/pound	\$2.05
<b>Fuel:</b>		
Diesel fuel	\$/gallon	\$2.59
Gasoline	\$/gallon	\$2.41
Employee Liability Insurance	\$\$1,000 wages	\$20.00
Employee Benefits	percent/wages	18.00%
Labor Downtime	percent	25.00%
<b>Financial Rates:</b>		
Operating Capital Interest Rate	percent	4.25%
Land Interest Rate	percent	5.25%
Equipment Interest Rate	percent	3.50%
Real Interest Rate	percent	5.25%
Land Taxes	\$40.00 /acre (full value)	\$0.43
Personal Property Tax Rate	- NR - R	-\$/1,000 (Assessed Value) \$26.99
Supervision Factor	\$/labor hour	\$0.50
Management Rate	percent	7.00%

TABLE 3. Overhead cost information for Lea County,  
Projected 2021

Item		
Electricity (Domestic & Shop)	\$256.00 per month	\$3,072
Telephone	\$128.00 per month	\$1,536
Accounting & Legal		\$1,869
Misc. Supplies & Hand Tools		\$2,810
Pickup and Auto		
miles	39,680 @ \$0.500 per mile	\$19,840
Insurance		
- general liability (non-employee)		\$1,965
- fire/theft		\$1,555
Property Taxes		
- non-planted land		\$0
- other than land & machinery		\$6,010
Building repairs and maintenance		\$1,491
Dues, fees, publications		\$448
Farmstead Equipment		\$192
	<b>Total</b>	<b>\$40,788</b>
	<b>Total per planted acre</b>	<b>\$26.15</b>

TABLE 5. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County,  
 Projected 2021  
 Planting dates: August 15 - September 30  
 Harvest dates: June 15 - July 5

ITEM	PRICE	YIELD	BASE							TOTAL
<b>GROSS RETURNS</b>										
WHEAT	\$4.65	20.00 BUSHELS								\$93.00
PROGRAM PAYMENT	\$0.00	20.00 BUSHELS	0.85							\$0.00
PLC PAYMENT	\$0.00									\$0.00
<b>TOTAL</b>										<b>\$93.00</b>
<b>PURCHASED INPUTS</b>										
	PRICE	QUANTITY	PURCHASED INPUTS					FIXED COST	TOTAL	
SEED	\$0.40	30 LBS	\$12.00						\$12.00	
NITROGEN (N)	\$0.35	16 LBS	\$5.60						\$5.60	
PHOSPHATE (P205)	\$0.75	20 LBS	\$15.00						\$15.00	
INSECTICIDE	\$16.99	1 X/ACRE	\$16.99						\$16.99	
CROP INSURANCE	\$0.05		\$0.05						\$0.05	
<b>SUBTOTAL</b>										<b>\$49.64</b>
<b>PREHARVEST OPERATIONS</b>										
	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL		
CHISEL	225 HP	0.05 HR		\$0.43	\$1.46	\$0.80	\$1.88	\$4.58		
DRILL	225 HP	0.05 HR		\$0.43	\$1.46	\$0.57	\$3.14	\$5.60		
FERT SPREADER	225 HP	0.05 HR		\$0.43	\$1.46	\$0.39	\$1.35	\$3.62		
<b>SUBTOTAL</b>		0.15 HR	\$0.00	\$1.28	\$4.38	\$1.76	\$6.37	<b>\$13.80</b>		
<b>HARVEST OPERATIONS</b>										
COMBINE		0.14 HR		\$1.20	\$3.03	\$3.56	\$5.91	\$13.70		
HAUL	2 TON	0.14 HR		\$1.20	\$2.30	\$0.96	\$3.11	\$7.57		
<b>SUBTOTAL</b>		0.28 HR	\$0.00	\$2.39	\$5.33	\$4.52	\$9.02	<b>\$21.27</b>		
<b>OVERHEAD EXPENSES</b>										
DOWNTIME		0.11 HR		\$0.92				\$0.92		
EMPLOYEE BENEFITS				\$0.66				\$0.66		
INSURANCE			\$0.07				\$0.07			
LAND TAXES							\$0.43	\$0.43		
SUPERVISION AND MANAGEMENT				\$9.74				\$9.74		
OTHER EXPENSES			\$26.15				\$26.15			
<b>SUBTOTAL</b>		0.11 HR	\$26.22	\$11.32				\$0.43	<b>\$37.97</b>	
<b>TOTAL OPERATING EXPENSES</b>		0.54 HR	\$75.86	\$14.99	\$9.71	\$6.28	\$15.82	<b>\$122.67</b>		
<b>NET OPERATING PROFIT</b>										<b>(\$29.67)</b>
INTEREST ON OPERATING CAPITAL ( \$27.18 @ 4.25% )										\$1.16
INTEREST ON EQUIPMENT INVESTMENT										\$3.36
<b>RETURN TO LAND AND RISK</b>										<b>(\$34.19)</b>
<b>BUDGET SUMMARY</b>										
GROSS RETURN		\$93.00								
VARIABLE OPERATING EXPENSES	\$91.86									
RETURN OVER VARIABLE EXPENSES	\$1.14	(GROSS MARGIN)								
FIXED EXPENSES	\$15.82									
NET FARM INCOME	(\$14.68)	(RETURN TO CAPITAL, LABOR, LAND & RISK)								
LABOR AND MANAGEMENT COST	\$14.99									
NET OPERATING PROFIT	(\$29.67)	(RETURN TO CAPITAL, LAND & RISK)								
CAPITAL COSTS	\$4.52									
RETURN TO LAND AND RISK	(\$34.19)									

TABLE 6. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County,  
 Projected 2021  
 Planting dates: May 15 - June 10  
 Harvest dates: October 15 - November 15

ITEM	PRICE	YIELD	BASE	TOTAL
<b>GROSS RETURNS</b>				
GRAIN SORGHUM	\$6.33	12.00 CWT		\$75.90
PROGRAM PAYMENT	\$0.00	0.00 CWT		\$0.00
PLC PAYMENT	\$0.00	12.00 CWT	0.85	\$0.00
<b>TOTAL</b>				<b>\$75.90</b>

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$2.05	3 LBS	\$6.15		\$6.15
NITROGEN (N)	\$0.35	16 LBS	\$5.60		\$5.60
PHOSPHATE (P205)	\$0.75	20 LBS	\$15.00		\$15.00
HERBICIDE	\$18.82	1 X/ACRE	\$18.82		\$18.82
CROP INSURANCE	\$0.08		\$0.08		\$0.08
<b>SUBTOTAL</b>			<b>\$45.64</b>		<b>\$45.64</b>

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
FERT SPREADER	225 HP	0.05 HR		\$0.43	\$1.46	\$0.39	\$1.35	\$3.62
CHISEL & SPRAY	225 HP	0.07 HR		\$0.60	\$2.04	\$1.20	\$3.14	\$6.98
PLANTER	225 HP	0.08 HR		\$0.68	\$2.34	\$0.94	\$4.93	\$8.90
CULTIVATOR (2X)	225 HP	0.12 HR		\$1.03	\$3.50	\$1.67	\$4.35	\$10.56
<b>SUBTOTAL</b>		<b>0.32 HR</b>		<b>\$2.74</b>	<b>\$9.34</b>	<b>\$4.20</b>	<b>\$13.78</b>	<b>\$30.06</b>

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.20	\$3.03	\$3.89	\$5.91	\$14.03
HAUL	2 TON	0.14 HR		\$1.20	\$2.30	\$1.09	\$3.11	\$7.70
<b>SUBTOTAL</b>		<b>0.28 HR</b>		<b>\$2.39</b>	<b>\$5.33</b>	<b>\$4.98</b>	<b>\$9.02</b>	<b>\$21.73</b>

OVERHEAD EXPENSES	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
DOWNTIME	0.15 HR		\$1.28				\$1.28
EMPLOYEE BENEFITS			\$0.92				\$0.92
INSURANCE		\$0.10					\$0.10
LAND TAXES						\$0.43	\$0.43
SUPERVISION AND MANAGEMENT			\$9.81				\$9.81
OTHER EXPENSES		\$26.15					\$26.15
<b>SUBTOTAL</b>	<b>0.15 HR</b>		<b>\$26.25</b>	<b>\$12.02</b>		<b>\$0.43</b>	<b>\$38.70</b>

<b>TOTAL OPERATING EXPENSES</b>	<b>0.75 HR</b>		<b>\$71.89</b>	<b>\$17.15</b>	<b>\$14.68</b>	<b>\$9.18</b>	<b>\$23.23</b>	<b>\$136.13</b>
<b>NET OPERATING PROFIT</b>								<b>(\$60.23)</b>
INTEREST ON OPERATING CAPITAL	(	\$27.07	@	4.25%	)			\$1.15
INTEREST ON EQUIPMENT INVESTMENT								\$5.08
<b>RETURN TO LAND AND RISK</b>								<b>(\$66.46)</b>

BUDGET SUMMARY			
GROSS RETURN		\$75.90	
VARIABLE OPERATING EXPENSES	\$95.75		
RETURN OVER VARIABLE EXPENSES		(\$19.85)	(GROSS MARGIN)
FIXED EXPENSES	\$23.23		
NET FARM INCOME		(\$43.08)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$17.15		
NET OPERATING PROFIT		(\$60.23)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$6.23		
RETURN TO LAND AND RISK		(\$66.46)	

TABLE 7. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Projected 2021

	WHEAT	GRAIN SORGHUM
	BU	CWT
PRIMARY YIELD	20.00	12.00
PRIMARY PRICE	\$4.65	\$6.33
GOVERNMENT PAYMENTS	\$0.00	\$0.00
SECOND INCOME	\$0.00	\$0.00
GROSS RETURN	\$93.00	\$75.90
VARIABLE OPERATING EXPENSES		
SEED	\$12.00	\$6.15
FERTILIZER	\$20.60	\$20.60
CHEMICALS	\$16.99	\$18.82
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$9.71	\$14.68
FUEL-IRRIGATION		
REPAIRS	\$6.28	\$9.18
CUSTOM CHARGES	\$0.00	\$0.00
LAND TAXES	\$0.43	\$0.43
OTHER EXPENSES	\$26.22	\$26.25
TOTAL VARIABLE EXPENSES	\$92.29	\$96.18
RETURN OVER VARIABLE EXPENSES	\$0.71	(\$20.28)
FIXED EXPENSES	\$15.39	\$22.80
TOTAL EXPENSES	\$107.68	\$118.98
RETURNS TO CAPITAL, LABOR, LAND & RISK	(\$14.68)	(\$43.08)
LABOR AND MANAGEMENT COSTS	\$14.99	\$17.15
RETURNS TO CAPITAL, LAND & RISK	(\$29.67)	(\$60.23)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.16	\$1.15
INTEREST ON EQUIPMENT INVESTMENT	\$3.36	\$5.08
TOTAL CAPITAL COSTS	\$4.52	\$6.23
RETURN TO LAND AND RISK	(\$34.19)	(\$66.46)

TABLE 8. Whole farm summary, Lea County,  
Projected 2021

GROSS RETURNS		
WHEAT	914.00 ACRES	
CROP		\$85,002
PROGRAM PAYMENT		\$0
PLC PAYMENT		\$0
GRAIN SORGHUM	646.00 ACRES	
CROP		\$49,031
PROGRAM PAYMENT		\$0
PLC PAYMENT		
GROSS RETURN		<u>\$134,033</u>
VARIABLE OPERATING EXPENSES		
SEED		\$14,941
FERTILIZER		\$32,136
CHEMICALS		\$27,680
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$18,358
FUEL-IRRIGATION		\$0
REPAIRS		\$11,676
CUSTOM CHARGES		\$0
LAND TAXES		\$674
OTHER EXPENSES		\$40,921
TOTAL VARIABLE EXPENSES		<u>\$146,485</u>
RETURN OVER VARIABLE EXPENSES		(\$12,452)
FIXED EXPENSES		\$28,792
TOTAL EXPENSES		\$175,277
NET FARM INCOME		(\$41,244)
LABOR AND MANAGEMENT COSTS		\$24,781
NET OPERATING PROFIT		(\$66,025)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$1,799
INTEREST ON EQUIPMENT INVESTMENT		\$6,356
TOTAL CAPITAL COSTS		<u>\$8,155</u>
RETURN TO LAND AND RISK		<u>(\$74,180)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$86,780)	-15.96%
\$200 /ACRE	(\$90,980)	-13.37%
\$250 /ACRE	(\$95,180)	-11.51%
\$300 /ACRE	(\$99,380)	-10.10%
\$350 /ACRE	(\$103,580)	-9.00%

\* 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)