

2010 Estimated Production Costs and Returns - Grass Hay in Western Colorado

| | Unit | Price or Cost/Unit | Quantity | Value or Cost Per Acre | Value or Cost/Unit Production Your Farm |
|--|------|-----------------------|----------|------------------------------|--|
| GROSS RECEIPTS FROM PRODUCTION: | | | | | |
| Grass Hay | TONS | 111.00 | 2.50 | 277.50 | |
| TOTAL RECEIPTS | | | | 277.50 | 111.00 |
| DIRECT COSTS | | | | | |
| Operating Preharvest | | | | | |
| FERTILIZER | DOLS | 49.92 | 1.00 | 49.92 | 19.97 |
| FERTILIZER APPLICATION | DOLS | 6.00 | 1.00 | 6.00 | 2.40 |
| MACHINE FUEL AND LUBE | DOLS | 4.00 | 1.00 | 4.00 | 1.60 |
| MACHINE REPAIRS | DOLS | 2.06 | 1.00 | 2.06 | 0.82 |
| INTEREST EXPENSE ¹ | DOLS | | | 2.48 | 0.99 |
| Total Preharvest | DOLS | | | 64.46 | 25.78 |
| Operating Harvest | | | | | |
| FUEL | DOLS | | | 2.25 | 0.90 |
| REPAIR AND MAINTENANCE | DOLS | | | 7.94 | 3.18 |
| LABOR | DOLS | | | 16.16 | 6.46 |
| BALING ² | DOLS | | | 53.57 | 21.43 |
| HAULING/STACKING ³ | DOLS | | | 35.00 | 14.00 |
| INTEREST EXPENSE ¹ | DOLS | | | 2.30 | 0.92 |
| Total Harvest | | | | 117.22 | 46.89 |
| Total Operating Costs | | | | 181.68 | 72.67 |
| Property and Ownership Costs | | | | | |
| MACHINERY OWNERSHIP COSTS | DOLS | | | 15.12 | 6.05 |
| GENERAL FARM OVERHEAD | DOLS | | | 10.00 | 4.00 |
| REAL ESTATE TAXES | DOLS | | | 10.00 | 4.00 |
| Total Property and Ownership Costs | DOLS | | | 35.12 | 14.05 |
| TOTAL DIRECT COSTS | | | | 216.80 | 86.72 |
| NET RECEIPTS BEFORE FACTOR PAYMENTS | | | | 60.70 | 24.28 |
| FACTOR PAYMENTS | | | | | |
| LAND @ 4.00% | DOLS | | | 52.00 | 20.80 |
| RETURN TO MANAGEMENT AND RISK | DOLS | | | 8.70 | 3.48 |

¹ Interest on Operating Capital is calculated on 1/2 of pre-harvest operating costs at 8%

² Baling = \$0.75/Bale (70 Lb Bale)

³ Hauling/Stacking = \$14/Ton

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

| | | ALTERNATIVE PRICES | | | | |
|--------------------|------|---------------------------|------------|-----------|-----------|-----------|
| | | \$/TON | | | | |
| | | -25% | -10% | | +10% | +25% |
| | | \$ 83.25 | \$ 99.90 | \$ 111.00 | \$ 122.10 | \$ 138.75 |
| ALTERNATIVE YIELDS | -25% | \$ (60.71) | \$ (29.49) | \$ (8.67) | \$ 12.14 | \$ 43.36 |
| | -10% | \$ (29.49) | \$ 7.98 | \$ 32.95 | \$ 57.93 | \$ 95.39 |
| | TONS | \$ (8.67) | \$ 32.95 | \$ 60.70 | \$ 88.45 | \$ 130.08 |
| | +10% | \$ 12.14 | \$ 57.93 | \$ 88.45 | \$ 118.98 | \$ 164.76 |
| | +25% | \$ 43.36 | \$ 95.39 | \$ 130.08 | \$ 164.76 | \$ 216.79 |