

TABLE 1. Acreage Summary, Eddy County, Artesia Lake Arthur Area, Projected 2019

| ACREAGE SUMMARY: | LAND USE (ACRES) | WATER USE | |
|-----------------------------------|--------------------------|----------------|--------------|
| | | AC.IN. PER AC. | TOTAL AC.IN. |
| BUDGET AREA..... | ARTESIA-LAKE ARTHUR AREA | | |
| FARM SIZE..... | 500 ACRES | | |
| IRRIGATION TYPE..... | SPRINKLER | | |
| NUMBER OF CROPS..... | 6 | | |
| 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 2019

| Item | | |
|--|------------------------------|---------|
| Labor Wage Rate: | | |
| Equipment operators | \$/hour | \$7.20 |
| General & Irrigators | \$/hour | \$7.50 |
| Purchased Inputs: | | |
| Fertilizer: | | |
| Nitrogen (N) | \$/pound | \$0.42 |
| Phosphate (P ₂ O ₅) | \$/pound | \$0.49 |
| Chemicals: | | |
| Herbicide | \$/acre | \$0.00 |
| Insecticide | \$/acre | \$0.00 |
| Seed: | | |
| Alfalfa | \$/pound | \$3.05 |
| Cotton picker | \$/pound | \$8.10 |
| stripper | \$/pound | \$8.10 |
| Oats | \$/pound | \$0.34 |
| Barley | \$/pound | \$0.40 |
| Wire: | | |
| Natural gas (service charge) | \$/MCF | \$4.00 |
| Diesel fuel | \$/gallon | \$10.00 |
| Gasoline | \$/gallon | \$2.65 |
| Electricity | cents/KwHr | \$2.35 |
| LP Gas | \$/gallon | 8.32 |
| Employee Liability Insurance | \$/ \$1,000 wages | \$0.72 |
| 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) | \$1.79 |
| Personal Property Tax Rate - NR - R | \$/ \$1,000 (Assessed Value) | \$21.42 |
| | | \$19.14 |
| Supervision Factors | | |
| Field Crop-Irrigation | \$/labor hour | 5.50% |
| Field Crop-Equipment & General | \$/labor hour | 3.00% |
| 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 2019

| Item | | | |
|------------------------------------|--------|------------------------|-------------|
| Electricity (Domestic & Shop) | | \$250.88 per month | \$3,010.56 |
| Telephone | | \$125.44 per month | \$1,505.28 |
| Accounting & Legal | | | \$1,740.80 |
| Misc. Supplies & Hand Tools | | | \$1,628.16 |
| Pickup and Auto | | | |
| miles | 25,600 | @ \$0.500 per mile | \$12,800.00 |
| Insurance | | | |
| - general liability (non-employee) | | | \$1,944.32 |
| - fire/theft | | | \$1,740.80 |
| Property Taxes | | | |
| - non-planted land | | | \$0.00 |
| - other than land & machinery | | | \$0.00 |
| Building repairs and maintenance | | | \$1,469.44 |
| Dues, fees, publications | | | \$448.00 |
| Farmstead Equipment | | | \$190.72 |
| | | Total | \$26,478.08 |
| | | Total Per Planted Acre | \$59.77 |

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 2019
Planting dates: March 15 - April 30

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|---------------|----------|---------------------|--|--|--|--|--|-------------------|
| GROSS RETURNS | | | | | | | | |
| ALFALFA HAY | \$185.00 | 5.60 TONS (STACKED) | | | | | | \$1,036.00 |
| TOTAL | | | | | | | | \$1,036.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
|----------------------|--------|------------|------------------|--|--|--|------------|-----------------|
| SEED | \$3.05 | 20 LBS | \$61.00 | | | | | \$61.00 |
| FERTILIZER (16-20-0) | \$0.43 | 200 LBS | \$86.00 | | | | | \$86.00 |
| HERBICIDE | \$0.00 | 1 ACRE | \$0.00 | | | | | \$0.00 |
| PUMP WATER* | | 42 AC. IN. | | | | | | |
| SUBTOTAL | | | \$147.00 | | | | | \$147.00 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|
| DISC | 145 HP | 0.17 HR | | \$1.22 | \$3.72 | \$1.15 | \$2.08 | \$8.17 |
| PLOW | 145 HP | 0.48 HR | | \$3.46 | \$10.49 | \$4.28 | \$7.07 | \$25.30 |
| FLOAT | 70 HP | 0.16 HR | | \$1.15 | \$2.58 | \$0.15 | \$0.72 | \$4.60 |
| PLANE (3X) | 145 HP | 0.57 HR | | \$4.10 | \$12.46 | \$2.32 | \$12.06 | \$30.95 |
| DISC (2X) | 145 HP | 0.34 HR | | \$2.45 | \$7.43 | \$2.29 | \$4.16 | \$16.33 |
| FLOAT (2X) | 70 HP | 0.32 HR | | \$2.30 | \$5.16 | \$0.29 | \$1.45 | \$9.21 |
| DRILL (2X) | 70 HP | 0.42 HR | | \$3.02 | \$6.78 | \$0.82 | \$8.35 | \$18.98 |
| IRRIGATE (6X) | | 1.50 HR | | \$11.25 | \$59.11 | \$0.00 | \$34.93 | \$105.29 |
| SUBTOTAL | | 3.96 HR | | \$28.96 | \$107.74 | \$11.30 | \$70.82 | \$218.83 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| SWATHER (3X) | 16 FT | 0.33 HR | | \$2.38 | \$3.27 | \$0.45 | \$6.88 | \$12.98 |
| RAKE | 40 HP | 0.05 HR | | \$0.36 | \$0.44 | \$0.07 | \$0.38 | \$1.25 |
| BALER (3X) | 145 HP | 0.75 HR | | \$5.40 | \$16.40 | \$3.13 | \$8.06 | \$32.99 |
| BALEWAGON (3X) | SP | 0.60 HR | | \$4.32 | \$10.93 | \$13.39 | \$4.26 | \$32.90 |
| SUBTOTAL | | 1.73 HR | | \$12.46 | \$31.04 | \$17.05 | \$19.57 | \$80.12 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-------------|---------|------------|----------------|
| DOWNTIME | 0.00 HR | | \$0.00 | | | | \$0.00 |
| EMPLOYEE BENEFITS | | | \$7.46 | | | | \$7.46 |
| INSURANCE | | \$0.03 | | | | | \$0.03 |
| SUPERVISION AND MANAGEMENT | | | \$72.73 | | | | \$72.73 |
| SUBTOTAL | 0.00 HR | \$0.03 | \$80.18 | | | | \$80.21 |

| | | | | | | | |
|----------------------------------|---------|----------|----------|----------|---------|---------|-----------------|
| TOTAL OPERATING EXPENSES | 5.69 HR | \$147.03 | \$121.60 | \$138.78 | \$28.35 | \$90.40 | \$526.16 |
| NET OPERATING PROFIT | | | | | | | \$509.84 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$41.28 |
| RETURN TO LAND AND RISK | | | | | | | \$468.56 |

BUDGET SUMMARY

| | | | |
|--------------------------------|----------|-----------------|---|
| GROSS RETURN | | \$1,036.00 | |
| VARIABLE OPERATING EXPENSES | \$314.16 | | |
| RETURN OVER VARIABLE EXPENSES | \$721.84 | | (GROSS MARGIN) |
| FIXED EXPENSES | \$90.40 | | |
| NET FARM INCOME | \$631.44 | | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$121.60 | | |
| NET OPERATING PROFIT | \$509.84 | | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$41.28 | | |
| RETURN TO LAND AND RISK | | \$468.56 | |

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 2019
Harvesting Dates: May 5 - November 1

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| GROSS RETURNS | | | | | | | | |
| ALFALFA HAY | \$185.00 | 5.60 TONS (STACKED) | | | | | | \$1,036.00 |
| GRAZING | \$40.00 | | | | | | | \$40.00 |
| TOTAL | | | | | | | | \$1,076.00 |
| PURCHASED INPUTS | | | | | | | | |
| 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) | \$0.42 | 200 LBS | \$84.00 | | | | | \$84.00 |
| WIRE | \$2.60 | 48 LBS | \$124.78 | | | | | \$124.78 |
| DRYING AGENT (AGRI-DRY) | \$8.26 | 1 /TON | \$46.23 | | | | | \$46.23 |
| ESTABLISHMENT: Principal | | 5 YEARS | | | | | \$93.71 | \$93.71 |
| : Interest | | | | | | | \$17.84 | \$17.84 |
| PUMP WATER* | | 48 AC. IN. | | | | | | |
| SUBTOTAL | | | \$260.26 | | | | \$111.55 | \$371.81 |
| PREHARVEST OPERATIONS | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| IRRIGATE (6X) | | 1.50 HR | | \$11.25 | \$67.56 | \$0.00 | \$39.92 | \$118.72 |
| SUBTOTAL | | 1.50 HR | | \$11.25 | \$67.56 | \$0.00 | \$39.92 | \$118.72 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER (5X) | 16 FT SP | 0.55 HR | | \$3.96 | \$5.46 | \$0.76 | \$11.46 | \$21.63 |
| RAKE (5X) | 40 HP | 0.25 HR | | \$1.80 | \$2.20 | \$0.36 | \$1.90 | \$6.26 |
| BALER (5X) | 96 HP | 1.25 HR | | \$9.00 | \$20.17 | \$1.40 | \$3.78 | \$34.35 |
| BALE WAGON (5X) | SP | 1.00 HR | | \$7.20 | \$18.22 | \$22.32 | \$7.10 | \$54.83 |
| SUBTOTAL | | 3.05 HR | | \$21.96 | \$46.04 | \$24.83 | \$24.24 | \$117.07 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.00 HR | | \$0.00 | | | | \$0.00 |
| EMPLOYEE BENEFITS | | | | \$5.98 | | | | \$5.98 |
| INSURANCE | | | \$0.02 | | | | | \$0.02 |
| LAND TAXES | | | | | | | \$1.79 | \$1.79 |
| SUPERVISION AND MANAGEMENT | | | | \$75.49 | | | | \$75.49 |
| OTHER EXPENSES | | | \$59.77 | | | | | \$59.77 |
| SUBTOTAL | | 0.00 HR | | \$59.79 | \$81.47 | | \$1.79 | \$143.05 |
| TOTAL OPERATING EXPENSES | | 4.55 HR | | \$320.06 | \$114.68 | \$113.60 | \$24.83 | \$750.66 |
| NET OPERATING PROFIT | | | | | | | | \$325.34 |
| INTEREST ON OPERATING CAPITAL | | (\$152.93 @ | 7.50% |) | | | | \$11.47 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$21.19 |
| RETURN TO LAND AND RISK | | | | | | | | \$292.68 |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|------------|---|
| GROSS RETURN | | \$1,076.00 | |
| VARIABLE OPERATING EXPENSES | \$458.49 | | |
| RETURN OVER VARIABLE EXPENSES | | \$617.51 | (GROSS MARGIN) |
| FIXED EXPENSES | \$177.49 | | |
| NET FARM INCOME | | \$440.02 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$114.68 | | |
| NET OPERATING PROFIT | | \$325.34 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$32.66 | | |
| RETURN TO LAND AND RISK | | \$292.68 | |

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 2019
 Planting dates: August 20 - September 30
 Harvesting dates: June 15 - July 1

| ITEM | PRICE | YIELD | | | | | TOTAL | |
|----------------------------------|----------------|---------------------|------------------|----------------|----------------|---------------|-----------------|-------------------|
| GROSS RETURNS | | | | | | | | |
| BARLEY | \$6.22 | 35.00 CWT | | | | | \$217.70 | |
| PROGRAM PAYMENT | \$0.00 | 35.00 CWT | 0.85 | | | | \$0.00 | |
| PLC PAYMENT | \$0.00 | 35.00 CWT | 0.85 | | | | \$0.00 | |
| GRAZING | \$40.00 | | | | | | \$40.00 | |
| TOTAL | | | | | | | \$257.70 | |
| PURCHASED INPUTS | | | | | | | | |
| | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
| SEED | \$0.40 | 110 LBS | \$44.00 | | | | | \$44.00 |
| NITROGEN (N) | \$0.42 | 150 LBS | \$63.00 | | | | | \$63.00 |
| INSECTICIDE (CUSTOM) | \$0.00 | 1 X/ACRE | \$0.00 | | | | | \$0.00 |
| PUMP WATER* | | 28 AC. IN. | | | | | | |
| CROP INSURANCE | \$5.88 | | \$5.88 | | | | | \$5.88 |
| SUBTOTAL | | | \$112.88 | | | | | \$112.88 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| PLOW | 145 HP | 0.48 HR | | \$3.46 | \$10.49 | \$4.28 | \$7.07 | \$25.30 |
| DISC (2X) | 145 HP | 0.34 HR | | \$2.45 | \$7.43 | \$2.29 | \$4.16 | \$16.33 |
| FERTILIZE | DEALER APPLIED | | | | | | | |
| DRILL | 70 HP | 0.21 HR | | \$1.51 | \$3.39 | \$0.41 | \$4.18 | \$9.49 |
| IRRIGATE (4X) | | 1.00 HR | | \$7.50 | \$39.41 | \$0.00 | \$23.28 | \$70.19 |
| SUBTOTAL | | 2.03 HR | | \$14.92 | \$60.72 | \$6.99 | \$38.69 | \$121.31 |
| HARVEST OPERATIONS | | | | | | | | |
| COMBINE (CUSTOM) | | | \$17.91 | | | | | \$17.91 |
| HAUL (CUSTOM) | | | \$7.00 | | | | | \$7.00 |
| SUBTOTAL | | | \$24.91 | | | | | \$24.91 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.00 HR | | \$0.00 | | | | \$0.00 |
| EMPLOYEE BENEFITS | | | | \$2.68 | | | | \$2.68 |
| INSURANCE | | | \$0.01 | | | | | \$0.01 |
| LAND TAXES | | | | | | | \$1.79 | \$1.79 |
| SUPERVISION AND MANAGEMENT | | | | \$18.12 | | | | \$18.12 |
| OTHER EXPENSES | | | \$59.77 | | | | | \$59.77 |
| SUBTOTAL | | 0.00 HR | \$59.78 | \$20.81 | | | \$1.79 | \$82.38 |
| TOTAL OPERATING EXPENSES | | 2.03 HR | \$197.57 | \$35.73 | \$60.72 | \$6.99 | \$40.47 | \$341.48 |
| NET OPERATING PROFIT | | | | | | | | (\$83.78) |
| INTEREST ON OPERATING CAPITAL | | (\$75.44 @ | 7.50% |) | | | | \$5.66 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$11.85 |
| RETURN TO LAND AND RISK | | | | | | | | (\$101.29) |

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

BUDGET SUMMARY

| | | | |
|--------------------------------|----------|-------------------|---|
| GROSS RETURN | | \$257.70 | |
| VARIABLE OPERATING EXPENSES | \$265.28 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$7.58) | (GROSS MARGIN) |
| FIXED EXPENSES | \$40.47 | | |
| NET FARM INCOME | | (\$48.05) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$35.73 | | |
| NET OPERATING PROFIT | | (\$83.78) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$17.51 | | |
| RETURN TO LAND AND RISK | | (\$101.29) | |

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 2019
 Planting dates: February 1 - February 28
 Harvesting Dates: June 1 - June 30

| ITEM | PRICE | YIELD | | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| GROSS RETURNS | | | | | | | | | |
| OAT HAY | \$150.00 | 3.50 | TONS (STACKED) | | | | | | \$525.00 |
| TOTAL | | | | | | | | | \$525.00 |
| PURCHASED INPUTS | | | | | | | | | |
| | PRICE | QUANTITY | PURCHASED INPUTS | | FIXED COST | | | TOTAL | |
| SEED | \$0.34 | 100 LBS | \$34.00 | | | | | \$34.00 | |
| FERTILIZER (16-20-0) | \$0.49 | 150 LBS | \$73.50 | | | | | \$73.50 | |
| PUMP WATER* | | 28 AC. IN. | | | | | | | |
| SUBTOTAL | | | \$107.50 | | | | | \$107.50 | |
| PREHARVEST OPERATIONS | | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| PLOW | 145 HP | 0.48 HR | | \$3.46 | \$10.49 | \$4.28 | \$7.07 | \$25.30 | |
| DISC (2X) | 145 HP | 0.34 HR | | \$2.45 | \$7.43 | \$2.29 | \$4.16 | \$16.33 | |
| DRILL | 70 HP | 0.21 HR | | \$1.51 | \$3.39 | \$0.41 | \$4.18 | \$9.49 | |
| IRRIGATE (4X) | | 1.00 HR | | \$7.50 | \$39.41 | \$0.00 | \$23.28 | \$70.19 | |
| SUBTOTAL | | 2.03 HR | | \$14.92 | \$60.72 | \$6.99 | \$38.69 | \$121.31 | |
| HARVEST OPERATIONS | | | | | | | | | |
| SWATHER | 14 FT | 0.16 HR | | \$1.15 | \$1.59 | \$0.22 | \$3.33 | \$6.29 | |
| BALER | 145 HP | 0.25 HR | | \$1.80 | \$5.47 | \$1.04 | \$2.69 | \$11.00 | |
| BALE WAGON | S. P. | 0.20 HR | | \$1.44 | \$3.64 | \$4.46 | \$1.42 | \$10.97 | |
| SUBTOTAL | | 0.61 HR | | \$4.39 | \$10.70 | \$5.73 | \$7.44 | \$28.26 | |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.00 HR | | \$0.00 | | | | \$0.00 | |
| EMPLOYEE BENEFITS | | | | \$3.48 | | | | \$3.48 | |
| INSURANCE | | | \$0.01 | | | | | \$0.01 | |
| LAND TAXES | | | | | | | \$1.79 | \$1.79 | |
| SUPERVISION AND MANAGEMENT | | | | \$36.85 | | | | \$36.85 | |
| OTHER EXPENSES | | | \$59.77 | | | | | \$59.77 | |
| SUBTOTAL | | 0.00 HR | \$59.78 | \$40.33 | | | \$1.79 | \$101.90 | |
| TOTAL OPERATING EXPENSES | | 2.64 HR | \$167.28 | \$59.64 | \$71.42 | \$12.71 | \$47.91 | \$358.97 | |
| NET OPERATING PROFIT | | | | | | | | \$166.03 | |
| INTEREST ON OPERATING CAPITAL | | (\$72.05 @ 7.50%) | | | | | | \$5.40 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$17.43 | |
| RETURN TO LAND AND RISK | | | | | | | | \$143.20 | |

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

| | | | |
|-------------------------------|----------|----------|---|
| GROSS RETURN | | \$525.00 | |
| VARIABLE OPERATING EXPENSES | \$251.42 | | |
| RETURN OVER VARIABLE EXPENSES | | \$273.58 | (GROSS MARGIN) |
| FIXED EXPENSES | \$47.91 | | |
| NET FARM INCOME | | \$225.67 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$59.64 | | |
| NET OPERATING PROFIT | | \$166.03 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$22.83 | | |
| RETURN TO LAND AND RISK | | \$143.20 | |

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 2019
 Planting dates: April 15 - May 15
 Harvesting dates: October 15 - January 15

| ITEM | PRICE | YIELD | BASE | | | | | TOTAL | |
|----------------------------------|------------|---------------------|------------------|-----------------|-----------------|----------------|-----------------|------------------|-----------------|
| GROSS RETURNS | | | | | | | | | |
| COTTON LINT | \$0.73 | 700 LBS | | | | | | \$511.00 | |
| COTTON SEED | \$0.08 | 1,120.00 LBS | | | | | | \$94.08 | |
| PROGRAM PAYMENT | \$0.0000 | 700 LBS | 0.85 | | | | | \$0.00 | |
| PLC PAYMENT | \$0.3670 | 700 LBS | 0.85 | | | | | \$218.37 | |
| TOTAL | | | | | | | | \$823.45 | |
| PURCHASED INPUTS | | | | | | | | | |
| | PRICE | QUANTITY | PURCHASED INPUTS | | | | | FIXED COST | TOTAL |
| SEED | \$8.10 | 15 LBS | \$121.50 | | | | | | \$121.50 |
| 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. | | | | | | | |
| SUBTOTAL | | | \$133.19 | | | | | | \$133.19 |
| PREHARVEST OPERATIONS | | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| DISC | 145 HP | 0.17 HR | | \$1.22 | \$3.72 | \$1.15 | \$2.08 | \$8.17 | |
| PLOW | 145 HP | 0.48 HR | | \$3.46 | \$10.49 | \$4.28 | \$7.07 | \$25.30 | |
| DISC (2X) | 145 HP | 0.34 HR | | \$2.45 | \$7.43 | \$2.29 | \$4.16 | \$16.33 | |
| FLOAT | 145 HP | 0.16 HR | | \$1.15 | \$3.50 | \$0.64 | \$1.69 | \$6.97 | |
| PRE-IRRIGATE | | 0.25 HR | | \$1.88 | \$9.85 | \$0.00 | \$5.82 | \$17.55 | |
| CULTIVATOR | 65 HP | 0.21 HR | | \$1.51 | \$2.40 | \$1.56 | \$1.75 | \$7.23 | |
| PLANTER | 70 HP | 0.26 HR | | \$1.87 | \$4.20 | \$0.66 | \$5.83 | \$12.55 | |
| SLED | 70 HP | 0.15 HR | | \$1.08 | \$2.42 | \$0.20 | \$0.86 | \$4.57 | |
| CULTIVATOR (3X) | 65 HP | 0.63 HR | | \$4.54 | \$7.20 | \$4.69 | \$5.25 | \$21.68 | |
| HAND HOE (CUSTOM) | | | \$20.00 | | | | | \$20.00 | |
| IRRIGATE (3X) | | 0.75 HR | | \$5.63 | \$29.56 | \$0.00 | \$17.46 | \$52.64 | |
| SUBTOTAL | | 3.40 HR | \$20.00 | \$24.78 | \$80.76 | \$15.48 | \$51.97 | \$192.99 | |
| HARVEST OPERATIONS | | | | | | | | | |
| COTTON PICKER (2X) | 2-ROW | 0.74 HR | | \$5.33 | \$11.86 | \$11.56 | \$167.20 | \$195.94 | |
| HAUL (2X) | 65 HP | 1.00 HR | | \$7.20 | \$11.43 | \$1.28 | \$6.57 | \$26.48 | |
| GIN COTTON (CUSTOM) | | | \$104.30 | | | | | \$104.30 | |
| SUBTOTAL | | 1.74 HR | \$104.30 | \$12.53 | \$23.29 | \$12.83 | \$173.77 | \$326.72 | |
| POSTHARVEST OPERATIONS | | | | | | | | | |
| SHREDDER | 70 HP | 0.14 HR | | \$1.01 | \$2.26 | \$0.18 | \$2.94 | \$6.39 | |
| SUBTOTAL | | 0.14 HR | | \$1.01 | \$2.26 | \$0.18 | \$2.94 | \$6.39 | |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.00 HR | | \$0.00 | | | | \$0.00 | |
| EMPLOYEE BENEFITS | | | | \$6.90 | | | | \$6.90 | |
| INSURANCE | | | \$0.03 | | | | | \$0.03 | |
| LAND TAXES | | | | | | | \$1.79 | \$1.79 | |
| SUPERVISION AND MANAGEMENT | | | | \$57.82 | | | | \$57.82 | |
| OTHER EXPENSES | | | \$59.77 | | | | | \$59.77 | |
| SUBTOTAL | | 0.00 HR | \$59.80 | \$64.72 | | | \$1.79 | \$126.30 | |
| TOTAL OPERATING EXPENSES | | 5.28 HR | \$317.29 | \$103.03 | \$106.31 | \$28.50 | \$230.46 | \$785.58 | |
| NET OPERATING PROFIT | | | | | | | | \$37.86 | |
| INTEREST ON OPERATING CAPITAL | | (\$94.28 @ | 7.50% |) | | | | \$7.07 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$116.24 | |
| RETURN TO LAND AND RISK | | | | | | | | (\$85.45) | |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|-----------|---|
| GROSS RETURN | | \$823.45 | |
| VARIABLE OPERATING EXPENSES | \$452.09 | | |
| RETURN OVER VARIABLE EXPENSES | | \$371.35 | (GROSS MARGIN) |
| FIXED EXPENSES | \$230.46 | | |
| NET FARM INCOME | | \$140.89 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| aes | \$103.03 | | |
| NET OPERATING PROFIT | | \$37.86 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$123.31 | | |
| RETURN TO LAND AND RISK | | (\$85.45) | |

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 2019
 Planting dates: April 15 - May 15
 Harvesting dates: October 15 - January 15

| ITEM | PRICE | YIELD | BASE | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|
| GROSS RETURNS | | | | | | | | | |
| COTTON LINT | \$0.68 | 700 LBS | | | | | | | \$476.00 |
| COTTON SEED | \$0.08 | 1,120 LBS | | | | | | | \$94.08 |
| PROGRAM PAYMENT | \$0.0000 | 700 LBS | 0.85 | | | | | | \$0.00 |
| PLC PAYMENT | \$0.3670 | 700 LBS | 0.85 | | | | | | \$218.37 |
| TOTAL | | | | | | | | | \$788.45 |
| PURCHASED INPUTS | | | | | | | | | |
| | PRICE | QUANTITY | PURCHASED INPUTS | | | | | FIXED COST | TOTAL |
| SEED | \$8.10 | 20 LBS | \$162.00 | | | | | | \$162.00 |
| 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. | | | | | | | |
| SUBTOTAL | | | \$173.24 | | | | | | \$173.24 |
| PREHARVEST OPERATIONS | | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| DISC | 145 HP | 0.17 HR | | \$1.22 | \$3.72 | \$1.15 | \$2.08 | \$8.17 | |
| PLOW | 145 HP | 0.48 HR | | \$3.46 | \$10.49 | \$4.28 | \$7.07 | \$25.30 | |
| DISC (2X) | 145 HP | 0.34 HR | | \$2.45 | \$7.43 | \$2.29 | \$4.16 | \$16.33 | |
| FLOAT | 145 HP | 0.16 HR | | \$1.15 | \$3.50 | \$0.64 | \$1.69 | \$6.97 | |
| PRE-IRRIGATE | | 0.25 HR | | \$1.88 | \$9.85 | \$0.00 | \$5.82 | \$17.55 | |
| CULTIVATOR | 65 HP | 0.21 HR | | \$1.51 | \$2.40 | \$1.56 | \$1.75 | \$7.23 | |
| PLANTER | 70 HP | 0.26 HR | | \$1.87 | \$4.20 | \$0.66 | \$5.83 | \$12.55 | |
| SLED | 70 HP | 0.15 HR | | \$1.08 | \$2.42 | \$0.20 | \$0.86 | \$4.57 | |
| CULTIVATOR (3X) | 65 HP | 0.63 HR | | \$4.54 | \$7.20 | \$4.69 | \$5.25 | \$21.68 | |
| HAND HOE (CUSTOM) | | | \$20.00 | | | | | \$20.00 | |
| IRRIGATE (3X) | | 0.75 HR | | \$5.63 | \$29.56 | \$0.00 | \$17.46 | \$52.64 | |
| SUBTOTAL | | 3.40 HR | \$20.00 | \$24.78 | \$80.76 | \$15.48 | \$51.97 | \$192.99 | |
| HARVEST OPERATIONS | | | | | | | | | |
| COTTON STRIPPER | 70 HP | 0.62 HR | | \$4.46 | \$10.01 | \$1.13 | \$15.60 | \$31.19 | |
| HAUL | 65 HP | 0.75 HR | | \$5.40 | \$8.57 | \$0.96 | \$4.93 | \$19.86 | |
| GIN COTTON (CUSTOM) | | | \$134.89 | | | | | \$134.89 | |
| SUBTOTAL | | 1.37 HR | \$134.89 | \$9.86 | \$18.57 | \$2.09 | \$20.53 | \$185.94 | |
| POSTHARVEST OPERATIONS | | | | | | | | | |
| SHREDDER | 70 HP | 0.14 HR | | \$0.56 | \$2.26 | \$0.18 | \$2.94 | \$5.94 | |
| SUBTOTAL | | 0.14 HR | | \$0.56 | \$2.26 | \$0.18 | \$2.94 | \$5.94 | |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.00 HR | | \$0.00 | | | | \$0.00 | |
| EMPLOYEE BENEFITS | | | | \$6.34 | | | | \$6.34 | |
| INSURANCE | | | \$0.03 | | | | | \$0.03 | |
| LAND TAXES | | | | | | | \$1.79 | \$1.79 | |
| SUPERVISION AND MANAGEMENT | | | | \$55.35 | | | | \$55.35 | |
| OTHER EXPENSES | | | \$59.77 | | | | | \$59.77 | |
| SUBTOTAL | | 0.00 HR | \$59.80 | \$61.68 | | | \$1.79 | \$123.26 | |
| TOTAL OPERATING EXPENSES | | 4.91 HR | \$387.93 | \$96.89 | \$101.60 | \$17.75 | \$77.22 | \$681.37 | |
| NET OPERATING PROFIT | | | | | | | | \$107.07 | |
| INTEREST ON OPERATING CAPITAL | | (\$113.01 @ | 7.50% |) | | | | \$8.48 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$35.38 | |
| RETURN TO LAND AND RISK | | | | | | | | \$63.22 | |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|----------|---|
| GROSS RETURN | | \$788.45 | |
| VARIABLE OPERATING EXPENSES | \$507.27 | | |
| RETURN OVER VARIABLE EXPENSES | | \$281.17 | (GROSS MARGIN) |
| FIXED EXPENSES | \$77.22 | | |
| NET FARM INCOME | | \$203.96 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$96.89 | | |
| NET OPERATING PROFIT | | \$107.07 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$43.85 | | |
| RETURN TO LAND AND RISK | | \$63.22 | |

TABLE 12. Summary of per acre costs and returns for a 500 acre farm with above average, Artesia-Lake Authur area,
Projected 2019

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | BARLEY | OAT HAY | PICKER COTTON | STRIPPER COTTON |
|----------------------------------|--------------------------|----------------|------------|----------|------------------|--------------------|
| | TONS | TONS | CWT | TONS | LBS | LBS |
| PRIMARY YIELD | 5.60 | 5.60 | 35.00 | 3.50 | 700.00 | 700.00 |
| PRIMARY PRICE | \$185.00 | \$185.00 | \$6.22 | \$150.00 | \$0.73 | \$0.68 |
| GOVERNMENT PAYMENTS | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$218.37 | \$218.37 |
| SECOND INCOME | \$0.00 | \$40.00 | \$40.00 | \$0.00 | \$94.08 | \$94.08 |
| GROSS RETURN | \$1,036.00 | \$1,076.00 | \$257.70 | \$525.00 | \$823.45 | \$788.45 |
| CASH OPERATING EXPENSES | | | | | | |
| SEED | \$61.00 | | \$44.00 | \$34.00 | \$121.50 | \$162.00 |
| FERTILIZER | \$86.00 | \$84.00 | \$63.00 | \$73.50 | \$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 | | \$171.01 | | | | |
| CANAL WATER | | | | | | |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$79.66 | \$46.04 | \$21.31 | \$32.01 | \$66.90 | \$62.19 |
| FUEL-IRRIGATION | \$59.11 | \$67.56 | \$39.41 | \$39.41 | \$39.41 | \$39.41 |
| REPAIRS | \$28.35 | \$24.83 | \$6.99 | \$12.71 | \$28.50 | \$17.75 |
| CUSTOM CHARGES | | | \$24.91 | | \$124.30 | \$154.89 |
| LAND TAXES | | \$1.79 | | \$1.79 | \$1.79 | \$1.79 |
| OTHER EXPENSES | \$0.03 | \$59.79 | \$59.78 | \$59.78 | \$59.80 | \$59.80 |
| TOTAL CASH EXPENSES | \$314.16 | \$460.28 | \$267.07 | \$253.20 | \$453.88 | \$509.06 |
| RETURN OVER CASH EXPENSES | \$721.84 | \$615.72 | (\$9.37) | \$271.80 | \$369.57 | \$279.39 |
| FIXED EXPENSES | \$90.40 | \$175.70 | \$38.69 | \$46.13 | \$228.67 | \$75.43 |
| TOTAL EXPENSES | \$404.56 | \$635.98 | \$305.75 | \$299.33 | \$682.55 | \$584.49 |
| NET FARM INCOME | \$631.44 | \$440.02 | (\$48.05) | \$225.67 | \$140.89 | \$203.96 |
| LABOR AND MANAGEMENT COSTS | \$121.60 | \$114.68 | \$35.73 | \$59.64 | \$103.03 | \$96.89 |
| NET OPERATING PROFIT | \$509.84 | \$325.34 | (\$83.78) | \$166.03 | \$37.86 | \$107.07 |
| CAPITAL COSTS | | | | | | |
| INTEREST ON OPERATING CAPITAL | | \$11.47 | \$5.66 | \$5.40 | \$7.07 | \$8.48 |
| INTEREST ON EQUIPMENT INVESTMENT | \$41.28 | \$21.19 | \$11.85 | \$17.43 | \$116.24 | \$35.38 |
| TOTAL CAPITAL COSTS | \$41.28 | \$32.66 | \$17.51 | \$22.83 | \$123.31 | \$43.85 |
| RETURN TO LAND AND RISK | \$468.56 | \$292.68 | (\$101.29) | \$143.20 | (\$85.45) | \$63.22 |

Flex Computation

-50.751386 206.756758 259.464321 174.027591

TABLE 13. Whole farm summary, Artesia-Lake Arthur area,
Projected 2019

| | | |
|----------------------------------|------------|-----------|
| GROSS RETURNS | | |
| ALFALFA HAY | 342 ACRES | \$365,712 |
| CROP | | \$11,400 |
| GRAZING | | |
| BARLEY | 8.5 ACRES | \$1,850 |
| CROP | | \$0 |
| PROGRAM PAYMENT | | \$0 |
| PLC PAYMENT | | \$340 |
| GRAZING | | |
| OAT HAY | 8 ACRES | \$4,200 |
| CROP | | |
| PICKER COTTON | 82 ACRES | \$41,902 |
| COTTON LINT | | \$7,715 |
| COTTON SEED | | \$0 |
| PROGRAM PAYMENT | | \$17,906 |
| PLC PAYMENT | | |
| STRIPPER COTTON | 59.5 ACRES | \$28,322 |
| COTTON LINT | | \$5,598 |
| COTTON SEED | | \$0 |
| PROGRAM PAYMENT | | \$12,993 |
| PLC PAYMENT | | |
| | | \$497,937 |
| GROSS RETURN | | |
| CASH OPERATING EXPENSES | | |
| SEED | | \$23,725 |
| FERTILIZER | | \$30,645 |
| CHEMICALS | | \$2,239 |
| CROP INSURANCE | | \$150 |
| OTHER PURCHASED INPUTS | | \$48,739 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$27,286 |
| FUEL-IRRIGATION | | \$28,850 |
| REPAIRS | | \$12,248 |
| CUSTOM CHARGES | | \$19,620 |
| LAND TAXES | | \$791 |
| OTHER EXPENSES | | \$26,491 |
| | | \$220,783 |
| TOTAL CASH EXPENSES | | \$277,155 |
| RETURN OVER CASH EXPENSES | | \$52,457 |
| FIXED EXPENSES | | \$273,240 |
| TOTAL EXPENSES | | \$224,698 |
| NET FARM INCOME | | \$54,610 |
| LABOR AND MANAGEMENT COSTS | | \$170,088 |
| NET OPERATING PROFIT | | |
| CAPITAL COSTS | | \$4,444 |
| INTEREST ON OPERATING CAPITAL | | \$20,269 |
| INTEREST ON EQUIPMENT INVESTMENT | | |
| | | \$24,714 |
| TOTAL CAPITAL COSTS | | |
| RETURN TO LAND AND RISK | | \$145,374 |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$1,000 /ACRE | \$125,374 | 20.73% |
| \$2,500 /ACRE | \$95,374 | 10.83% |
| \$4,000 /ACRE | \$65,374 | 7.33% |
| \$5,500 /ACRE | \$35,374 | 5.54% |

* 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)