

TABLE 1. Acreage Summary, Lea County,  
Projected 2019

BUDGET AREA.....	SOUTHERN HIGH PLAINS, LEA COUNTY
FARM SIZE.....	1600 ACRES
IRRIGATION TYPE.....	DRYLAND
NUMBER OF CROPS.....	2.
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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
TOTAL	<u>1,600.00</u>

TABLE 2. Basic cost information for Lea County,  
Projected 2019

Item			
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Labor Wage Rate:			
Equipment operators		\$/hour	\$8.55
General & Irrigators		\$/hour	\$7.50
Purchased Inputs:			
Fertilizer:			
Nitrogen (N)		\$/pound	\$0.42
Phosphate (P205)		\$/pound	\$0.49
Seed:			
Wheat		\$/pound	\$0.40
Grain Sorghum		\$/pound	\$2.05
Fuel:			
Diesel fuel		\$/gallon	\$2.65
Gasoline		\$/gallon	\$2.35
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		\$40.00 /acre (full value)	\$0.43
Personal Property Tax Rate	- NR - R	\$/ \$1,000 (Assessed Value)	\$32.39 \$26.99
Supervision Factor		\$/labor hour	\$0.50
Management Rate		percent	7.00%

TABLE 3. Overhead cost information for Lea County,  
Projected 2019

Item			
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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
Total			<u>\$40,788</u>
Total per planted acre			<u>\$26.15</u>

TABLE 5. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County,  
 Projected 2019  
 Planting dates: August 15 - September 30  
 Harvest dates: June 15 - July 5

ITEM	PRICE	YIELD	BASE	TOTAL
<b>GROSS RETURNS</b>				
WHEAT	\$5.10	20.00 BUSHELS		\$102.00
PROGRAM PAYMENT	\$0.00	20.00 BUSHELS	0.85	\$0.00
PLC PAYMENT	\$0.00			\$0.00
<b>TOTAL</b>				<b>\$102.00</b>

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$0.40	30 LBS	\$12.00		\$12.00
NITROGEN (N)	\$0.42	16 LBS	\$6.72		\$6.72
PHOSPHATE (P205)	\$0.49	20 LBS	\$9.80		\$9.80
INSECTICIDE	\$16.99	1 X/ACRE	\$16.99		\$16.99
CROP INSURANCE	\$0.05		\$0.05		\$0.05
<b>SUBTOTAL</b>			<b>\$45.56</b>		<b>\$45.56</b>

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
CHISEL	225 HP	0.05 HR		\$0.43	\$1.49	\$0.80	\$1.88	\$4.61
DRILL	225 HP	0.05 HR		\$0.43	\$1.49	\$0.57	\$3.14	\$5.63
FERT SPREADER	225 HP	0.05 HR		\$0.43	\$1.49	\$0.39	\$1.35	\$3.66
<b>SUBTOTAL</b>		<b>0.15 HR</b>	<b>\$0.00</b>	<b>\$1.28</b>	<b>\$4.48</b>	<b>\$1.76</b>	<b>\$6.37</b>	<b>\$13.90</b>

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.20	\$3.10	\$3.56	\$5.91	\$13.77
HAUL	2 TON	0.14 HR		\$1.20	\$2.36	\$0.96	\$3.11	\$7.62
<b>SUBTOTAL</b>		<b>0.28 HR</b>	<b>\$0.00</b>	<b>\$2.39</b>	<b>\$5.46</b>	<b>\$4.52</b>	<b>\$9.02</b>	<b>\$21.39</b>

OVERHEAD EXPENSES	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
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			\$10.37				\$10.37
OTHER EXPENSES			\$26.15				\$26.15
<b>SUBTOTAL</b>	<b>0.11 HR</b>	<b>\$26.22</b>	<b>\$11.95</b>			<b>\$0.43</b>	<b>\$38.60</b>

TOTAL OPERATING EXPENSES 0.54 HR \$71.78 \$15.62 \$9.94 \$6.28 \$15.82 \$119.44

NET OPERATING PROFIT (\$17.44)

INTEREST ON OPERATING CAPITAL ( \$25.17 @ 5.50% ) \$1.38  
 INTEREST ON EQUIPMENT INVESTMENT \$5.28

RETURN TO LAND AND RISK (\$24.11)

BUDGET SUMMARY

GROSS RETURN		\$102.00	
VARIABLE OPERATING EXPENSES	\$88.00		
RETURN OVER VARIABLE EXPENSES	\$14.00	(GROSS MARGIN)	
FIXED EXPENSES	\$15.82		
NET FARM INCOME		(\$1.82)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$15.62		
NET OPERATING PROFIT		(\$17.44)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$6.67		
RETURN TO LAND AND RISK		(\$24.11)	

TABLE 6. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County,  
 Projected 2019  
 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)	\$0.42	16 LBS	\$6.72		\$6.72
PHOSPHATE (P205)	\$0.49	20 LBS	\$9.80		\$9.80
HERBICIDE	\$18.82	1 X/ACRE	\$18.82		\$18.82
CROP INSURANCE	\$0.08		\$0.08		\$0.08
<b>SUBTOTAL</b>			<b>\$41.56</b>		<b>\$41.56</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	\$1.49	\$0.39	\$1.35	\$3.66
CHISEL & SPRAY	225 HP	0.07 HR		\$0.60	\$2.09	\$1.20	\$3.14	\$7.03
PLANTER	225 HP	0.08 HR		\$0.68	\$2.39	\$0.94	\$4.93	\$8.95
CULTIVATOR (2X)	225 HP	0.12 HR		\$1.03	\$3.59	\$1.67	\$4.35	\$10.64
<b>SUBTOTAL</b>		<b>0.32 HR</b>		<b>\$2.74</b>	<b>\$9.56</b>	<b>\$4.20</b>	<b>\$13.78</b>	<b>\$30.28</b>

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.20	\$3.10	\$3.89	\$5.91	\$14.10
HAUL	2 TON	0.14 HR		\$1.20	\$2.36	\$1.09	\$3.11	\$7.75
<b>SUBTOTAL</b>		<b>0.28 HR</b>		<b>\$2.39</b>	<b>\$5.46</b>	<b>\$4.98</b>	<b>\$9.02</b>	<b>\$21.85</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>

TOTAL OPERATING EXPENSES 0.75 HR \$67.81 \$17.15 \$15.02 \$9.18 \$23.23 \$132.39

NET OPERATING PROFIT (\$56.49)

INTEREST ON OPERATING CAPITAL ( \$25.09 @ 5.50% ) \$1.38  
 INTEREST ON EQUIPMENT INVESTMENT \$7.99

RETURN TO LAND AND RISK (\$65.86)

BUDGET SUMMARY

GROSS RETURN		\$75.90	
VARIABLE OPERATING EXPENSES	\$92.01		
RETURN OVER VARIABLE EXPENSES		(\$16.11)	(GROSS MARGIN)
FIXED EXPENSES	\$23.23		
NET FARM INCOME		(\$39.34)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$17.15		
NET OPERATING PROFIT		(\$56.49)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$9.37		
RETURN TO LAND AND RISK		(\$65.86)	

TABLE 7. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Projected 2019

	WHEAT	GRAIN SORGHUM
	BU	CWT
PRIMARY YIELD	20.00	12.00
PRIMARY PRICE	\$5.10	\$6.33
GOVERNMENT PAYMENTS	\$0.00	\$0.00
SECOND INCOME	\$0.00	\$0.00
GROSS RETURN	\$102.00	\$75.90
VARIABLE OPERATING EXPENSES		
SEED	\$12.00	\$6.15
FERTILIZER	\$16.52	\$16.52
CHEMICALS	\$16.99	\$18.82
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$9.94	\$15.02
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	\$88.43	\$92.44
RETURN OVER VARIABLE EXPENSES	\$13.57	(\$16.54)
FIXED EXPENSES	\$15.39	\$22.80
TOTAL EXPENSES	\$103.82	\$115.24
RETURNS TO CAPITAL, LABOR, LAND & RISK	(\$1.82)	(\$39.34)
LABOR AND MANAGEMENT COSTS	\$15.62	\$17.15
RETURNS TO CAPITAL, LAND & RISK	(\$17.44)	(\$56.49)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.38	\$1.38
INTEREST ON EQUIPMENT INVESTMENT	\$5.28	\$7.99
TOTAL CAPITAL COSTS	\$6.67	\$9.37
RETURN TO LAND AND RISK	(\$24.11)	(\$65.86)

TABLE 8. Whole farm summary, Lea County,  
Projected 2019

GROSS RETURNS		
WHEAT	914.00 ACRES	
CROP		\$93,228
PROGRAM PAYMENT		\$0
PLC PAYMENT		\$0
GRAIN SORGHUM	646.00 ACRES	
CROP		\$49,031
PROGRAM PAYMENT		\$0
PLC PAYMENT		
GROSS RETURN		<u>\$142,259</u>
VARIABLE OPERATING EXPENSES		
SEED		\$14,941
FERTILIZER		\$25,771
CHEMICALS		\$27,680
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$18,783
FUEL-IRRIGATION		\$0
REPAIRS		\$11,676
CUSTOM CHARGES		\$0
LAND TAXES		\$674
OTHER EXPENSES		\$40,921
TOTAL VARIABLE EXPENSES		<u>\$140,546</u>
RETURN OVER VARIABLE EXPENSES		\$1,714
FIXED EXPENSES		\$28,792
TOTAL EXPENSES		\$169,338
NET FARM INCOME		(\$27,078)
LABOR AND MANAGEMENT COSTS		\$25,357
NET OPERATING PROFIT		(\$52,435)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$2,157
INTEREST ON EQUIPMENT INVESTMENT		\$9,989
TOTAL CAPITAL COSTS		<u>\$12,146</u>
RETURN TO LAND AND RISK		<u>(\$64,581)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$71,781)	-12.68%
\$200 /ACRE	(\$74,181)	-10.62%
\$250 /ACRE	(\$76,581)	-9.14%
\$300 /ACRE	(\$78,981)	-8.02%
\$350 /ACRE	(\$81,381)	-7.15%

\* 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)