

Lovas Farms

NEWSLETTER | JUNE 2012

THE USUAL SPRING RUSH...

Our last newsletter's lead paragraph discussed what a beautiful fall we had last year, and this spring has seen a continuation of favorable weather that helped us get all our crops seeded on a timely basis.

Spring came quickly this year, with our first corn field planted on April 17th. Because we experienced an incredibly warm March (four days of temperatures in the 70s), April felt a little cool.

cylinders for controlling depth and down force. We were very impressed with this investment in the planter, as it proved to be a great tool for managing crop residue from the previous crop immediately in front of each row unit. Clearing crop residue from in front of the row units is important as it allows for the gauge wheels to run on smooth ground, enhancing ride quality of the row unit, which in turn improves singulation (planting one seed at a time). In cooler

years, clearing crop residue is vital because too much residue on the field can keep soil temperatures lower, delaying seed germination and crop emergence. Another added benefit to these trash wheels is that they are adjustable from inside the tractor cab. This important feature allows us to fine-tune the wheels for varying field conditions.



Planters have gotten a lot more complex. As one of the first producers to set up this planter, figuring out connections in the electrical system took a lot of careful planning.

As you may recall from our previous newsletter, we upgraded to a new Bauer/John Deere® 36-row planter and Jason, as usual, had pre-planting jitters about the new equipment working properly. The early, dry spring allowed some “dry runs” out in the field before planting started, so we could make sure everything on the planter was working properly. It's almost overwhelming the complexity of new farm equipment, and with that added complexity comes more likelihood of a component failure. Jason is passionate about equipment readiness and invested a lot of time making sure everything was properly set up.

We added an improved style of trash wheels, or row cleaners, to the new planter. The new trash wheels are made by Martin Industries and have Precision Planting® air



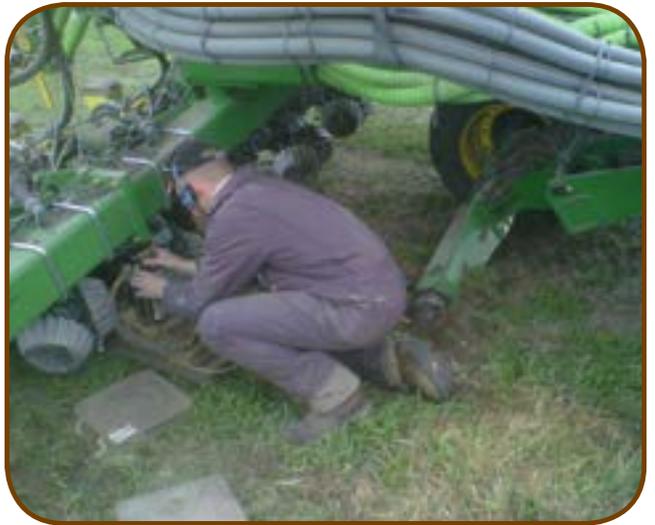
A close-up photo of the new trash wheels on the planter. Notice the depth bands for depth control and the air cylinder for adjustable down force.

CONTINUED ON PAGE 2

THE USUAL SPRING RUSH...(CONTINUED FROM PAGE 1)

Overall, the planter proved to work very well, except we couldn't keep the wheels on! Bauer Built Manufacturing, the company that makes planter frames for John Deere planters with 22-inch row spacing, changed its hub/spindle design for 2012. Bauer went away from a traditional 4-hub/4-wheel main frame assembly to a 2-hub/4-wheel main frame assembly. The new design isn't necessarily a complete flop, but the components proved to be of inadequate strength for these large planters. We had both the right and left side assemblies fail on the same day during corn planting! Fortunately, our local John Deere dealer had new, heavier-duty components on hand to replace the failed assemblies, as Bauer recognized there was some weakness in the design and tooled-up to supply heavier replacement parts. We were frustrated with this apparent lack of engineering though, as Bauer had a well-designed wheel/hub system on the pre-2012 planters. Why change something that works!?

We didn't have any wheat to plant this spring, which made planting go faster. Last fall, we seeded 1,000 acres of winter wheat, most of which was custom seeding for other farmers.



This was the second hub failure of the day. Notice how the wheel bearings completely failed, and the wheel/hub and hub extenders rolled out from under the planter while turning onto a field approach.

Many local producers were concerned about how the winter wheat would fare through the winter due to the lack of significant snow cover necessary to protect the winter wheat from the cold. To most everyone's surprise, the winter wheat came out of dormancy with very little winterkill. Plus, because of our warm spring, especially March, the wheat was up and growing very early. It looks like we will be harvesting in July this year!

Other than the wheels falling off (which is kind of serious!), the planter worked really well. A review of performance data after planting showed just over 40 acres per hour average productivity this year, compared to only 26-28 acres per hour average productivity last year with the 24-row planter. Timely planting of crops is increasingly more important due to the significant difference in yield that can result between early- and late-planted crops.



Soybean planting using our new adjustable trash wheels.



The new planter and Cat are ready for another day of planting!

AGRONOMIST'S VIEW – SARAH LOVAS

Jason opened up the seed, fertilizer, and chemical bill with a shocked look on his face. I have to admit when I first looked at the seed bill and saw the price of \$271 for a bag of corn seed it made me gasp. While I was happy to lock in an average of \$547 a ton for our nitrogen fertilizer (urea) a few years ago, I was a bit surprised when the price for that same nitrogen fertilizer rose to \$790 a ton. A difference of almost \$250 per ton!

These prices made me reflect on when I was a young sales agronomist trying to figure out how to sell corn seed at the, then, new price of \$120 per bag and nitrogen fertilizer for \$240 per ton. Fertilizer prices could vary about \$40-60 per ton at that time. It made me realize how much more risk there is today than just eight short years ago. Back then, if you bought high, you'd spend an extra \$60 per ton. Compared to now paying an additional \$250 per ton. That is a huge difference and really illustrates the kinds of risks farmers take and how important it is to plan and make good buying decisions!

I thought perhaps it would be fun to compare the actual change in agronomic input costs from

the beginning of Jason and my marriage/farming partnership in 2004 to today.

Table 1 is an approximate average of the agronomic inputs on Lovas Farms for 2012. Table 2 shows North Dakota State University (NDSU) budget numbers from 2004. The figures in these tables only include agronomic inputs. They do not include other inputs such as fuel, machinery, and labor. Notice that the price of all the agronomic inputs for either corn or soybeans in 2004 would only cover the cost of seed in 2012.

Fertilizer costs for soybeans are extremely low compared to corn because particular soil bacteria help soybeans produce their own nitrogen. But, soybeans still require phosphorus. To show differences in investments between nitrogen and phosphorus, the two nutrient categories were split for Lovas Farms' 2012 information.

All of the corn and soybean acres on Lovas Farms are Roundup Ready® and Roundup® is sprayed on every acre. However, to manage weed resistance and other weeds that have developed from reduced tillage, we've made investments into herbicides

CONTINUED ON BACK

Table 1. Average agronomic input costs for corn and soybean production on the Lovas Farm.

	Seed Cost per Acre	Roundup Cost per Acre	Other Pesticides Cost per Acre	Nitrogen Cost per Acre	Phosphorus Cost per Acre	Total Cost per Acre for Inputs
Corn	\$92.00	\$4.00	\$16.08	\$75.00	\$40.85	\$227.93
Soybean	\$50.00	\$8.00	\$7.13	0	\$20.85	\$85.98

Table 2. According to NDSU, the average agronomic input costs budgeted for corn and soybean production in 2004.

	Seed Cost per Acre	Total Pesticide Cost per Acre	Fertilizer Cost per Acre	Total Cost per Acre for Inputs
Corn	\$35.00	\$17.90	\$44.33	\$97.23
Soybean	\$29.10	\$9.75	\$3.82	\$42.67

...CONTINUED FROM FRONT

that kill weeds in a different way (use other modes of action) than Roundup®. We work really hard at Lovas Farms to monitor weed resistance and increase productivity and profitability. The cost of these other herbicides is incorporated into the “other pesticides” category of Table 1.

Soybean aphids have developed as a new pest in soybean production that requires diligent crop monitoring. When the level of soybean aphids reaches 250 aphids per plant, it makes economic

technology also brings increasing yields. According to the National Agricultural Statistics Service in North Dakota, the average corn yield in 2004 was 105 bushels per acre and the average soybean yield that year was 23 bushels per acre, compared that to 132 bushels of corn and 34 bushels of soybeans per acre in 2010.

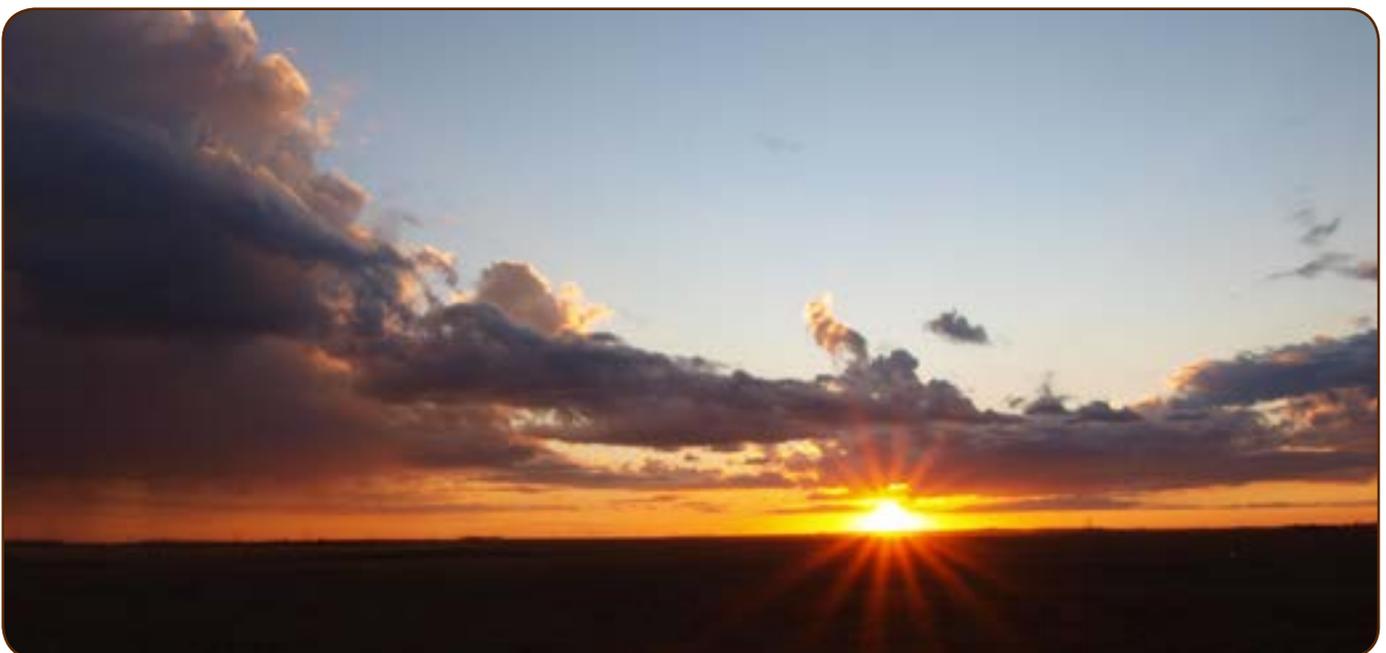
Grain commodity prices have increased over the years. Again, according to the North Dakota National Agricultural Statistics Service, the average

“EVEN THOUGH THERE HAVE BEEN SIGNIFICANT RISES IN THE COST OF INPUTS, HIGHER PRICES, AS WELL AS EVER-INCREASING PRODUCTIVITY HAVE LED TO MORE PROFITABILITY IN OUR OPERATION.”

sense to spray pesticides to control and manage the aphids. Any number above 250 per plant will cause serious economic injury and decrease productivity in the soybeans. The cost of controlling soybean aphids has been added into the “other pesticides” category for soybean production in Table 1.

Over the years, new technology has caused the price of seed to rise dramatically! But this new

price farmers received for a bushel of soybeans in 2004 was \$5.75 and corn in 2004 was sold for an average of \$1.88 per bushel. In 2010, the average price for a bushel of soybeans was \$10.90 and corn was \$5.01. So, even though there have been significant rises in the cost of inputs, higher prices, as well as ever-increasing productivity have led to more profitability in our operation.



SPRING DRAIN TILE

We were able to capitalize on the warm and dry spring by planting a half-section of soybeans on a field where drain tile was installed this spring. There are a number of factors that have to come into play to successfully farm a field that is spring tilled. These factors include getting the tiling company to the field early in the spring, dry conditions to facilitate easy tiling conditions, and time to work down the tile lines for seedbed preparation. All these factors came together for us and, so far, we have a nice stand of soybeans on that field. More drain tiling is scheduled for this fall, and we're hopeful for favorable weather to ease the tile installation and our ability to work down the tile lines.



The tile plow installed drain tile this spring.

WINTER PROJECTS

Along with the usual winter projects, we also installed an aluminum service body on our Ford pickup in an effort to enhance our ability to quickly respond to and service field breakdowns. Normally, this would seem like an easy project, but there were some difficulties. We decided to remove the factory pickup bed and haul the pickup to Alum-Line's manufacturing facility in Cresco, Iowa. Fuel calculations showed that hauling the Ford pickup on a trailer pulled by a diesel pickup would be cheaper than simply driving the Ford, which is equipped

with a fuel-thirsty V-10 engine and 4.33 axle ratio. While attempting to unload the pickup at Alum-Line in Iowa, the Ford would not start. Diagnostics of the problem showed that the fuel pump failed. This turned out to be a bit of a blessing in disguise because it happened in March before we were in the field and did not immediately need the pickup. Also, with the pickup box already removed, there was easy access to the fuel tank and fuel pump assembly at the Ford dealership right across the street from Alum-Line!



Here's the Ford pickup with the new service body installed.
Next was the addition of a fuel tank and tool box.

JASON P. LOVAS, 701-371-1272 • SARAH E.H. LOVAS, 701-866-1704 • PETER LOVAS, 701-430-0774

607 5TH AVE SE • HILLSBORO, ND 58045
SHOP LOCATION: 448 HIGHWAY 81 SE (1/2 MILE SOUTH OF ALTON GRAIN TERMINAL)

TEST PLOTS

This spring, we are supporting four different test plots on our farm. Crystal Beet Seed®, a division of American Crystal Sugar®, requested six acres from us for an *Aphanomyces* test plot, similar to the plot it had with us last year. *Aphanomyces cochlioides*, more commonly known as root rot, is a plant pathogen that can affect crops like sugar beets. Last year's test plot showed some great results. There were a number of varieties with yields in excess of 25 tons per acre, impressive given the less than ideal growing season we experienced last year. Crystal Beet Seed® is specifically interested in how these varieties respond on fields that are drain tiled. Last year's results were a strong indication that drain tile significantly improves yields by decreasing *Aphanomyces* pressure, even on fields with a history of *Aphanomyces*. We are eagerly looking forward to this year's results.

Monsanto's Corn Breeding division requested a 26-acre test plot this year. On this plot, it plants hundreds of repetitions (mini plots within the test plot area) for testing varieties of corn not yet commercially available. We're hopeful that our corporation will help facilitate Monsanto's selection of which corn varieties show promise for further testing.

We have another Monsanto test plot this year, where we are responsible for planting and harvesting. This plot

consists of commercially available corn hybrids and is used as a side-by-side comparison, demonstrating characteristics of different corn varieties.

Our final test plot, which consists of 13 acres, is through North Dakota State University's (NDSU) Weed Research department. NDSU is testing different adjuvants (additives put into the spray solution that change its physical properties to enhance the efficiency of the herbicide) on a variety of different crops and weeds.

All these test plots require special attention on our part in order to provide ideal seedbed preparation for the different crops and different planting dates, as well as careful herbicide applications. A tremendous amount of work and financial resources go into the planting and monitoring of these test plots. Extreme care must be taken when we're making herbicide applications to prevent spray drift from having any effect on the plots. For one field in particular, where two of these plots are located, we'll need to split our herbicide applications multiple times to take advantage of different wind directions. Even with the extra attention these test plots require, we are glad to work with our various partners. Their requests to continue to work with us shows that we are providing them with a good environment for successful completion of their tests.

FINAL THOUGHTS

As summer continues, we look for continued favorable weather. The dry spring brought about nearly ideal seedbed preparations, and we were proud of the way we were able to sow this year's crop. We started out a bit drier than ideal, but we have had a couple rain showers and the crop is off to a great start. Hopefully, the weather will remain favorable throughout the summer, fall, and harvest.



Soybeans were experiencing slower growth this spring due to the lack of rain after planting. However, recent rains will give the beans a much-needed drink, and they should now flourish.



With the recent rain on May 26, the corn is off to a great start!