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NEWSLETTER

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Manager's notes

*By Gaylord Sanneman,
General Manager*

As I write this article, I find that the Sublette Co-op has completed its first seven months of operation for the year. As usual, the board of directors retained the services of Lindburg & Vogel Chartered to conduct a six-month financial review for the end of July which was completed in the middle of August and a report was made to the board at their meeting August 19, 2008.

Without going into specifics, it was reported to the board that your company has completed an outstanding financial return for the first six months of operation. All departments contributed to the overall net savings of the company which is equally gratifying. Hopefully, as the year progresses, we can maintain the level of savings that was obtained in the first six months, but that will be difficult to do. Needless to say, we will have some challenges ahead of us to maintain the level of profit that was achieved in the first six months of operations.

Since my arrival as your general manager, one of my goals has been to strengthen the internal support between the various departments to promote the Sublette Co-op as a total entity. We have taken good strides to make this goal a reality.

One of those strides taken has been the assignment of Ron Isenberg to retail field sales in addition to his branch

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management duties. Not only does Ron promote crop production products and services out in the country, but his assignment is to promote the total Sublette Co-op with the products and services that we offer. In my opinion, Ron has been doing an outstanding job in this new endeavor.

Another one of my goals as your general manager is to position your cooperative for the future. To that end, the board of directors approved, upon my recommendation, the major investment in Southwest Crop Liquids, LLC. This is a limited liability company operating for the purpose of receiving, storage, and shipping of liquid fertilizer. The LLC is owned equally by the Dodge City Cooperative, the Offerle Cooperative, and the Sublette Cooperative. Although you can liken it to the Southwest Nutrients, LLC, the major difference is that this LLC is owned and operated entirely by local co-ops. At this time, we have no major suppliers or dealers involved. The LLC

plant and operations will be located at Ensign next to the dry fertilizer house of Southwest Nutrients, LLC. Construction of this facility is to commence at any time so it will be ready for the 2009 crop year.

Another of my goals which is jointly shared by all the staff and management of the Sublette Co-op is that we want to be the best at what we do. To that end we have added, for the "techie" of our membership, on-line internet access so you can access your charge accounts and grain accounts. In addition, the grain department has added market texting through the use of your cell phone. If you would like any of these services, please contact Dawn for internet access or Lawrence for the grain markets.

Over the past several months I have added the following phrase to our advertising: "Serving Haskell County since 1929." Next year the Sublette Cooperative will celebrate its 80th year of operation and I believe it is indicative

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Looking good — The new building is almost complete. Watch for details of our open house coming in October.

of what the Sublette Cooperative is all about. To succeed all those years, to me, is a positive indication of the business practices that the Sublette Cooperative promotes and uses every single day. You as members, customers, and/or owners of the Sublette Co-op must realize that we are not the biggest, but we do provide a local, profitable alternative to some of our competitors.

Crop production notes

By Kent Ochs

Hello to one and all! Well, another crop year is fast coming to an end. Wheat is going in the ground and harvest is well under way. There is a very cool, brisk, breeze blowing this morning which lets me know change is coming. Yes, there will be warm, or even hot, days to come but we should be out of the summer heat. I can't believe the August we had. I'm sure most of you can agree we have rarely seen nicer temperatures and moisture in August; but wow, how great!!! It was good for the corn in that some of you shut wells down, but the milo really came on in late August and September. Let's hope we have a late freeze so we can finish the milo crop in grand style.

Our chemical season was one of the toughest I've seen in a long time. The preplant applications worked great, but post glyphosate applications were a wreck. We couldn't kill anything. I talked around to other applicators in Haskell County and we all shared the same dismay. There were plenty of experiments with adjuvants and other chemicals trying to heat up the glyphosate. It's just that the environment was so tough that we had to re-spray several times and hope for rain. A few scattered showers finally came late in July and our success rate increased, but what a tough season.

O.K. It's fall. Let's gear up for 2009. I know, I know, I remember farming days. After harvest you just wanted to stop and take a breather.

Unfortunately, the fertilizer market and the world are not going to wait. You need to hit the ground running and fertilize

for 2009 corn, milo, etc. I hope the bankers can see the importance of this new era we see coming. We have to get the work done soon before: A. the Corn Belt starts fertilizing, or more important, B. Brazil, Peru, Canada, and India start buying product and create shortages.

I'm not sure how much politics play into this. Honestly, if I was told, I've been lied to so many times I probably wouldn't believe what I heard anyway. The main thing is we have to go with what we know and not let up. The world won't let us.

Have a safe and productive harvest. Next time we will talk about top-dressing wheat. Thanks for your business!

Notes from the Grain Pit

By Lawrence Baxa

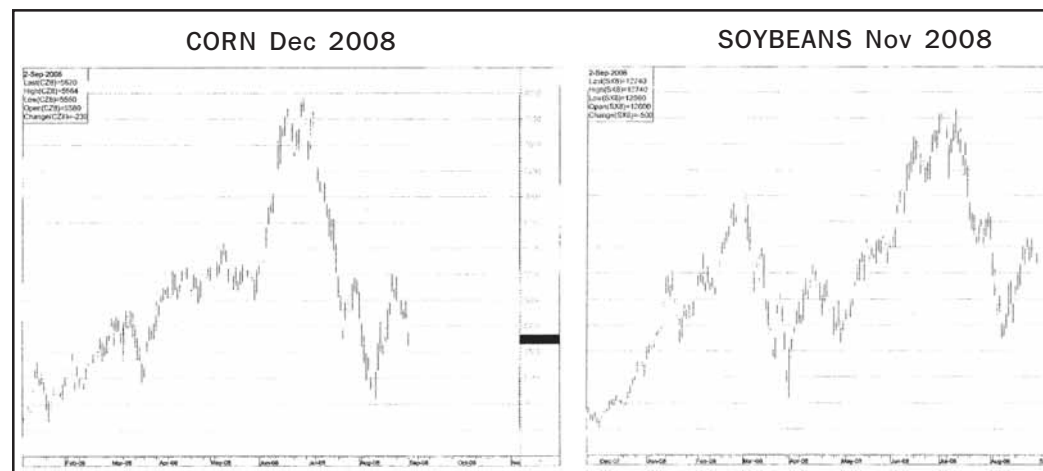
Greetings everyone! Once again it is time to write about the topic that defies explanation, a topic that needs no introduction — the grain markets. As fall harvest approaches, I will take just a few minutes to bring you up to speed on a few things. Once again, we would like to know in advance if there have been any changes in the status of your grain accounts. We also have decided, after much deliberation, to increase our drying charge rates. I am publishing them in this issue. We have not changed our drying rate charges since 1997 and you all know what energy prices have done in the last ten plus years. With the continued rising cost of energy, it is time we do this. We have been holding off, but we can no longer absorb these cost increases. However, our other discount factors, i.e. shrink, F.M., test weight, etc.,

will not change. All our other grain receiving policies will remain as they have been in the past. However, they may change as harvest conditions dictate. One other item of note is that we have purchased a new belt conveyor for piling grain this year if we need to pile milo on the ground. The conveyor has a drive-over pit and a capacity of 7,000 to 9,000 bushels per hour. That will help you dump your trucks quickly and get back to the field to bring in more grain. These are some of the major items that will affect us at the local level this coming harvest.

New drying charges

Corn	
Moisture	Charges
15 %	1.5 cents/bu
16 %	3.0 cents/bu
17 %	4.5 cents/bu
18 %	6.0 cents/bu
19 %	9.0 cents/bu
20 %	12.0 cents/bu
Milo	
Milo will be figured accordingly as well. If any wet milo comes in, it will stand by itself and drying charges will apply to each individual load.	
14 %	1.5 cents/bu
15 %	3.0 cents/bu
16 %	4.5 cents/bu
17 %	6.0 cents/bu

These volatile times in which we operate require us to be prudent with our decisions when we make changes in the way your cooperative charges



for services. We realize all decisions might not be popular, but the fact remains we must continually evaluate how our charges return profitability to our members. While it may not appear to look good at first, one must be patient to see how it comes out in the end. Bottom line profitability and patronage return are two things most important in any change we decide to make.

Finally, I would like to touch on the grain markets as we head into fall harvest. We continue to see price volatility. The markets will run up hard for a couple of weeks, then back off and go down hard for a couple of weeks. There are so many things that affect the markets. For instance, if crude oil goes up or down, or if the dollar is trading stronger or weaker, etc. the markets will react. There were only a couple of days in August that the market settled up or down in single digits; every other day it was a double digit move either up or down. I remember a time when a three- or four-cent move was a big day, and that would cause plenty of headaches then, let alone now.

We should see some seasonal harvest pressure and market weakness as we go forward into fall. However, some items to watch are, the demand for U.S. wheat is remaining good with our weak dollar and the persistent dryness in the other wheat producing regions. We do look for a strong world crop, but we will watch what the quality looks like. With regard to the feed grains, if some of the supply/demand numbers are realized, we will be looking for a shortage of 5 million corn acres next production year. So the thought is,

we may see prices get stronger into spring as we potentially see a battle for acres between all crops as we get into decision-making time for spring planting. One thing is for sure, there will be no shortage of activity if current market patterns persist.

In closing, I wish to thank all our patrons who supported us by bringing in wheat this past harvest. We look forward to serving your grain delivery needs this coming fall. As always, if you have any questions, call me or Glenda. We look forward to working hand in hand with you in the spirit of cooperation. **Thanks again, we appreciate your business!**

News from the Service Station

By Terry Presley

Something new:

Like anything new it takes a little getting used to, like our new pumps in front of the station, new electronics, etc. If you experience any questions just come get us and we will be glad to help. Once you see how to, you'll say, "Oh, okay I see now." We also installed a new card reader at the diesel and E-85 islands. Hopefully, there will be fewer problems over there as well.

Speaking of new, CHS Inc. has planned a new facial upgrade for all its branded locations of which we are one. According to them we are on the slate for January 2009. We will get new awning graphics as well as new pump decals. The existing price sign near the street will have to be changed. At this time we are not sure which type of new signage we will be getting. I know a new sign will not make us grumble any less at the dollar signs posted up there but as they say, "We have to change with the times." The truth is that sometimes we welcome change a little faster than at other times. I, myself, am trying to stay somewhere in the middle. The new look might be nice but the cost to my department is not always so welcome!

Speaking of new, we don't want

to forget to remind you of two new products offered at your Sublette Co-op — gift cards. What a great way for us not-so-adventurous shoppers to take care of that last minute, "Oh, forgot to get something for so and so." There are lots of choices of brand name stores and major credit cards, they really make great gifts! The second new item is railroad ties, of all things. If you have needed some, you already know they are hard to find. We actually got these out of necessity and will have some left over for sale; so, if you need some for landscaping or fencing or whatever, don't delay.

Something that is not new is our commitment of service to our members and customers. There are times we change something to make it better for you and sometimes we change to correct something that doesn't work for you. They call that "value-added membership" and that is what we are all about. Come in today and experience some value.

Fuel prices!!!

Oh my, where to begin? I know you know how high they have been. You're wanting me to tell you when and how low they will be this fall. According to those who make their living writing their bias on the markets, there is that possibility that crude oil and all its subsidiaries could be lower here in the near term. Some are talking of maybe \$90 crude, others say under \$100. We know pricing has been an issue this season but it has amazed me that the American driving public has not pulled back very much; because, in all my traveling I do for the company, the highways are full. That is certainly true for us at the station as well. We too have experienced more gallonage this season compared to last year. We understand what these high prices have done to your bottom line, and that makes it even more imperative that you take advantage of all the information at your finger tips and be aware of and utilize the forward contracts that are available. On our web page, from the home page go to departments. A drop-down box will appear; choose "semi-load fuel pricing." From there you will see what a semi load

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of premium diesel will cost. The price that is posted is good from 6:00 p.m. that day to 6:00 p.m. the next day. Cenex posts the new rack price to us at or about 4:00 p.m. each day and then the new price becomes effective at the rack at 6:00 p.m. The price you see on our site is the net price to you, our member. If you decide to buy, plan to call and order early in the morning because transportation is a factor. If they are already booked, you may not receive your load that day and thence the price could change on you. Remember, your fuel is priced to you at the time it is loaded at the rack. To stay on top of your fuel cost, I encourage you to look at fuel prices daily if not several times a day; because, a swing in the market could affect your cost considerably. An average semi load of diesel is about 7,400 gallons, so take that times a 4 or 5-cent swing either way and that is some bucks you shouldn't be giving away or not receiving. Your banker is saying amen to that! The fuel markets are volatile but with forward contracts you "lock in" a price to help level out your cost. I have some customers who stick their head in my door almost every day and that's good because they are staying on top of the market. Others call quite often and that is ok too. However you feel comfortable, just do it! You are aware that we can't predict the future markets but staying informed and involved will help you tremendously. It's a good feeling when a customer comes in and says thanks for getting me that load yesterday because I see "it" has gone up quite a bit today. When we say we are here to add value to you and your bottom line, well that's what we are talking about: being there to help you out! Just because Kent and Gaylord and Lawrence and Ron and Bev and Pat and I (ok I'm not going to name everyone but you get the idea), are not "farmers" doesn't mean we are not right there with you. It's what we do every day and we like it! Even if we do have to "change" something sometimes (ha! ha!). Hey, you've been great. It's been hard, but you know what, lets do it again. Let's dance. The party ain't over yet my friend!! Have a safe fall harvest.

Corn ear worms in grain sorghum

By **Mark D. Horinek**

Corn earworm:

There is currently a large flight of corn earworm moths occurring in Southeast Kansas. Milo is vulnerable to egg laying when the plants are in bloom. The moths lay their eggs on the fresh anthers. Once the anthers have dried they are no longer attractive to the moths. Upon hatching the small larvae feed on the anthers, soon moving to the grain where they bore inside. When they become too large to remain in the grain they move outside of the grain where they begin feeding externally. Evidence of feeding can be seen in the form of white fecal pellets on the leaves and ground. This pest can potentially wreak havoc with the top-end yield in milo. This is according to Glenn A. Salsbury, Survey Entomologist in an article published in August 2008.

This larva has alternating light and dark stripes down its body. The skin is set with tiny spines and the color varies from green to pink. The head capsule is a creamy yellow. Full-grown larvae are about 1½ inches long. Corn earworms feed in the whorls of young plants and can devour entire grain kernels. Check in the whorls of young plants and inside the grain heads of older plants. Treat when an average of two or more larvae is found per grain head.

The way to scout for these pests is to get a 5-gallon bucket and collect 10 random heads in the field. Take each head and shake vigorously hitting the side walls inside the bucket. This is to dislodge the larvae from inside the head. The larvae will be very small when hatched and will burrow into the young grain berry. When they get older and too big for the berry, they will feed on the outside. Look for larvae that can be 1/8" to 1/4" or larger. If you find more than 20 larvae from the heads that you sample, the field will need to be treated.

	<u>Per acre</u>	<u>Days to Harvest</u>
carbaryl (Sevin 80S)	1.25 -2.5 lb	21
carbaryl (Sevin XLR 4)	1 – 2 pt	21
chlorpyrifos (Lorsban 4)	1 – 2 pt ***	30-60
chlorpyrifos, ã-cyhalothrin (Cobalt)	19 – 38 oz	See label
methomyl (Lannate LV 2.4)	1.5 pt	14
spinosad (Tracer 4)	1.5 – 3.0 oz	7
â-cyfluthrin (Baythroid XL 1)	1.3 – 2.8 oz	14
ã-cyhalothrin (Prolex 1.25)	1.02 – 1.54 oz	21
ë-cyhalothrin (Karate 2.08)	1.23 – 1.85 oz	30
Z-cypermethrin (Mustang Max 0.8	1.76 – 4.0 oz	14

NE Branch news

By **Ron Isenberg**

Hello from the NE Branch!

Well hasn't the moisture been nice? It has let some of us shut off some irrigation wells and save a little on fuel cost.

I just wanted to remind you to check those phosphate levels in your wheat ground before planting. I have received an e-mail stating that they have been finding an economic infestation of worms in whorls of sorghum and head worms in more mature crops, so keep your eyes open.

The corn harvest is fast approaching. We want to remind everyone to slow down and have a safe harvest.

All of us at the NE Branch would like to say, "Thank you for your business." Let us know if we can help you in any way.

The staff at the Northwest Branch