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NEWSLETTER

WINTER 2005 - 2006

Accounting notes

By Gaylord Sanneman
Of what value is the
Sublette Co-op
to you?



I suppose that question seems out of place for an accountant or when I am sometimes referred to as “a bean counter,” but the question is one that I think all cooperative members should ask themselves when they make their agribusiness choices. The response I am going to give is my personal opinion, but I believe it is a fair and equitable response when you consider all the variables involved. Needless to say, these are only a few of the variables that I can think of, and I do know there are a lot more to consider.

As an accountant, I have learned that numbers in and of themselves do not always reflect a correct assessment of a particular marketing situation. You have to learn how to evaluate all the factors involved. For instance, when you make a purchase do you consider whom you are supporting with your purchase? Do you consider a difference between a local home-town store or a large metropolitan retail warehouse? What did it cost you if you did make your purchase at the big store? I am sure you saved money on the actual purchase if you made it at the big store, but what about the sales tax difference? Did you consider the economic loss to your local merchant and to your local government units? These are only a

few of the questions that I consider “value” questions.

For the past almost thirty years, I have been trying to explain to cooperative members the difference between doing business with “your” Co-op rather than with the competition. Most important, if you are a member, the Sublette Cooperative should not be just another business to you. It is *your* business. You own it! Your Co-op may offer products and services just the same as the competition, but do you consider the economic impact that your Co-op brings to bear on the local economy?

One memory that is etched in my brain is the first time I met L.C. Leonard shortly after arriving at my current position. He explained to me why the Sublette Cooperative came into existence and the economic benefit it was to him personally. Although he was not one of the original charter members, he had an overall economic appreciation of the Sublette Cooperative that I think has become lost in the “they-are-cheaper” or “they-are-paying-more” attitude that exists with some of our members of today. It was refreshing to have a Co-op member tell me why the Sublette Cooperative was important to him. I got the “Co-op story” in a real practical sense.

I have finally come to learn from your input or feedback that we may not always have the lowest price on what we sell, or we may not be paying the most for grain; but day after day, your Sublette Cooperative will be there with a fair and reasonable price

that can add value to your purchase of a product and/or sale of grain. The Sublette Cooperative adds value to your purchase or your marketing by returning to you, the owner, an economic enhancement. That economic enhancement is not limited to, but might include, a patronage refund and the knowledge that you have supported a competitive economic factor in Haskell County and the surrounding area. If you have never, or seldom, used the Sublette Cooperative, you have benefitted economically from the presence of the cooperative if for no other reason than the competition it brings to the marketing table.

Another value factor that should be considered is that you have control over your local Co-op. Decisions that your Co-op makes are made right here in Sublette. They are not made in a vacuum in some other location. As time goes by and we witness the elimination of local country elevators and farm supply retailers, we will come to realize that local control is, in my estimation, another one of the value factors that should be considered as a real plus.

Over the years (since 1978 to be exact) the Sublette Cooperative has returned to its members, only on the stock retirement program, over \$5 million! That is an average of over \$178,000 per year that have been returned to the membership, not in estates but as stock retirement payments to its living members. This disqualifies the statement that is sometimes made, “You have to die in order to get your equity out of the Sublette Co-op.” How many other Haskell County businesses can you name

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that have returned an equal amount, or more, to its customers?

It is incumbent on us as the management of the cooperative to use the resources of the cooperative to the fullest extent possible to gain the largest financial return possible for its members. Thus, we as management are making sure that the continuance of the equity retirement program is an ongoing plus value of the Sublette Cooperative. Additionally, members have a responsibility to make sure management performance is within acceptable industry standards. Moreover, members must share equally in the cooperative responsibility area in applying equitable pricing standards when measuring prices and/or services to our competition. If either party, management or membership, fails to hold up their end of these responsibilities, financial disaster is soon to occur. The history of cooperatives has proven that statement many times over.

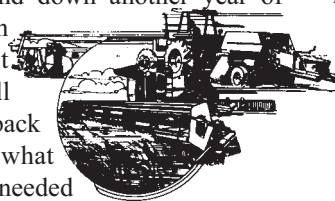
In summary, I began with the question, "Of what value is your Co-op to you?" I realize that the value to which each individual member will respond will be different. However, one common value that cannot be discarded is the importance of the Sublette Cooperative to the local economy of Haskell County and to Kansas. What are you willing to do to make sure that the value of the Sublette Cooperative continues for the next generation?

Crop production notes

By Kent Ochs

As we wind down another year of farming in Southwestern Kansas, we all tend to look back and decide what changes are needed for the next year. Here at your Sublette Co-op Crop Production Department, we are doing the same. Success is measured not only by what you do right, but by looking forward and making changes for the betterment of your business in the future.

Definitely, 2006 is going to be our most challenging year so far. The culmination of high input costs and the potential return to drought keep us here at your Co-op trying new ideas to help you, the farmer, remain profitable. In the same breath, we strive to give you a profitable



company with which to do business. The more support we get from our patrons the more it strengthens the company. From this strength, we all reap rewards some may have forgotten. Just have a conversation with an "old timer" who has done business at the Sublette Co-op and this is likely to be his response. "No other company in Sublette that deals in farm inputs offers anything in return." Let's put it this way. What if the Sublette Co-op were to shut down? What would be left? One company from Japan and one company from Kansas City. Do you really think you are in their best interest? If you are, then where is their return to you?

I would like to close by saying thank you to those who did business with us in 2005. The Crop Production Department had a very successful year and we owe it all to you, our patrons. May you all have a Very Merry Christmas and Happy New Year. We'll see you in 2006.

NE Branch news

By Lawrence Baxa

I would like to start off my portion of the newsletter this time by saying a **big thank you** to our customers. It is because of you that we are here, and we appreciate your business. That being said, I will move on.

Currently, going into the winter, we have recorded 14.47 inches of moisture at the Branch. Of that total, 3.25 inches has been since the first of September. That makes the prospects of a wheat crop look a lot more inviting. With the current stage of energy prices, there was a fair amount of wheat planted behind corn. Because of the strong market that we are looking at on wheat, now will be the time to maximize some return for your dollars invested.

Top-dressing of the 2006 wheat crop will be money well spent. With the above-mentioned fall moisture, I have seen a lot of winter annual weeds that are already emerged in some of the wheat fields I have looked at. These will need to be controlled to maximize yields and reduce crop competition. Combining a choice of herbicides with nitrogen fertilizer will most likely be the best option for realizing profitable production on the 2006 wheat crop. Your Sublette Co-op representative will best be able to help you with these decisions. You will need to determine from

what source and how much nitrogen you may need, how much it will cost you, and what kind of chemical will best control your weed infestations. Also, be sure to check for our "apply now and pay later" top-dress programs that may be available.

A few other items I will touch on are as follows: Alfalfa fertilizer programs will need to be looked at. The hay market is not real strong now but the way the winter has started, we could see some good usage to help drive up the demand. You combine that prospect with potash prices softening this year versus last and it may be the right time to get caught up on some fertility programs on this season's alfalfa crop, especially if your stands are just coming into peak production. We could also be looking for some Roundup Ready alfalfa seed for the upcoming spring season. Visit with us at the branch or Mark in town for all your crop seed needs. One last item of note, there is talk of more soybeans being planted in the Corn Belt, plus with some of the new traits in seed genetics that are available out there, you will want to book your seed early to help guarantee that you get what seed you would like to plant.

One thing to remember in this upcoming growing season is that your local Sublette Co-op location will have the resources to help you decide which cropping option will be best. With all the variables we have going into spring — energy prices, commodities prices, etc., — your local Co-op will have your success as a customer in our foremost thoughts.

Finally I would like to conclude my rambling this month by wishing all our member customers a Very Merry Christmas and a Happy and Prosperous New Year in 2006. Once again, thanks for your business. We appreciate it very much.

Starter fertilizer Q & A

By Mark D. Horinek

Before one knows it, it will be the planting season again. In times past, we have had quite a few questions about starter fertilizers. The following was published in an article from the Agrilience company by George Watters in 2002. It provides some basic information, rates, and terminology that can be used in the field. If you have more questions about starters, please give us a call. We are glad to help.

What is starter fertilizer?

The terms "starter" or "row-starter" generally refer to the placement of fertilizer below and to the side of the seed. While the depth and distance vary, the standard practice is to apply the fertilizer 2 inches below and 2 inches to the side of the seed.

What is pop-up fertilizer?

The terms "pop-up" or "seed-placed" refer to the placement of fertilizer directly with the seed within the seed furrow. The term pop-up is actually a misnomer in that the corn does not emerge sooner with this method of application.

What are the benefits of using pop-up fertilizer?

Pop-up fertilizer systems are easy to mount on planters that do not have standard starter fertilizer attachments. Placement of fertilizer directly with the seed has been shown to increase early-season growth, even on highly fertile soils. However, yield responses with this practice are often lower and less consistent than with fertilizer placed below and to the side of the seed.

What plant nutrients are the most beneficial in a starter fertilizer program?

Research in many states has shown that a combination of nitrogen and phosphorus is the primary requirement for starter fertilizer programs. In the eastern Corn Belt; however, the observed response appears to be due primarily from nitrogen. Nitrogen has also been shown to be the most important ingredient in starter fertilizers when soils test high in available phosphorus. Only small and less-consistent yield increases have been shown with starter potassium.

How much fertilizer should be applied as a starter or pop-up?

General recommendations for corn range from 20 to 40 lb/A of N, P₂O₅ and/or K₂O when placement is 2 inches below and 2 inches to the side of the seed. The total amount of N + K₂O nutrients should not exceed 100 lb/A. Where starter P is expected to show a response, 10 to 20 lb/A P₂O₅ is generally recommended. When pop-up placement is used, the risk of injury increases. Therefore, in pop-up applications, the total amount of N + K₂O should not exceed 8 lb/A. On sandy soils (CEC < 7) this rate should be reduced to 5 lb/A.

News from the Service Station



By Terry Presley

Have you seen —

the new sales counter at the store? Yes, it's nice and it really spruced up the place. We're proud to offer our customers a clean, refreshing place to do business.

Have you felt —

the new Key outerwear that is now offered? Many have already taken advantage of these fine jackets and coats at very competitive prices.

Have you taken —

advantage of our new feed line from EverGreen Feeds Division of Kent Feeds? These are quality products at very competitive prices. You won't be disappointed with these products.

Have you heard —

about our new 180,000 btu used-oil heater we installed at the Co-op Station? It's an ideal way of discarding our used oil while at the same time, reducing our heating costs for the shop.

Have you been —

to www.sublettecoop.com? Well, it's a Web site in progress. That's for sure. However, it's our intension to enhance it for the benefit of our local customer base. So, without letting the cat out of the bag, if you are thirsty, check it out.

The soy-diesel meeting —

was well attended by local producers and representatives from the school district, neighboring cooperatives, and Farm Bureau agencies. The Kansas Soybean Commission co-sponsored the informational meeting for Sublette Co-op and area producers. Dennis Hupe, Director of Field Services, came from Topeka to speak and answer questions. A delicious steak supper was provided, door

prizes were awarded, and each producer was mailed a \$20 coupon good toward the purchase of B2 Diesel.

**Save
2¢ per gallon
by using your
CENEX fuel card
Apply for yours today!**

Your Co-op Petroleum Department was pleased to sponsor such an event in order to facilitate the use of soybean oil-based diesel. As the sulfur content will be reduced next year, adding soy-oil will be a great lubricity enhancer for diesel fuels. We now offer B2 Diesel, (dyed and clear) through our delivery truck, and our plans are to offer B2 soy-diesel through our retail pumps next spring. Thanks to all who attended. Keep those questions coming because we all learn! PS. We've sold over 90,000 gallons of B2 since July. Way to go!!!

Winter driving tips that may save your life

MANHATTAN, Kan. — The first few days after a storm may seem the most hazardous, but winter weather can be unpredictable. Problems can occur at almost any time, said Mike Bradshaw, Kansas State University safety specialist.

Staying home or postponing plans can be a good idea, but it isn't always possible. With experience, drivers can reduce risks. Simple motor vehicle maintenance — and some practice — also can help reduce risks, he said.

Winter drivers are encouraged to reduce speed, allow a greater distance between vehicles, and more time and distance to stop.

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Mission Statement

To be a marketing and
service-oriented
cooperative organization
dedicated to the
long-term success
of our patron/owners.

Sublette Cooperative, Inc.

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Sublette, KS 67877-0340

Officers and Directors

Pete York President
Rex Brown Vice President
Steve Hammer Secretary
Mike Sherwood Director
Gene Wright Director
Rick Koehn Associate Director
Rusty Sherwood Associate Director
Bill Miner General Manager

Doing so may allow crucial room to maneuver and avoid an accident. Drivers also are cautioned that driving on a recently plowed road does not necessarily mean 'resume normal speed.' Plowed or partially cleared roads may still not be free of snow or icy patches; bridges may be icy, too, Bradshaw said.

"Practice is important because it can help a driver learn more about how their vehicle will handle during adverse driving conditions," said Bradshaw, who recommends choosing an open area (like a parking lot that is not in use) for a practice session.

"Try steering into a skid. And, test brake response. With anti-lock brakes, press the brake pedal and steer. Without an anti-lock braking system, pump the brakes to keep wheels from locking up," the safety specialist said.

The age and condition of a car or truck can affect motorists' risks. Basic maintenance — such as changing the oil every three months or 3000 miles — can prolong the life of a vehicle, make it easier to start on cold winter days, and reduce the risk of a breakdown that can be particularly hazardous during winter months. Preventive maintenance can reduce on-the-road risks, said Bradshaw, who offered these tips:

* Check the age and condition of the battery, and consider replacing a battery early. For example, replacing a four-year battery during the third year may be less costly than a roadside service call when the battery fails.

* Check the level of the antifreeze and temperature range to protect the automotive cooling system.

* Replace windshield wiper blades. Wiper blades are designed to remove water; using them for other purposes, like removing snow or ice from the windshield, can damage them, Bradshaw said.

* Keep the reservoir of windshield wiper fluid filled.

* Check the age and condition of tires. A good, all-season tire can provide reliable transportation under most travel conditions. Drivers who must be on the road during less favorable conditions may want to consider snow tires. A phone call to the highway patrol usually can clarify state regulations on snow tires and/or chains.

Telephone numbers for the highway patrol and road conditions usually are listed with other emergency numbers in the front of the phone book. In Kansas, the road condition hotline is 1-800-585-7623(ROAD); cellular phone users can call Star 47, a toll-free number that will automatically connect them to the nearest highway patrol dispatcher.

Easy-to-do maintenance — like cleaning the windows inside and out — can improve safety because interior materials may give off vapors that can cloud windows and reduce visibility, said Bradshaw, who recommended assembling a vehicle safety kit.

The contents recommended for a safety kit include a snow brush and ice scraper; small steel shovel; flashlight with fresh batteries; jumper cables; and abrasive materials, such as sand, cat litter, and/or traction mats (like a set of older floor mats or carpet scrap). A flare or bright piece of cloth that can be tied to an antenna in case of emergency, and an empty coffee can, candle and matches also are good to

include.

Blankets or sleeping bags and non-perishable foods, such as cereal bars or crackers, can be helpful. So can a cellular phone, Bradshaw said.

If stranded, the safety specialist recommends staying with the vehicle. He also advises marking the vehicle with a bright tie or flare, and resisting the temptation to over-do it, like trying to shovel a car out of a big drift. Clear the area around the exhaust pipe of snow or other debris. Crack the window a bit to reduce the risk of carbon monoxide poisoning, and run the engine just long enough to remove the chill.

"Wearing a seat belt is a safety step that can save your life. It also is required by law. Children should be secured in safety seats and children under 12 should be seated in the rear seat. It's always a good idea to monitor the weather, but especially important to do so during winter months. If travel is an option and not a requirement, the best strategy may be staying at home," Bradshaw said.

For more winter driving tips, interested persons may contact their local K-State Research and Extension office.

Soybeans January 2006



Corn March 2006



Kansas City Wheat March 2006

