

## I Got Paid!

- Early August we received our first payment.
- Net amount to us was \$6,165.48 for two years
- Remembering that 20% is retained in the pool for later payment and 10% is retained by the aggregator our gross payment would be:  $\$6,165.48 / .7 = \$8,807.83$
- This calculates to \$4,403.91/year.

- We enrolled 5,276.8 acres each year
- Per acre payment is \$.83
- Knowing our zone is paid for .2 ton/acre carbon sequestration our average price per ton was  $\$.83 / .2 = \$4.15/\text{ton}$
- Our next payment will be a function of the price at which the next pool is sold.
- Currently the Chicago Climate exchange is trading around \$1.60/ton

## How did I get started?

- I was introduced to the program by Jan Kochis, current Chairman of the Rocky Mountain Farmers Union
- Contacted the North Dakota Farmers Union and was given instructions to proceed.
- I enrolled each field into the database via the internet. (1 hour)

- I scanned my 578 report from Farm Service and emailed to NDFU (1 hour) for verification of farm practices. This could have been copied and mailed.
- We had an interview by a local verification official (45 minutes).

## What happens annually?

- We log on to the internet and verify our acres and practices (10 minutes).
- Re-interviewed yearly by local verification official (45 minutes).

## Why Continuous Crop No-Till?

## Major Considerations to No-Till Decision

- Economic Issues
- Efficiency Issues
- Environmental Issues

## Economic Issues

- Land Investment
- Fallow Period
- Machinery Investment
- Labor
- Chemical/fertilizer costs

## Land Investment

- Single largest investment
- Need a reasonable return on this investment to rationalize ownership
- Hard to achieve reasonable ROI with any of the land idle
- As margins narrow this becomes more critical

## Fallow Period

- The “Black Hole” of expense
- Time value of money
- Conservation of water in question
- Each fallow operation guarantees the next
- Growing crop best weed control
- Cash leasing exposes this shortcoming

## Machinery Investment

- Smaller investment (smaller machinery, less horsepower)
- Machinery over more acres per season
  - Required cost spread over more acres
- More complete utilization of investment

## Labor

- Less labor required
- Effort always positive direction
  - Planting and harvest
- Less wasted time
  - busy every day like all other businessmen

## Chemical/fertilizer/fuel costs

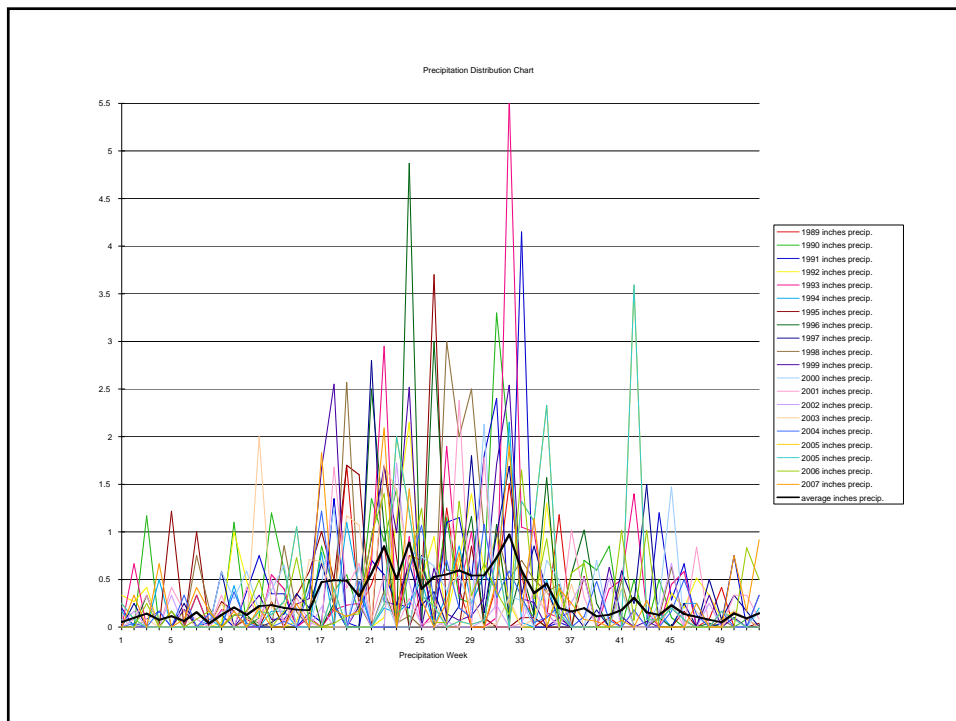
- chemical costs very comparable to traditional fuel costs
- Fertilizer usage decreasing as system builds
- Fuel usage (cost) dramatically reduced

## Efficiency Issues

- Crop
- Machinery

# Crop

- Use of water
  - Growing crop immediately utilizes moisture
- Use of land investment
  - return on every acre every year



## Machinery

- More acres per unit time
- Machinery over more acres per season

## Environmental Issues

- Building our soil
  - Increasing organic matter
  - Enhanced microbial activity
- Reducing Erosion
  - Wind
  - Water

## Draw backs

- Requires better management
  - Better accounting and analysis
    - Must know costs
    - Understand and utilize cashflows and enterprise analysis
  - More crops require more expertise
    - Varieties
    - Chemicals/fertilizers programs
    - Techniques
  - More crops - more marketing
    - Year round marketing awareness
  - Chemical costs
    - Paid immediately (no hiding in depreciation)



Questions?

