

**2008 Estimated Production Costs and Returns - Grass/Legume Hay in Western Colorado.**

	Unit	Price or Cost/Unit	Quantity	Value or Cost Per Acre	Value or Cost/Unit Production	Your Farm
<b>GROSS RECEIPTS FROM PRODUCTION:</b>						
Grass/Legume Hay	TONS	138.00	2.30	317.40		
<b>TOTAL RECEIPTS</b>				<b>317.40</b>	<b>138.00</b>	
<b>DIRECT COSTS</b>						
<b>Operating Preharvest</b>						
FERTILIZER	DOLS	52.48	1.00	19.54	8.50	
FERTILIZER APPLICATION	DOLS	7.00	1.00	7.00	3.04	
MACHINE FUEL AND LUBE	DOLS	4.00	1.00	4.00	1.74	
MACHINE REPAIRS	DOLS	2.00	1.00	2.00	0.87	
INTEREST EXPENSE <sup>1</sup>	DOLS			1.14	0.50	
<b>Total Preharvest</b>	DOLS			<b>33.68</b>	<b>14.64</b>	
<b>Operating Harvest</b>						
FUEL	DOLS			3.23	1.40	
REPAIR & MAINTENANCE	DOLS			7.71	3.35	
LABOR	DOLS			16.00	1.00	
BALING	DOLS			50.00	21.74	
HAULING/STACKING	DOLS			8.00	3.48	
<b>Total Harvest</b>				<b>84.94</b>	<b>36.93</b>	
<b>Total Operating Costs</b>				<b>118.62</b>	<b>51.57</b>	
<b>Property and Ownership Costs</b>						
MACHINERY OWNERSHIP COSTS	DOLS			15.12	6.57	
GENERAL FARM OVERHEAD	DOLS			10.00	4.35	
REAL ESTATE TAXES	DOLS			10.00	4.35	
<b>Total Property and Ownership Costs</b>	DOLS			<b>35.12</b>	<b>15.27</b>	
<b>TOTAL DIRECT COSTS</b>				<b>153.74</b>	<b>66.84</b>	
<b>NET RECEIPTS BEFORE FACTOR PAYMENTS</b>				<b>163.66</b>	<b>71.16</b>	
<b>FACTOR PAYMENTS</b>						
LAND @ 4.00%	DOLS			52.00	22.61	
<b>RETURN TO MANAGEMENT AND RISK</b>	DOLS			<b>111.66</b>	<b>48.55</b>	

<sup>3</sup> Interest on Operating Capital is calculated on 1/2 of pre-harvest operating costs at 7%

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

		<b>ALTERNATIVE PRICES</b>				
		\$/TON				
		-25%	-10%		+10%	+25%
		\$ 103.50	\$ 124.20	\$ 138.00	\$ 151.80	\$ 172.50
ALTERNATIVE YIELDS	-25%	\$ 24.80	\$ 60.51	\$ 84.31	\$ 108.12	\$ 143.82
	-10%	\$ 60.51	\$ 103.36	\$ 131.92	\$ 160.49	\$ 203.34
	TONS	2.3	\$ 84.31	\$ 131.92	\$ 163.66	\$ 195.40
	+10%	2.5	\$ 108.12	\$ 160.49	\$ 195.40	\$ 230.32
	+25%	2.9	\$ 143.82	\$ 203.34	\$ 243.01	\$ 282.69
			\$ 243.01	\$ 282.69	\$ 342.20	