

December 14, 2007

## **Merry Christmas to our landlords from the Kastens Farm!**

What can we say? God has blessed us beyond our deserves in 2007. After seven years of less than ideal weather things finally turned around for the farm in 2007, resulting in one of the best crop years ever. Last December, we had one of the wettest Decembers on record, receiving 30 inches of snow, which resulted in over 4 inches of moisture for the month. This was followed by another 20 inches of snow in the early months of 2007. Although we all complained about having to drive in four-wheel drive for over 40 days straight there is no question that the ample winter moisture really set things up well for the 2007 growing season. Pictures of the winter of 2007 can be seen at our website ([www.kastensinc.com](http://www.kastensinc.com)) and hopefully we will get the website fully operational (and updated) before winter is over. We likely will end 2007 at nearly 23 inches of moisture and, more importantly, the timing of the moisture this year was nearly ideal for growing wheat, corn, milo (grain sorghum). This was the first year since 1999 that we actually harvested every acre of every crop planted.

The ideal weather provided ample crops for the whole county as seen by the huge piles of wheat, corn and grain sorghum on the ground at every elevator for 100 miles around us. This was truly a blessed year for our neck of the High Plains and one that will have lasting economic impacts for everyone in our small communities.

Our 2007 wheat yield was phenomenal, with a summfallow wheat average of 64.82 bu/ac. The continuous wheat planted in wheat stubble averaged 44.63 bu/ac and our re-cropped wheat (wheat planted into 2006 corn stalks) had a yield of 41.70 bu/ac. Our best field of wheat yielded nearly 74 bu/ac. Every acre of wheat was harvested this year and really we only had some minor hail damage on a few fields. Unfortunately, our wheat-growing neighbors in Eastern Kansas and the central Great Plains did not fair as well due to a significant freeze event on Easter weekend. As a consequence of this Easter freeze and low global wheat stocks we saw record high prices for wheat the last few months. In fact, today the cash price for old crop (2007) wheat is \$9.02 per bushel and we can sell new crop wheat (2008 wheat for July delivery) for \$7.90 a bushel. Such high prices are more than double what they were just last Christmas.

As though we some how were deserving of more than a good wheat harvest, timely rains and cooler than average summer temperatures resulted in a fantastic corn and milo harvest as well. Our corn planted in 2006 wheat stubble averaged 110.10 bu/ac, while our milo in 2006 wheat stubble averaged 103.68 bu/ac. Our continuous milo planted into 2006 corn stalks yielded an impressive 99.33 bu/ac. This is a really good average yield for a continuous crop and this rotation continues to be a “winner” for us since about 2004 when we began experimenting with it. The success we have been having with continuous milo production is largely attributed to improved soil conditions due to continuous no-till farming practices. Specifically, we are seeing improved water infiltration, reduced evaporation, higher soil organic matter rates, and improved nutrient availability in fields that have been long-term no-tilled. Another big advantage to continuous no-tilling is reduced wind and water erosion. Rainfall is soaking in where it falls rather than filling up the terrace channels.

Notill management also has been a real positive to the wildlife in the area, providing cover for protection, ample food, and ideal habitats that increase the survivability of the young critters in the area. Additionally, it improves air and water quality as notill management results in less burning of fossil fuels and less dirt in the air due to blowing fields, while at the same time removing the sediment load (which is often laden with nutrients) that traditionally was part of the water run-off from farm ground into our creeks, streams, and lakes. In our opinion, no new technology (including tractors) has more positively changed farming, the soils, and the natural environment of the High Plains than notill management. Notill allows us to assert that, for the first time since our forbearers broke this land from sod, we are actually building soils rather than mining them. Just imagine what this area will do once soils are built back to what they were 100+ years ago!

Ethanol is still a big “buzzword” in agriculture and the demand for it has resulted in increased prices for all major crops, including corn, milo, soybeans, and wheat. Relative to many years seeing prices in the \$2.00-\$2.50 per bu range, corn and milo prices were good this year, as they bounced around between \$3.00-\$4.00 per bushel. We anticipate good prices for these crops for at least the next few years. But, all is not rosy economically. The increased energy costs really hit home this year, as many of our crop inputs are direct derivatives or closely tied to oil prices. We are seeing huge, often more than 50%, price increases in many of our common inputs for 2008, such as diesel, fertilizer, and herbicides. Seed corn also has increased significantly in price, however much of that is offset by improved genetics that result in higher yields. For some products, increased prices are less of a concern than is product availability. Right now it is nearly impossible to line up our phosphate fertilizer needs for 2008, as the product just is not there. Even farm equipment is demanding a premium, as 2007 was a very profitable year for farmers across the whole nation. Already in October it was too late to order a new combine from John Deere if you wanted it for the 2008 wheat harvest. The level of optimism surrounding agriculture has not been this high for decades, probably since WWII, as the “new” grain price levels make 2008 farm projections look good even despite the much higher input costs.

We continue to spend a great deal of time “learning” as the whole agricultural industry continues to push the envelope on new technologies and knowledge. We conduct much of our own research on-farm as well as rely heavily on information from Kansas State University and other public and private groups. Technology in the cab continues to amaze us, as well as provides us significant economic savings across the farm. The corn planter we will use this spring will have the ability to use electronic maps along with an on-board GPS system to change fertilizer and seed population rates on-the-fly as well as the capability to automatically shut off rows based on whether an area of the field has already been planted. This technology is really beneficial for our area as our fields often have irregularly shaped field boundaries (as opposed to straight, square sides) and we often are double-planting corn on the ends of the field where we turn around. It’s strange to think that technologies like auto-steer (where a computer drives the tractor in the field) are becoming “old hat” as they have been around for over five years now. Equipment continues to get bigger as our current 90 foot wide sprayer seems small compared to newer 120 foot boom sprayers. Our corn planter will plant 24 rows at a time for a total width of 60 foot in the field.

Although we had a dry fall in 2007, December has once again turned wet for us as we have already received 11 inches of snow in the past couple of weeks and have already recorded 1.28 inches of moisture this month. This should provide a great boost to the 2008 wheat crop, some of which still has not emerged from the ground due to dry conditions in October and November. We have been very fortunate to experience some significant farm expansion opportunities for 2008 and consequently we've been spending a lot of time at the computer getting things lined up for the 2008 growing season.

As always, it is difficult to put into words just how much we appreciate renting land from you folks. It is only because of you trusting us to look after your land that we are able to grow in both acres and people involved. Absent that, we most certainly would fade away like so many farms before us ever since the 1930s. Also as always, our desire is to make you both happy and profitable. If there is ever anything you need to enhance your experience working with us, don't hesitate to ask.

**From left to right:  
Lester Yoos II, Gary  
Kastens, Henry  
Kastens (son of  
Dietrich), Terry  
Kastens and Dietrich  
Kastens (son of  
Terry)**



Once again, have a most blessed holiday season!