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OKLAHOMA COOPERATIVE EXTENSION SERVICE

Current Report

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Oklahoma Pasture Rental Rates: 2002-2003

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Rental agreements and rates are influenced by the landowner's costs, the tenant's expected earnings, previous rates charged, competition for the land, government programs, tax laws, and the non-agricultural economy. The results of a statewide farmland leasing survey conducted in December of 2002 are reported here. Respondents were individuals contacted through the Oklahoma Cooperative Extension Service who agreed to complete periodic surveys. In addition, questionnaires were sent as part of a mailing by the Oklahoma Agricultural Statistics Service. Approximately 662 surveys were returned with useable data. Figure 1 shows regions of the state used in reporting survey results: northwest, southwest, north central, and east.

Most tenants and landlords in Oklahoma appear to be satisfied with their lease agreements. About 60% of the respondents classified their leasing agreements as good or excellent from the standpoint of fairness with an additional 28% classifying their agreements as adequate.[1] Survey results document some regional differences in rental rates and average sizes of tracts rented.

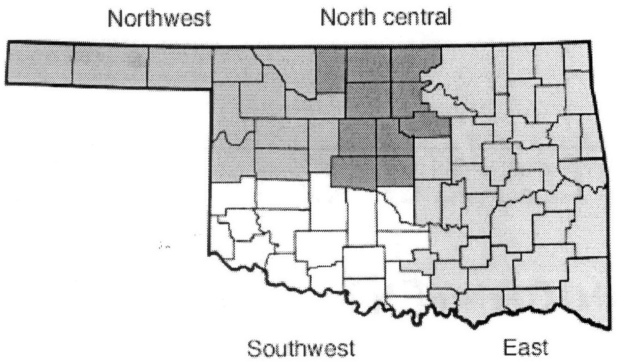

Figure 1. Regions Used in Reporting Farmland Leasing Survey Results.

[1] Advantages and disadvantages of different types of lease agreements are discussed in OSU Extension Facts F-214 and F-215. Issues specific to Wheat Pasture leases are discussed in OSU Extension Facts F-200.

Pasture Rental Rates

Common methods of renting pasture include:

1. rate per acre,
2. fixed rate per hundredweight per month,
3. flat rate per pound of gain, or
4. share of gain or profit.

In addition to factors previously mentioned—the landowner's cost, the livestock owner's expected earnings, and previous rates charged—the kind and quality of pasture, fences, location, and water also influence the pasture rental rate. Negotiations determine the type of agreement and the relative weight given to different factors.

Rental rates for native, bermuda, and other pasture are listed in Table 1. The state average rental rate for native pasture was $9.92 per acre per year with responses ranging from $2 to $33. This average was up from $9.36 in 2001. Native pasture rental rates were lowest in northwest Oklahoma at $7.67 per acre and highest in north central Oklahoma at $11.72 per acre. Figure 2 shows the distribution of per acre rates reported for native pasture in Oklahoma.

The state average rental rate for bermuda pasture was $14.53 per acre, up $1.62 per acre from the previous survey, with responses ranging from $2 to $51. Figure 3 shows the distribution of per acre rates reported for bermuda pasture in Oklahoma.

Pasture rental rates for small grain pasture averaged $2.82 per hundredweight per month for winter grazing (November through March) (Table 2).[2] This result was comparable to the 2001 survey result of $2.53 per hundredweight per month.

Pasture lease agreements may assign responsibility for checking livestock, providing salt and minerals, supplemental feed or pasture, and fence repairs to the tenant or landlord or both. Table 3 summarizes the distribution of survey responses by type of pasture: small grain winter grazing, small grain grazeout, and other pasture (includes native, bermuda, and other improved pasture). Generally, the livestock owner

[2] Averages reported are the simple average of rates reported by respondents. They are not weighted by acres in the lease agreement.

was responsible for checking livestock and providing salt and minerals and supplemental feed or pasture for all types of leases. In small grain winter grazing leases, the pasture producer was typically responsible for fencing material and labor plus water.

Other Lease Terms

Many lease agreements specify terms and conditions beyond the rental rate which affect the value of the lease and the "real" rental rate. Tenants may or may not be allowed to hunt, harvest pecans, cut timber, use buildings or other improvements, and lease out hunting privileges. Lime application costs or similar costs for improvements in which the benefits are returned over a number of years may be shared by the landlord and tenant, or if the tenant pays for them initially, repaid by the landlord at a fixed rate per year.

Tenants may be required to maintain fences, spray or clip weeds annually, provide liability insurance, share oil field damages, maintain terraces, and leave strips of grain in the field for game. Landlords may provide a well and water, fencing material, or land for a mobile home. Tenants may ask for several months notice if the landlord wishes to terminate the lease agreement. In some cases, leases contain an option to buy with rental payments applied to the purchase price.

Historical and Regional Perspective

Table 4 provides historical data on pasture rental rates for Oklahoma, Kansas, Arkansas, and Texas for 1993-2002.

Concluding Comments

"Fair" rents must be negotiated between tenant and landlord. Regional or state average rental rates may be used as a beginning point for discussion and negotiation of rental rates. However, differences in land quality and improvements, and restrictions on land use can greatly impact the value of potential leases. Likewise, differences in family living expenses and hired labor costs can be substantial for different operations, affecting the maximum rental bids.

New legal restrictions and liability factors may call for changes in future farm lease agreements. Some farm management firms include language requiring that the tenant will be responsible for following label restriction in the use of pesticides, for remaining in compliance with the farm's conservation plan, and for disposing of wastes in a manner approved by the Environmental Protection Agency, etc. Some leases already stipulate precisely what fertilizers, pesticides, and seed may be used on the property. Both landlords and tenants must be aware of changing environmental laws and regulations to avoid potentially costly liabilities.

Related Publications:

See http://pearl.agcomm.okstate.edu, then choose Agricultural Economics, Farm Management, and the specific Fact Sheet number. Specific addresses for the referenced articles are:

Extension Fact Sheet F-200
Wheat Pasture Lease Agreements
http://pearl.agcomm.okstate.edu:16080/agecon/farm/f-200.pdf

Extension Fact Sheet F-214
Developing Cash Lease Agreements for Farmland
http://pearl.agcomm.okstate.edu:16080/agecon/farm/f-214.pdf

Extension Fact Sheet F-215
Developing Share Lease Agreements for Farmland
http://pearl.agcomm.okstate.edu:16080/agecon/farm/f-215.pdf

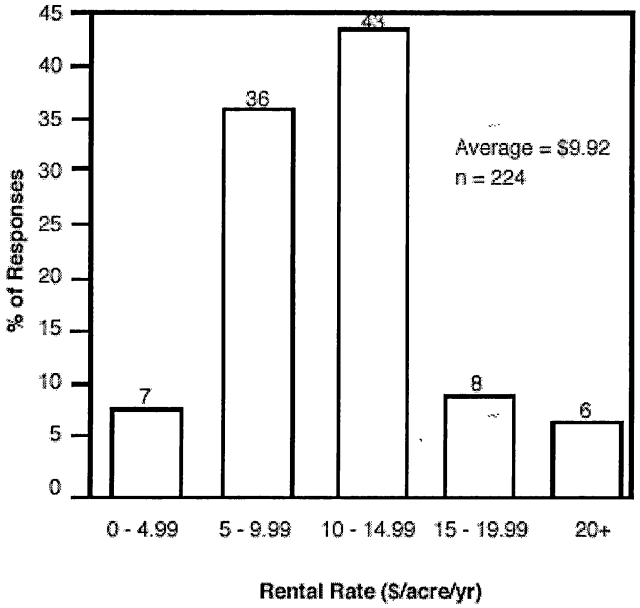

Figure 2. Relative Frequency of Responses for Native Pasture Rental Rates.

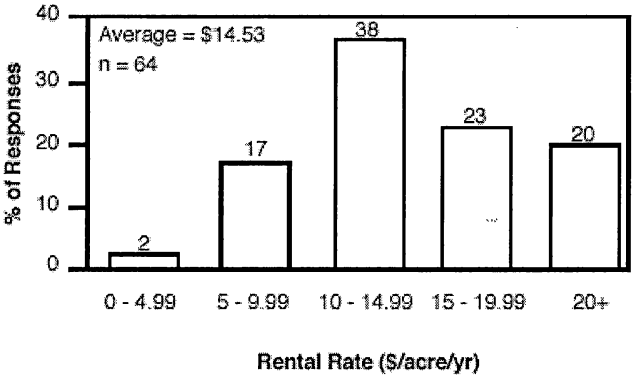

Figure 3. Relative Frequency of Responses for Bermuda Pasture Rental Rates.

Table 1. Cash Rental Rates for Pasture, 2002-2003.

	Native Pasture					*Bermuda*			*Other Pasture*	
	Northwest	*Southwest*	*North Central*	*East*	*State*	*Southwest*	*East*	*State*	*East*	*State*
Acres in Lease										
Average	1569	684	275	518	784	467	384	383	220	164
Range	16-17,000	43-4,900	30-1,000	1-5,530	1-17,000	13-1,485	15-3,000	13-3,000	129-310	6-360
Average Years Lease Held										
Average	14	15	15	10	13	11	10	10	8	8
Range	1-46	1-60	3-50	1-60	1-60	2-28	1-27	1-28	1-15	1-20
$/acre/year										
Average	$7.67	$9.86	$11.72	$10.57	$9.92	$11.79	$16.24	$14.53		$37.75
Range	$3-25	$3-25	$5-33	$2-24	$2-33	$6-25	$5-51	$2-51		$10-116
No. of Observations	45	59	29	88	224	14	42	64		4
Stocker Steers										
Stocking Rate (Acres/hd)										
Average	6	5	3	7	6	*	*	4		*
Range	3-20	1-10	1-7	2-15	1-20	*	*	1-13		*
No. of Observations	15	9	8	11	44	*	*	8		*
Grazing Season (Months)										
Average	6	5	6	7	6	*	*	7		*
Range	4-12	4-7	3-12	2-12	2-12	*	*	4-12		*
No. of Observations	15	8	10	12	47	*	*	8		*
Stocker Heifer										
Stocking Rate (Acres/hd)										
Average	*	*	*	*	6	*	*	*		*
Range	*	*	*	*	1-20	*	*	*		*
No. of Observations	*	*	*	*	11	*	*	*		*
Grazing Season (Months)										
Average	*	*	*	*	6	*	*	*		*
Range	*	*	*	*	2-12	*	*	*		*
No. of Observations	*	*	*	*	15	*	*	*		*
Cows with Fall Calves										
Stocking Rate (Acres/hd)										
Average	11	12	5	7	9	*	8	8		*
Range	1-20	1-30	2-10	2-15	1-30	*	1-22	1-22		*
No. of Observations	6	15	6	22	50	*	9	12		*
Grazing Season (Months)										
Average	8	8	9	10	9	*	9	9		*
Range	6-12	4-12	5-12	2-12	2-12	*	3-12	2-12		*
No. of Observations	9	17	9	37	74	*	14	19		*
Cows with Spring Calves										
Stocking Rate (Acres/hd)										
Average	14	10	5	7	9	*	5	6		*
Range	4-35	1-20	1-10	1-15	1-35	*	2-13	2-13		*
No. of Observations	19	25	10	24	79	*	12	16		*
Grazing Season (Months)										
Average	7	9	8	9	9	10	9	9		*
Range	4-12	4-12	4-12	2-12	2-12	7-12	4-12	4-12		*
No. of Observations	22	24	13	41	102	6	19	28		*

Table 2. Small Grain Pasture Rental Rates, 2002-2003.

	Winter Grazing (November - March)	*Both Winter Grazing and Grazeout (November - May)*
Acres in Lease		
Average	484	537
Range	14-2,500	1-4,000
Average Years Lease Held		
Average	7	10
Range	1-25	1-60
$/lb of gain		
Average	$0.32	$0.33
Range	$0.25-0.35	$0.28-0.37
Number of observations	18	20
$/head/month		
Average	$14.08	*
Range	$6-18	*
Number of observations	6	*
$/cwt/month		
Average	$2.82	$2.75
Range	$2-3.75	$2.5-3
Number of observations	26	10

Table 3. Responsibility of Parties in Pasture Lease Agreements, 2002-2003 (percent of responses).*

	Small Grain Winter Grazing			*Both Winter Grazing and Grazeout*			*Other Pasture*		
	Pasture Producer	*Livestock Owner*	*Both*	*Pasture Producer*	*Livestock Owner*	*Both*	*Pasture Producer*	*Livestock Owner*	*Both*
	(percent)			*(percent)*			*(percent)*		
Checking livestock	17	66	17	22	67	11	17	75	8
Salt and minerals	18	72	10	24	65	11	17	77	6
Fencing materials	57	34	9	46	40	14	34	55	11
Fencing labor	50	39	11	38	51	12	22	69	9
Fertilizer cost	64	22	13	48	38	14	23	68	8
Supplemental feeding	20	71	9	22	67	11	17	77	6
Supplemental pasture	23	71	6	28	64	8	19	75	6
Water	55	36	9	42	41	17	35	57	8
Death loss	5	80	15	4	87	9	14	80	6
Other	21	64	14	0	73	27	17	68	14

* Totals may not add to 100 due to rounding.

Table 4. Average Gross Cash Rent (Dollars per Acre) for Pasture Dryland, Selected States, 1993-2002.

	1993	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
	$/acre									
Oklahoma	**9.40**	**9.40**	**9.20**	**8.00**	**8.10**	**7.80**	**8.30**	**7.80**	**8.30**	**8.50**
Kansas	12.80	12.20	11.70	11.90	11.60	13.00	13.30	12.80	12.60	12.60
Missouri	22.60	18.50	16.40	20.00	19.00	18.00	18.50	20.00	22.50	23.60
Texas	7.00	5.00	4.80	5.40	5.60	6.60	6.90	6.00	7.20	7.20

Source: Agricultural Statistics Service, Oklahoma Agricultural Statistics 2002, USDA/NASS, Oklahoma Department of Agriculture, http://www.nass.usda.gov/ok/.

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Greenbugs Are Being Reported in Wheat.

Tom A. Royer, Extension Entomologist

While there doesn't yet appear to be widespread reports of threatening greenbug numbers in wheat, growers need to "get their shadow" into their fields and look for greenbugs, especially in areas that have not received significant rainfall. I have received scattered reports from Extension Educators of low to moderate numbers of greenbugs which may be building in numbers.

You can still use the old method for scouting and estimating greenbug treatment thresholds (100-300 greenbugs per foot of row in 3-6 inch wheat), but OSU greenbug treatment recommendations have significantly changed as a result of research conducted at OSU and the Agricultural Research Service over the past 4 years. The old scouting method requires the scout to dislodge greenbugs from plants on to the ground and count them. To get an accurate count of greenbugs in a field, at least 15 samples should be recorded in a field which can be very time consuming. Fortunately, OSU specialists have developed a new method for determining treatment thresholds and for scouting fields that is accurate, faster, and quite simple.

The treatment threshold can be estimated by accessing the Greenbug Expert System which is located on the Entomology and Plant Pathology website at http://entoplp.okstate.edu/. Just click on "Agricultural Models", then Cereal Aphids Pest Management, and you will find yourself in the Greenbug Expert System. By following some simple instructions, you can use the Economic Threshold Calculator to determine your treatment threshold. Based on this model, the treatment thresholds for greenbugs in December should probably fall around 5-7 greenbugs per stem (tiller). Once you determine the threshold, print off a scouting form to use to sample your fields. Make sure you select the correct form (Fall Season) for scouting through December. After January, use the Spring Season form.

The new scouting technique is called Glance 'n Go. With this system, scouting for greenbugs could not be simpler. Glance 'n Go was developed from data collected in over 120 wheat fields in Oklahoma over 3 years. This system does your aphid counting for you. All you have to do is keep track of the number of tillers with greenbugs on them and use the decision columns to decide whether you do or don't need to treat. If you have any questions, contact Extension Entomologists Tom Royer, Miles Karner or your County Extension Educator for help in using the Expert System or the Glance 'n Go forms.

Before choosing an insecticide, consider the effectiveness, cost of application and grazing restrictions that apply for each chemical. Products registered for greenbug control include Dimethoate 4E at 0.5 to 0.75 pints per acre, Lorsban 4E at 0.5 to 1.0 pints per acre, methyl parathion 4EC at 0.5 to 1.5 pints per acre and Warrior at 3.84 fluid ounces per acre. All of these registered products were tested in our screening trials over the past few years and were effective at controlling greenbugs.

Grazing and preharvest restrictions are as follows: Lorsban - 14 days for grazing, 28 days for harvest; dimethoate - 14 days for grazing, 35 days for harvest; Warrior - 30 days for grazing or harvest; methyl parathion - 15 days for grazing or harvest.

It is very important to follow these grazing restrictions. In 1994, a number of cattle poisonings occurred in Western Oklahoma which were mainly associated with dimethoate applications. In most cases, the poisonings occurred because the cattle were released into the field early, while the dimethoate residues were still high. However, in a few cases, the residual dimethoate remained at higher than desirable levels for use as feed, even after the grazing restriction had passed. Observations suggested that dimethoate did not degrade as quickly as expected under that set of field conditions (dry and cold, with plants under extreme water stress). The best way to avoid cattle poisonings is to follow these steps:

- spray only when greenbugs exceed treatment thresholds
- apply at the lowest labeled rate to obtain adequate control
- make sure spray equipment is calibrated and in proper working order
- obey grazing restrictions
- use something other than dimethoate if wheat plants are under extreme water stress and temperatures are predicted to remain cold for a long time period.

A final reminder is to Always read and follow the label for application directions and use restrictions.

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