

Table 15. 2008 Estimated Production Costs and Returns - Dryland Winter Wheat in Northeastern Colorado. Reduced-Till in a Two-Crop in Three-Year Rotation.

| | Unit | Price or Cost/Unit | Quantity | Value or Cost Per Acre | Value or Cost/Unit Production | Your Farm |
|--|------|--------------------|----------|------------------------|-------------------------------|-----------|
| GROSS RECEIPTS FROM PRODUCTION | | | | | | |
| HARD RED WINTER WHEAT | BU | 6.45 | 28.96 | 186.79 | | |
| TOTAL RECEIPTS | | | | 186.79 | 6.45 | |
| DIRECT COSTS | | | | | | |
| Operating Preharvest | | | | | | |
| SEED | DOLS | 6.90 | 1.00 | 6.90 | 0.24 | |
| FERTILIZER | DOLS | 53.93 | 1.00 | 53.93 | 1.86 | |
| HERBICIDE | DOLS | 31.30 | 1.00 | 31.30 | 1.08 | |
| CUSTOM APPLICATION | DOLS | 6.00 | 1.00 | 6.00 | 0.21 | |
| CROP INSURANCE | DOLS | 18.17 | 1.00 | 18.17 | 0.63 | |
| FUEL | DOLS | | | 7.68 | 0.27 | |
| REPAIR & MAINTENANCE | DOLS | | | 6.34 | 0.22 | |
| LABOR | DOLS | | | 2.14 | 0.07 | |
| INTEREST EXPENSE ² | DOLS | | | 4.64 | 0.16 | |
| Total Preharvest | DOLS | | | 137.10 | 4.73 | |
| Operating Harvest | | | | | | |
| FUEL | DOLS | | | 6.13 | 0.21 | |
| REPAIR & MAINTENANCE | DOLS | | | 2.97 | 0.10 | |
| LABOR | DOLS | | | 1.53 | 0.05 | |
| HAULING ¹ | DOLS | | | 6.99 | 0.24 | |
| Total Harvest | | | | 17.62 | 0.61 | |
| Total Operating Costs | | | | 154.72 | 5.34 | |
| Property and Ownership Costs | | | | | | |
| MACHINERY OWNERSHIP COSTS | DOLS | | | 33.03 | 1.14 | |
| GENERAL FARM OVERHEAD | DOLS | | | 10.00 | 0.35 | |
| REAL ESTATE TAXES | DOLS | | | 1.80 | 0.06 | |
| Total Property and Ownership Costs | DOLS | | | 44.83 | 1.55 | |
| TOTAL DIRECT COSTS: | | | | 199.55 | 6.89 | |
| NET RECEIPTS BEFORE FACTOR PAYMENTS | | | | -12.75 | -0.44 | |
| FACTOR PAYMENTS | | | | | | |
| LAND @ 4.00% ³ | DOLS | | | 28.80 | 0.99 | |
| RETURN TO MANAGEMENT AND RISK | DOLS | | | -41.55 | -1.43 | |

1 Hauling Machinery & Labor Charges = \$0.17/Bushel

2 Interest on Operating Capital is calculated on 1/2 of pre-harvest operating costs at 7%

3 Includes allocation of fallow acres in the rotation

BREAKEVEN ANALYSIS - PER ACRE RETURNS OVER TOTAL DIRECT COSTS (\$/ACRE)

| | | | ALTERNATIVE PRICES | | | | |
|--------------------|------|------|---------------------------|------------|------------|------------|------------|
| | | | \$/BU | | | | |
| | | | -25% | -10% | 6.45 | +10% | +25% |
| | | | \$ 4.84 | \$ 5.81 | \$ | \$ 7.10 | \$ 8.06 |
| ALTERNATIVE YIELDS | -25% | 21.7 | \$ (94.48) | \$ (73.46) | \$ (59.45) | \$ (45.44) | \$ (24.43) |
| | -10% | 26.1 | \$ (73.46) | \$ (48.24) | \$ (31.43) | \$ (14.62) | \$ 10.59 |
| BUSHEL | | 29.0 | \$ (59.45) | \$ (31.43) | \$ (12.75) | \$ 5.93 | \$ 33.94 |
| | +10% | 31.9 | \$ (45.44) | \$ (14.62) | \$ 5.93 | \$ 26.47 | \$ 57.29 |
| | +25% | 36.2 | \$ (24.43) | \$ 10.59 | \$ 33.94 | \$ 57.29 | \$ 92.32 |