



Current Report

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Oklahoma Farm and Ranch Custom Rates, 2009-2010

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This Current Report summarizes data collected from Oklahoma farmers, ranchers and custom operators during the fall of 2009. Custom work is defined as machine operations performed for the customer with the custom operator furnishing the machine, fuel, labor and other inputs directly associated with the machine. Custom operators do not usually furnish materials such as seed or fertilizer unless it is explicitly stated. In general, custom rates have increased since the 2007 survey. Approximately 380 surveys were returned with usable data.

Summary Procedure

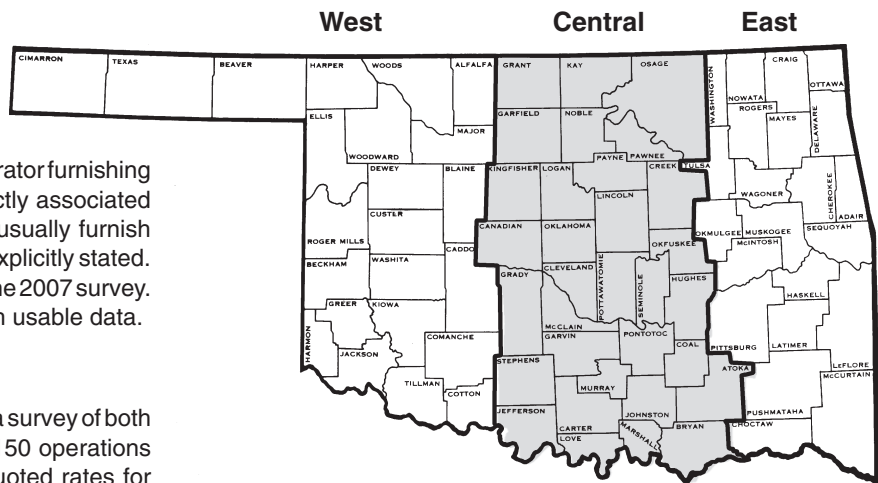
The rates quoted herein were collected by a survey of both farmers and custom operators. A list of over 150 operations was provided from which each respondent quoted rates for only selected operations. Some respondents quoted rates for only one or two operations while others were familiar with rates for many of the machines listed. "Fair" rates are negotiated. Regional or state average rates may be used as a beginning point for discussion. However, differences in operations, requirements, and circumstances may impact rates.

The rates summarized on the inside pages were edited to remove those replies for which the respondent's interpretation of the information being requested did not match the interpretation of other respondents.

Interpreting the Rate Tables

A statewide rate summary for each operation is quoted in the included table. If available, separate quotes are listed for each area of the state as shown in the map. The number of estimates obtained, the average rate, and the lowest and highest rates reported are shown. The cost of following up with individual surveys prohibited questioning or affirming doubtful replies. In most cases the number of observations was insufficient to allow statistical analysis. In general, large numbers of observations improve reliability. You must interpret these results, therefore, with these limitations in mind.

Figure 1 shows the distribution of survey responses for operations with at least 40 observations. For example, a distribution of 59 responses for harvesting small grains with an additional charge per bushel to customers for high yields



is shown in the last three graphs. For the base rate per acre, 17% of the respondents reported a custom rate less than \$16 per acre, 12% reported a custom rate between \$16 and \$17.99 per acre, 32% reported a custom rate between \$18 and \$19.99 per acre, 25% reported a custom rate between \$20 and \$21.99 per acre, and 14% of the respondents reported a custom rate \$22 or more per acre. In 2009, the additional charge averaged 18 cents per bushel for yields greater than 21 bushels per acre. Almost 80% of the respondents reported 20 bushels as the customary standard, however.

If you are interested in a rate quotation for a specific operation in an area which shows a small number of reports, consider rates for other areas of the state where the operation is more common or refer to the statewide summary. Additional adjustments for field size and soil type may be necessary.

Reporting Regions

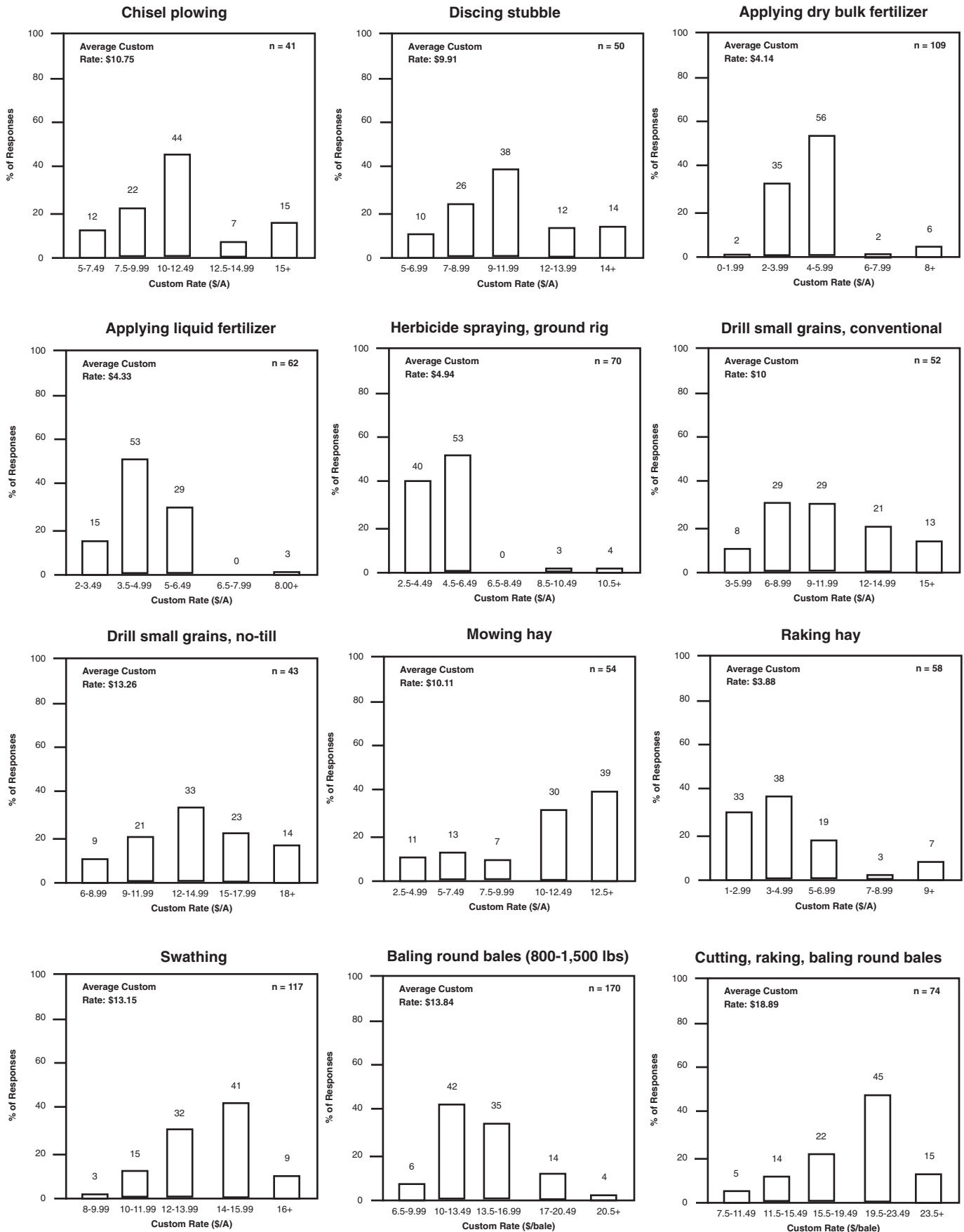
Area rates are summarized for the State of Oklahoma as shown in the map above. Regional differences are apparent in the rate table with higher rates prevailing when:

- Fields are small.
- Soils are heavy.
- Slopes are steep.
- Machines are scarce.
- Custom operators are not available.

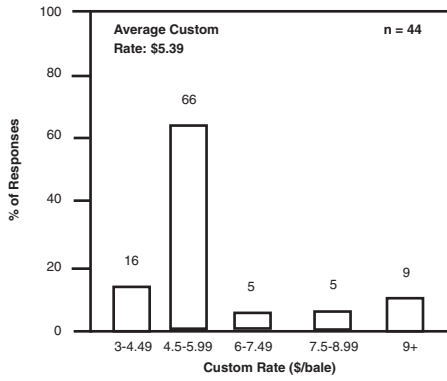
OPERATION	OKLAHOMA*				WEST				CENTRAL				EAST				
	No.	Avg.	Low	High	No.	Avg.	Low	High	No.	Avg.	Low	High	No.	Avg.	Low	High	
TILLAGE																	
Moldboard plowing	\$/acre	20	15.93	10.00	25.00	9	17.39	11.00	25.00	8	15.13	10.00	20.00				
Chisel plowing	\$/acre	41	10.75	5.00	18.00	20	11.81	7.75	18.00	13	9.88	5.00	16.00				
Surface chisel	\$/acre	15	9.30	5.00	15.00	8	9.94	8.00	15.00	6	8.00	5.00	10.00				
Discing stubble	\$/acre	50	9.91	5.00	16.00	27	10.22	5.00	15.00	16	9.84	6.00	16.00	2	12.00	9.00	15.00
Discing shallow	\$/acre	29	10.47	6.00	20.00	14	9.72	6.00	13.33	10	10.20	6.00	20.00	3	11.83	10.00	15.00
Blade or wide sweeps	\$/acre	24	9.60	6.00	15.00	19	9.92	6.75	15.00	4	8.00	6.00	10.00				
Strip tillage	\$/acre	5	18.00	10.00	30.00	3	20.00	15.00	30.00								
Spike tooth harrow	\$/acre	21	5.25	2.50	10.00	9	5.28	3.00	7.00	10	4.87	2.50	8.00				
Spring tooth harrow	\$/acre	13	6.78	5.00	12.50	6	7.14	5.00	12.50	6	5.88	5.00	8.00				
Rotary hoe	\$/acre	8	6.88	4.00	10.00	3	7.00	5.00	10.00	3	7.33	4.00	10.00				
Row cultivating	\$/acre	6	9.92	4.00	14.00	5	9.50	4.00	14.00								
Field cultivating	\$/acre	16	9.09	7.00	14.00	9	9.11	7.00	12.50	5	9.30	7.00	14.00				
Stalk shredder	\$/acre	6	10.92	4.00	15.00	4	10.13	4.00	12.50								
Subsoiling	\$/acre	12	15.75	12.0	20.00	3	16.67	12.00	20.00	7	15.71	13.00	20.00				
FERTILIZER AND CHEMICAL APPLICATION																	
Applying bulk dry fertilizer	\$/acre	109	4.14	1.25	12.50	34	4.08	2.00	10.00	40	3.97	2.00	12.50	11	4.23	1.30	10.00
Renting bulk dry applicator	\$/acre	15	4.37	1.00	16.00	8	3.91	1.25	10.00	3	3.33	1.00	7.50	2	1.15	1.00	1.30
Applying liquid fertilizer	\$/acre	62	4.33	2.00	8.00	26	4.40	2.50	8.00	26	4.00	2.00	5.00				
Renting liquid applicator	\$/acre	10	3.15	1.00	6.00	6	3.50	1.00	6.00	2	2.50	2.00	3.00				
Applying anhydrous	\$/acre	21	9.02	4.00	15.00	7	8.14	4.00	15.00	11	9.41	4.00	15.00				
Renting anhydrous applicator	\$/acre	4	2.63	2.00	4.00	3	2.83	2.00	4.00								
Lime application	\$/acre	13	13.38	4.00	25.00					7	11.00	4.00	20.00	2	20.00	15.00	25.00
Lime application	\$/ton	6	20.50	9.00	30.00	2	23.00	20.00	26.00	2	19.00	13.00	25.00				
Ground appl., insect, fung.	\$/acre	33	4.43	3.50	6.00	10	4.25	3.50	5.50	16	4.35	3.50	5.00				
Aircraft appl., insect, fung.	\$/acre	19	5.05	3.50	6.00	6	4.63	3.50	5.75	8	5.34	4.00	6.00				
Ground spraying for weeds	\$/acre	70	4.94	2.50	13.00	21	5.10	3.00	13.00	28	4.54	2.50	12.00	9	5.50	3.00	12.00
Aircraft spraying for weeds	\$/acre	26	6.49	4.00	14.00	11	6.58	4.00	14.00	8	5.91	4.00	10.50				
PLANTING																	
Air seeder with fertilizer	\$/acre	19	15.34	10.00	22.00	11	16.64	12.00	20.00	5	11.90	10.00	15.00				
Air seeder without fertilizer	\$/acre	14	13.46	9.00	22.00	6	13.58	9.50	20.00	5	11.40	9.00	14.00				
Drill small grains, conventional	\$/acre	52	10.00	3.00	18.00	23	10.24	3.00	18.00	17	8.93	3.00	16.00	2	8.50	7.00	10.00
Drill small grains, no-till	\$/acre	43	13.26	5.00	20.00	17	14.06	5.00	20.00	19	12.75	7.00	20.00	5	12.10	6.00	20.00
Sod drill small grains into bermuda	\$/acre	10	12.95	8.00	20.00	4	14.25	8.00	20.00	5	11.80	8.00	17.00				
Drill alfalfa and other legumes	\$/acre	16	11.19	4.00	20.00	5	12.40	5.00	20.00	9	11.00	4.00	20.00				
Broadcasting Seed	\$/acre	17	6.06	2.00	15.00	4	7.50	2.00	15.00	8	6.19	3.00	10.00				
Seeding forages	\$/acre	5	13.40	6.00	24.00												
Drill canola	\$/acre	5	14.50	12.00	16.50	3	15.50	15.00	16.50								
Planting cotton	\$/acre	11	14.55	10.00	20.00	5	15.00	10.00	20.00	4	13.50	10.00	18.00				
Plant corn, conventional	\$/acre	10	13.20	10.00	15.00	5	13.40	10.00	15.00	4	12.75	10.00	15.00				
Plant corn, no-till	\$/acre	16	15.13	12.00	20.00	5	16.60	12.00	20.00	10	14.50	12.00	18.00				
Plant grain sorghum, conventional	\$/acre	13	13.00	8.00	16.00	7	13.29	8.00	16.00	5	12.40	10.00	15.00				
Plant grain sorghum, no-till	\$/acre	18	14.36	8.00	20.00	9	14.50	8.50	20.00	8	14.25	8.00	18.00				
Plant soybeans, conventional	\$/acre	13	11.96	5.50	15.00	3	15.00	15.00	15.00	8	10.81	5.50	15.00				
Plant soybeans, no-till	\$/acre	21	14.81	12.00	20.00	6	16.00	15.00	20.00	12	14.50	12.00	18.00				
HAYING																	
Mowing hay	\$/acre	54	10.11	2.50	16.00	13	12.23	3.00	15.00	25	9.44	2.50	15.00	4	7.13	2.50	10.00
Raking hay	\$/acre	58	3.88	1.00	10.00	20	3.58	1.00	8.00	22	4.00	1.00	10.00	5	2.52	1.50	5.00
Swathing	\$/acre	117	13.15	8.00	18.00	55	13.56	9.00	18.00	37	12.86	8.50	17.00	2	11.00	8.00	14.00
Cutting to stacking for one ton	\$/ton	10	29.45	15.00	53.00					6	28.08	15.00	40.00				
Small square bales																	
Baling small square bales	\$/bale	58	1.17	0.35	3.00	13	1.00	0.35	2.00	24	1.18	0.45	3.00	10	1.44	1.00	2.10
Cutting to stacking for a small square bale	\$/bale	11	3.92	1.00	10.00					5	3.82	1.00	10.00	2	2.25	2.00	2.50
Flat rate for hauling small square bale	\$/bale	23	0.80	0.50	1.00	4	0.83	0.65	1.00	11	0.79	0.50	1.00	3	0.67	0.50	1.00
Base rate for hauling small square bale	\$/bale	12	0.88	0.75	1.00	3	0.77	0.75	0.80	5	0.95	0.75	1.00				
extra charge per bale	\$/bale	12	0.20	0.01	1.25	3	0.44	0.02	1.25	5	0.14	0.01	0.50				
for a distance over XX miles	miles	12	6.75	1.00	25.00	3	5.33	1.00	10.00	5	6.20	5.00	10.00				
Large square bales (4'X4'X8')																	
Baling a large square bale (4'X4'X8')	\$/bale	32	14.64	8.00	20.00	10	14.40	10.00	20.00	14	13.96	8.00	20.00	4	14.75	12.00	20.00
Base rate for hauling large square bale	\$/bale	6	4.50	3.00	5.00	2	4.50	4.00	5.00								
extra charge per bale	\$/bale	6	2.29	0.75	5.00	2	2.88	0.75	5.00								
for a distance over XX miles	miles	6	10.50	3.00	30.00	2	17.50	5.00	30.00								
Large round bales (800 to 1500 lb.)																	
Baling a large round bale (800-1500 lb.)	\$/bale	170	13.84	6.50	22.50	51	13.42	9.00	18.00	61	13.48	6.50	22.50	17	15.06	9.00	21.00
Baling a gian round bale (1500-3000 lb.)	\$/bale	31	13.79	7.00	25.00	9	14.79	12.00	20.11	11	13.32	7.00	25.00	2	16.50	15.00	18.00
Cutting, raking, baling large round bales	\$/bale	74	18.89	7.50	28.00	8	18.25	10.00	28.00	29	20.03	12.50	25.00	26	17.90	7.50	25.00
Flat rate for hauling a large round bale (800-1500 lb.)	\$/bale	44	5.39	3.00	10.00	12	5.54	3.00	10.00					5	5.00	5.00	5.00
Base rate for hauling a large round bale (800-1500 lb.)	\$/bale	20	4.25	2.50	5.00	6	4.67	4.00	5.00	6	3.92	2.50	5.00	6	4.25	2.50	5.00
extra charge per bale	\$/bale	20	1.16	0.25	5.00	6	1.44	0.25	5.00	6	1.58	0.50	4.00	6	0.64	0.40	1.00
for a distance over XX miles	miles	20	8.10	1.00	30.00	6	11.00	1.00	30.00	6	6.17	3.00	10.00	6	7.33	4.00	10.00
SMALL GRAIN AND SOYBEAN HARVEST																	
Combining wheat & small grains (flat rate)	\$/acre	93	19.30	10.00	30.00	42	19.12	12.00	28.63	33	19.07	10.00	30.00	5	21.20	19.00	25.00
Swathing small grains	\$/acre	14	13.39	8.00	20.00	9	13.17	8.50	18.00	4	14.25	8.00	20.00				
Base rate for combining small grain	\$/acre	59	18.47	14.00	24.00	31	17.84	14.00	22.00	20	18.90	14.00	24.00				
extra charge per bushel	\$/bu.	59	0.18	0.12	0.24	31	0.18	0.14	0.22	20	0.18	0.12	0.24				
for excess over XX bushels/acre	bu./acre	59	21.03	18.00	30.00	31	20.58	18.00	30.00	20	20.65	19.00	25.00				
Small grains (fieldwork through harvesting)	\$/acre	8	74.71	30.00	150.00	4	73.14	30.00	119.98								
Storing small grains, per bu., per mo.	\$/bu.	3	0.03	0.01	0.04					3	0.03	0.01	0.04				

OPERATION	OKLAHOMA*				WEST				CENTRAL				EAST				
	No.	Avg.	Low	High	No.	Avg.	Low	High	No.	Avg.	Low	High	No.	Avg.	Low	High	
Combining soybeans (flat rate)	\$/acre	25	24.58	15.00	32.00	4	26.00	20.00	32.00	16	24.78	15.00	30.00	4	21.00	18.00	24.00
Base rate for combining soybeans	\$/acre	4	24.00	20.00	30.00	2	20.50	20.00	21.00	2	27.50	25.00	30.00				
extra charge per bushel	\$/bu.	4	0.29	0.20	0.40	2	0.30	0.20	0.40	2	0.28	0.25	0.30				
for excess over XX bushels/acre	bu./acre	4	23.75	20.00	30.00	2	20.00	20.00	20.00	2	27.50	25.00	30.00				
Flat rate for hauling small grains, soybeans	\$/bu.	44	0.19	0.13	0.25	20	0.18	0.13	0.25	15	0.20	0.14	0.25	3	0.23	0.18	0.25
Base rate for hauling small grains, soybeans	\$/bu.	12	0.18	0.10	0.25	8	0.18	0.14	0.21	3	0.18	0.10	0.25				
extra charge per bushel	\$/bu.	12	0.13	0.05	0.21	8	0.15	0.05	0.21	3	0.10	0.05	0.15				
for excess over XX miles	miles	12	11.75	5.00	20.00	8	13.50	5.00	20.00	3	7.67	5.00	10.00				
Soybeans (fieldwork through harvesting)	\$/acre	2	120.00	120.00	120.00												
CORN, GRAIN SORGHUM HARVEST																	
Combining corn (flat rate)	\$/acre	21	24.55	17.00	30.00	5	21.40	20.00	25.00	13	25.88	17.00	30.00	3	24.00	20.00	30.00
Combining corn (flat rate)	\$/bu.	5	0.38	0.30	0.45	5	0.38	0.30	0.45								
Base rate for combining corn	\$/acre	4	27.50	25.00	30.00	2	25.00	25.00	25.00	2	30.00	30.00	30.00				
extra charge per bushel	\$/bu.	4	0.26	0.15	0.40	2	0.30	0.20	0.40	2	0.23	0.15	0.30				
for excess over XX bushels/acre	bu./acre	4	57.50	30.00	80.00	2	65.00	50.00	80.00	2	50.00	30.00	70.00				
Flat rate for hauling corn	\$/bu.	7	0.21	0.10	0.30	2	0.18	0.10	0.25	4	0.21	0.15	0.30				
Combining grain sorghum (flat rate)	\$/acre	12	20.75	18.00	25.00	7	20.00	18.00	25.00	5	21.80	20.00	25.00				
Base rate for combining grain sorghum	\$/acre	9	19.56	17.00	24.00	6	19.00	18.00	22.00	2	20.50	17.00	24.00				
extra charge per bushel	\$/bu.	9	0.20	0.18	0.24	6	0.19	0.18	0.20	2	0.22	0.20	0.24				
for excess over XX bushels/acre	bu./acre	9	24.67	18.00	40.00	6	21.33	18.00	30.00	2	27.00	24.00	30.00				
Flat rate for hauling grain sorghum	\$/bu.	7	0.24	0.15	0.45	4	0.25	0.18	0.45	3	0.22	0.15	0.30				
Base rate for hauling grain sorghum	\$/bu.	4	0.19	0.15	0.25	2	0.17	0.15	0.18	2	0.22	0.18	0.25				
extra charge per bushel	\$/bu.	4	0.13	0.05	0.18	2	0.17	0.15	0.18	2	0.10	0.05	0.15				
for excess over XX bushels/acre	bu./acre	4	9.00	5.00	15.00	2	10.50	6.00	15.00	2	7.50	5.00	10.00				
Grain sorghum (fieldwork through harvesting)	\$/acre	2	98.12	46.23	150.00												
CANOLA HARVEST																	
Combining canola	\$/acre	5	20.40	18.00	22.00	5	20.40	18.00	22.00								
Swathing canola	\$/acre	5	17.20	13.00	30.00	5	17.20	13.00	30.00								
Base rate for combining canola	\$/acre	2	19.50	18.00	21.00	2	19.50	18.00	21.00								
extra charge per cwt	\$/cwt	2	0.32	0.18	0.45	2	0.32	0.18	0.45								
for excess over XX cwt/acre	cwt/acre	2	15.00	10.00	20.00	2	15.00	10.00	20.00								
COTTON HARVEST																	
Stripping cotton (flat rate)	\$/acre	4	36.25	10.00	65.00	2	37.50	10.00	65.00								
Stripping cotton (flat rate)	\$/lb.	6	0.10	0.09	0.12	3	0.10	0.09	0.12	2	0.10	0.10	0.10				
Picking cotton lint (flat rate)	\$/lb.	2	0.10	0.09	0.10	2	0.10	0.09	0.10								
LIVESTOCK OPERATIONS																	
Spraying	\$/head	21	2.27	0.75	5.00	4	2.63	2.00	4.00	7	2.21	1.00	4.00	3	2.00	1.00	3.00
Dehorning	\$/head	22	3.08	1.00	8.00	4	2.88	1.50	5.00	8	2.66	1.00	5.00	3	3.67	1.00	5.00
Branding	\$/head	27	1.98	0.50	8.00	6	2.83	1.00	8.00	11	1.52	1.00	3.00	3	2.00	1.00	3.00
Castrating	\$/head	38	3.36	0.80	10.00	8	3.63	1.50	10.00	15	2.53	1.00	5.00	3	4.33	2.00	6.00
Worming	\$/head	43	3.50	1.00	10.00	5	3.63	1.00	7.00	14	3.70	1.00	10.00	8	3.69	1.00	8.00
Artificial insemination	\$/head	11	18.36	5.00	40.00	2	17.50	10.00	25.00	7	17.43	5.00	40.00				
MISCELLANEOUS																	
Combining alfalfa seed	\$/acre	3	28.33	20.00	40.00					2	32.50	25.00	40.00				
Picking up pecans (% for owner)	%	6	43.83	33.00	50.00					4	43.25	33.00	50.00	2	45.00	40.00	50.00
Welding	\$/hour	44	36.52	10.00	65.00	8	39.38	15.00	65.00	17	38.94	10.00	60.00	6	31.67	15.00	40.00
Building new fence with materials (5-wire,steel posts)	\$/mile	27	3,559	900	7,800	8	4,088	1,000	6,000	8	2,705	1,000	3,500	4	3,550	1,000	5,200
Building new fence w/o materials (5-wire,steel posts)	\$/mile	27	2,599	400	6,000	8	3,388	1,800	6,000	9	2,298	800	5,280				
Digging line fence post holes	\$/hole	11	9.55	1.00	20.00					5	11.60	4.00	20.00	2	8.50	5.00	12.00
Brush hogging	\$/hour	27	33.26	10.00	85.00	2	22.50	20.00	25.00	7	39.57	12.00	85.00	9	36.11	10.00	75.00
Dozing (D6 or smaller)	\$/hour	38	83.29	40.00	125.00	9	81.67	60.00	100.00	12	85.00	50.00	125.00	5	78.00	65.00	110.00
Dozing (D7 or larger)	\$/hour	27	109.44	65.00	150.00	8	113.75	100.00	140.00	9	112.22	90.00	150.00				
Clearing cedar trees	\$/hour	18	59.39	19.00	100.00	5	56.80	19.00	100.00	8	65.63	35.00	100.00				
Sawing wood, chainsaw	\$/hour	8	22.13	10.00	45.00					3	16.67	15.00	20.00				
Hauling cattle flat truck, capacity	lb.	8	33,375	8,000	50,000					4	27,250	14,000	40,000	3	36,000	8,000	50,000
Per mile (one-way load)	\$/mile	8	3.00	1.50	6.00					4	3.13	1.50	6.00	3	2.50	1.50	3.00
Hauling cattle belly semi-truck, capacity	lb.	15	49,000	40,000	50,000	5	48,000	40,000	50,000	6	50,000	50,000	50,000				
Per mile (one-way load)	\$/mile	15	3.17	1.85	4.75	5	3.55	3.00	4.75	6	3.08	3.00	3.25				
Gooseneck trailer, length	feet	33	25.48	16.00	40.00	3	25.33	22.00	30.00	12	24.42	18.00	32.00	6	26.33	20.00	32.00
capacity	lb.	33	13,542	5,000	20,000	3	12,333	10,000	14,000	12	14,083	8,000	20,000	6	11,417	6,000	15,000
rate per mile	\$/mile	33	2.47	0.50	5.00	3	3.33	2.50	4.50	12	2.31	1.75	4.00	6	2.67	2.00	5.00
TRACTOR RENTAL																	
2 wheel drive-less than 100 hp	\$/hour	14	27.21	10.00	45.00	3	18.33	10.00	25.00	5	32.00	20.00	45.00	2	30.00	20.00	40.00
2 wheel drive-between 100 and 150 hp	\$/hour	10	32.00	15.00	55.00	4	23.75	15.00	30.00	5	36.00	20.00	55.00				
2 wheel drive-greater than 150 hp	\$/hour	6	29.17	20.00	35.00	4	28.75	20.00	35.00	2	30.00	25.00	35.00				
4 wheel drive-less than 175 hp	\$/hour	4	31.25	25.00	40.00	3	31.67	25.00	40.00								
4 wheel drive-greater than 175 hp	\$/hour	8	38.94	24.00	50.00	5	41.50	35.00	50.00	3	34.67	24.00	40.00				
MACHINERY RENTAL																	
Grain drill	\$/acre	6	6.05	3.00	12.00					3	6.00	5.00	8.00				
No-till drill	\$/acre	14	8.96	5.00	16.00	2	11.50	7.00	16.00	9	9.00	5.00	14.00	2	8.25	6.50	10.00
Grain cart with auger	\$/bu.	3	0.08	0.05	0.10	2	0.08	0.05	0.10								
Skip loader	\$/hour	6	37.50	20.00	60.00	2	47.50	35.00	60.00	4	32.50	20.00	45.00				
Tractor grinder	\$/hour	2	45.00	15.00	75.00					2	45.00	15.00	75.00				

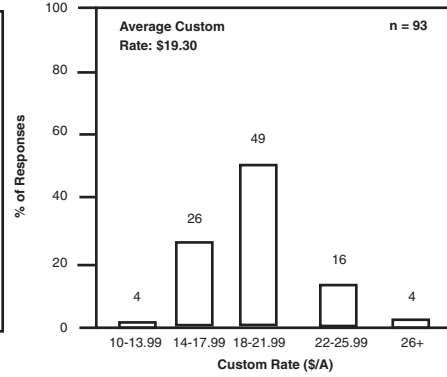
Figure 1. Relative frequency of responses for selected operations, 2009-2010.



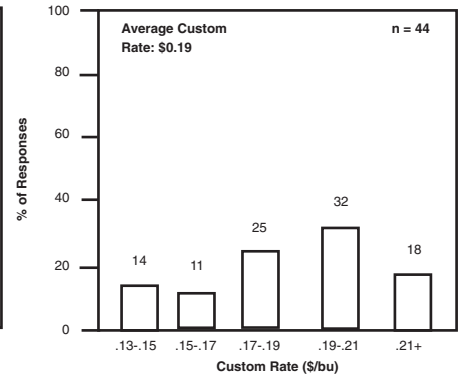
Flat rate for hauling round bales (800-1,500 lbs)



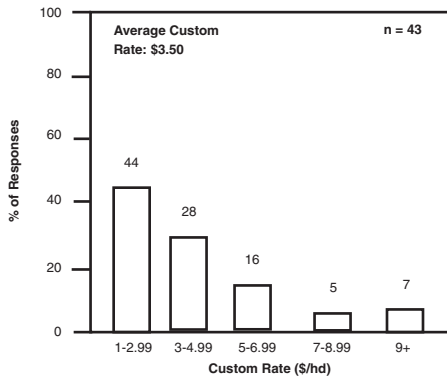
Flat rate for combining small grains



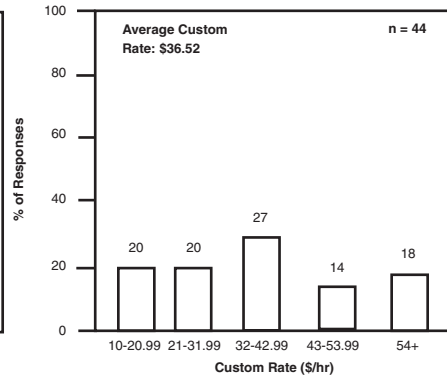
Flat rate for hauling small grains, soybeans



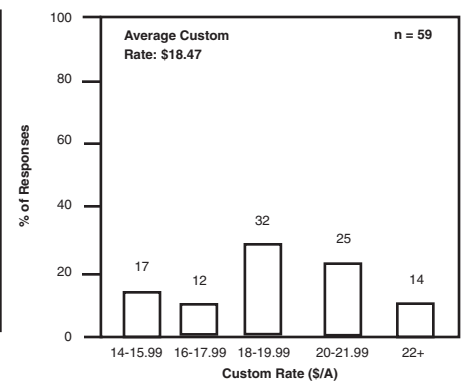
Worming



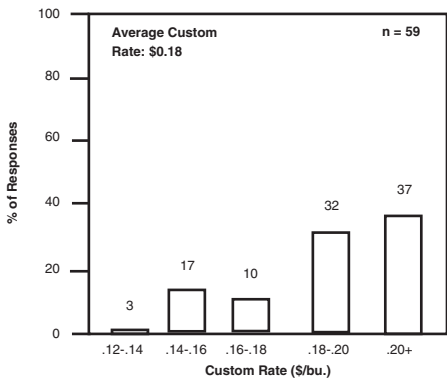
Welding



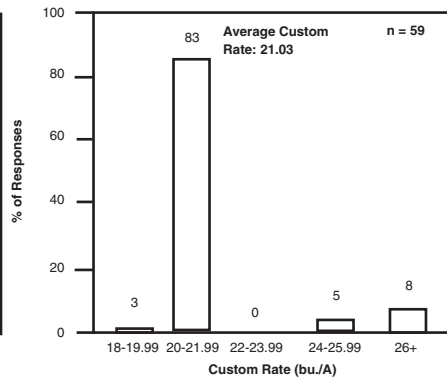
Base rate for combining small grains



Combining small grains additional charge



Combining small grains for excess over XX bushels



Rates tend to be lower than expected when exchange work is common between relatives and neighbors. Under these circumstances, fixed costs of ownership such as depreciation and interest on investment (sometimes even labor) tend to be discounted when a rate is established for a particular job.

Custom Service vs. Ownership

Individual circumstances—cash flow, ownership and operating costs, labor availability, reliability and timeliness of custom operators, pride of ownership—will influence an individual's decision on whether to buy or lease machinery and equipment or custom hire work done. A worksheet at the end of this article is designed to help evaluate the cost of machinery ownership and operation. Software to help evaluate the cost of owning and operating farm machinery is available online at www.dasnr.okstate.edu/agmach/index.html.

Possible Advantages of Using Custom Operations

- Ownership costs are avoided.
- Capital and labor can be channeled to other uses.
- Machine use can be readily adjusted to changes in crop mix and market conditions.
- Specialized operations may benefit from experience and skilled operator.
- Jobs may be completed faster using several machines.

Possible Disadvantages of Using Custom Operations

- Service may not be available at the best time.
- Reliability of the custom operator may not be known.
- Rates may be excessive in special situations.

Each manager must choose the best combination of owned and hired machines. The quotations here will be helpful in estimating custom costs and to provide a base figure for agreement on a rate when well established local rates are not available. If you have questions, ask your Extension Educator- Agriculture or Area Agricultural Economics Specialist for additional information.

Considerations to Keep in Mind

Keep in mind there is a wide variation in rates charged for most jobs, even within the same geographic area, partly because some custom work is done for friends, relatives, and neighbors at reduced rates, partly because *some* custom work is done late by farmers who do their own work first and therefore do not attempt to include the full cost of machine ownership in their rates, and partly because it is easy to under-estimate the full cost of ownership and operation of machinery.

A small number of reports for a given machine in a particular area may not be representative. In this case, it is particularly important to check rates in other areas or statewide where a larger number of reports are found.

Costs of Ownership and Operation

The management decision to own a machine, to custom hire operations performed, or to custom perform operations is partially determined by cost, which is heavily influenced by the amount of use realized over the period of machine ownership. Estimates of fixed and variable costs per hour can be approximated using the following steps. Unless accurate records are used to estimate costs, variability in machine and operator efficiencies can cause actual results to be significantly different from estimated results.

A. Acres per hour = Acres covered in normal day ÷ hours in normal day = _____ acres ÷ _____ hours = _____

B. Average investment = (Original cost + Trade-in value) ÷ 2 = (\$ _____ + \$ _____) ÷ 2 = \$ _____

C. Depreciation = $\frac{\text{Annual Original cost} - \text{Trade-in value}}{\text{Number of years owned}}$ = (\$ _____ - \$ _____) ÷ _____ years = \$ _____

D. Interest = Average Investment x Interest rate = \$ _____ x _____ % = \$ _____

E. Taxes = Average Investment x Tax rate (1) = \$ _____ x _____ % = \$ _____

F. Insurance = Average Investment x Insurance rate (2) = \$ _____ x _____ % = \$ _____

G. Total Annual Ownership Costs (Sum of C through F) = \$ _____

H. Costs per acre = $\frac{\text{Ownership Annual Costs}}{\text{Acres Per Year}}$ = \$ _____ ÷ _____ acres/year = \$ _____

I. Per acre = $\frac{\text{Repairs (3) Per Year}}{\text{Acres}}$ = \$ _____ ÷ _____ acres/year = \$ _____

J. Per acre = $\frac{\text{Fuel Cost Fuel Gallons}}{\text{Price x Per Hour} \div \text{Per Hour}}$ = (\$ _____/gal. x _____ gal./hour) ÷ _____ acres/hour = \$ _____

K. Per acre = $\frac{\text{Labor costs Daily}}{\text{Wage} \div \text{Per day}}$ = \$ _____/day ÷ _____ acres/day = \$ _____

L. Total Cost Per Acre = Sum of items H through K above = \$ _____

- (1) Use local tax rate if known. One to two percent is a reasonable "guesstimate".
- (2) Use own insurance rate if known. One-half to one percent is a reasonable "guesstimate".
- (3) Use your repair expense data, if available. One percent of original price for each year machine is kept is a rough estimate; e.g., 10% per year if machine is to be used for 10 years.

The Oklahoma Cooperative Extension Service

Bringing the University to You!

The Cooperative Extension Service is the largest, most successful informal educational organization in the world. It is a nationwide system funded and guided by a partnership of federal, state, and local governments that delivers information to help people help themselves through the land-grant university system.

Extension carries out programs in the broad categories of agriculture, natural resources and environment; family and consumer sciences; 4-H and other youth; and community resource development. Extension staff members live and work among the people they serve to help stimulate and educate Americans to plan ahead and cope with their problems.

Some characteristics of the Cooperative Extension system are:

- The federal, state, and local governments cooperatively share in its financial support and program direction.
- It is administered by the land-grant university as designated by the state legislature through an Extension director.
- Extension programs are nonpolitical, objective, and research-based information.
- It provides practical, problem-oriented education for people of all ages. It is designated to take the knowledge of the university to those persons who do not or cannot participate in the formal classroom instruction of the university.
- It utilizes research from university, government, and other sources to help people make their own decisions.
- More than a million volunteers help multiply the impact of the Extension professional staff.
- It dispenses no funds to the public.
- It is not a regulatory agency, but it does inform people of regulations and of their options in meeting them.
- Local programs are developed and carried out in full recognition of national problems and goals.
- The Extension staff educates people through personal contacts, meetings, demonstrations, and the mass media.
- Extension has the built-in flexibility to adjust its programs and subject matter to meet new needs. Activities shift from year to year as citizen groups and Extension workers close to the problems advise changes.

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