



# Western Farmer

The Official Publication of the Garden City Co-op, Inc.

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January - March 2007



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## **Information Technology**

The Garden City Co-op, Inc. is in the process of making many changes in technology. These changes will hopefully help you, the producer, to better manage your farming operations.

To do so, we are now offering a free Text Messaging service to you. If you sign up for this service, currently, you will receive 3 text messages a day giving you the Kansas City wheat, Chicago corn, and Chicago soybean nearby futures and the N/C contract month futures for the open, mid-day, and close. You will receive these at approximately 9:45 a.m., 11:45 a.m., and 1:45 p.m. In the future, we plan to expand these options so that you may pick what you wish to receive. To be set up on this service, all we need from you is your name, phone #, email address, and phone carrier. We are limiting this to one phone per decision maker because it is a cost to us. Please be aware of your text messaging plan with your phone carrier. Unicel has free incoming text messages while Alltel does not. If you do not currently have a text messaging plan, we can have Alltel add one to your plan for 300 in/out messages for only \$5.99 per month. If you are interested in this service, please call Jeff or Katherine at the Garden City office (620) 275-6161, Jayrene at the Dighton Office (620) 397-5343, or Holly at the Ulysses Office (620) 356-1219. You will be set up immediately.

We have also set up a webpage designed specifically for web-enabled phones or PDA's. This will give you access to much of what is on our regular webpage, but in a more friendly condensed version designed for your phone screen. From your web-enabled phone or PDA, go to: [www.gccoop.com/mobile](http://www.gccoop.com/mobile). See the following page for details on this service under QuickFarm Mobile.

We will also be putting our webpage to much better use in trying to help you better manage your farming operations. Our webpage address is [www.gccoop.com](http://www.gccoop.com). We hope to provide you with more timely information and programs for your farming needs in grain production, crop production, and petroleum. As we continue our journey to being on top of providing information to you in a more timely manner, we are open to any suggestions that you might have in information you would like to see that would be beneficial to you. If you have any suggestions, please call Brenda at (620) 275-6161 or email at [gardencitycoop@gccoop.com](mailto:gardencitycoop@gccoop.com).

## Grain Update

*Ken Jameson, V.P. Grain Division*

We would like to thank everyone who attended our Producer Marketing Meetings in February. Overall, they were well attended and some exciting information was given out.

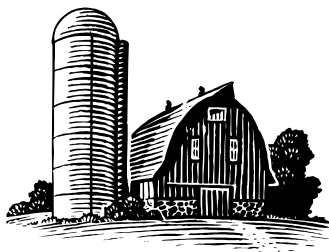
Kyle Smith with FC Stone made a presentation at all the meetings concerning what is taking place with all the grain markets and one word explains it all, ETHANOL. The corn market is the driving force for all the grain markets right now. While production has varied over the years, the demand for corn has continued on a steady climb higher. Now with the government mandate on ethanol use, the bar has been raised a lot higher for corn production. The corn market is fighting with wheat, soybeans, and cotton for more acres this Spring. It is estimated that we need to plant 8 million more acres of corn, yielding the national average bushel per acre of 151, just to keep ending stocks where they are today, and today's stocks are tight. On the other hand, if we would raise acreage by 12 million acres, as two well followed producer surveys have estimated, and we yield the 151 national average, our ending stocks would climb to a more comfortable 1 billion bushels, pushing prices lower this year.

The soybean market is torn between a bearish record ending stocks, a potentially large South American crop being harvested now, and a corn market trying to steal acres. The Western Hemisphere soy supply demand ratio should be the second most surplus even on the March 1<sup>st</sup> report. That type of supply/demand situation has historically been associated with \$6.00 futures or less. The price today is showing a substantial risk premium for longer term ideas of a dramatic North American acreage switch to corn.

The wheat market is looking at expanded acreage and excellent moisture across the entire wheat belt but it can't divorce itself from the corn market as it is now considered a feed grain. We are a long way from having this crop in the bin but the prospects are the best we've had for years. On its own, wheat would trade lower with the conditions we have today, but with it priced into the feed ration now, it will ride the coattails of the corn market.

The March 30<sup>th</sup> prospective planting report by U.S.D.A. will be one of the highest anticipated reports in years. The corn market will be the most volatile market we have seen for ten years as we go into Spring and summer and all the other markets will be following.

## Check Your Farm Stored Grain



Have you checked your stored grain lately? We are coming into a very critical time of year. Mother Nature places in every seed the urge to grow in the Spring. When moisture and temperature are halfway right, the growth process begins and the results can be out-of-condition grain in a very short

time. Insect activity also picks up when grain temperatures get above 50 degrees. Insect damaged kernels as well as must and mold in grain, especially wheat, are very critical factors in the value of grain coming out of farm storage. Remember the old adage - an ounce of prevention is worth a pound of cure.

## QuickFarm Mobile™

Garden City Co-op would like to announce that we now have available for your use from any web-enabled phone QuickFarm Mobile™.

QuickFarm Mobile™ provides phone-formatted information through your Web-enabled phone or PDA. With user-defined settings you can access:

- Breaking Agricultural News
- Weather Radar and Forecasts
- Grain & Livestock Market Information
- Local Commodity Prices
- LDP Information
- Futures Quotes
- GC Co-op Important Info Screens

From your web-enabled phone or PDA, go to:

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Any questions, please email Brenda at: [gardencitycoop@gccoop.com](mailto:gardencitycoop@gccoop.com) or call 620-275-6161.



## MARKET HOTLINE

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Call 620-397-6068 (Dighton)

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[www.gccoop.com/mobile](http://www.gccoop.com/mobile)

# THE OUTLOOK FOR 2007 IS CHANGE!

*Pete Maestas, Petroleum Manager*

Yes – CHANGE seems to have become constant in our industry. As we move into 2007, the primary driver for these changes is – EMISSIONS.

As part of the EPA Clean Air Act of 1990, the “domino effect” seems to be causing significant changes across the board for every business operating diesel engines:

**ULSD** – Ultra Low Sulfur Diesel fuel is required to reach the substantial reductions in diesel emissions.

- \* Currently, sulfur content has been reduced to 15 ppm for on-highway as of October, 2006.
- \* Off-highway fuel moves to 500 ppm max in 2007.
- \* By 2010, the max sulfur allowed for both on-highway and off-highway will be 15 ppm.
- \* In addition to the regulations associated with the switch to ULSD – an additional issue to consider with ULSD is lower levels of lubricity. Depending on your operation – you may need to consider an additive to the ULSD you purchase that includes a lubricity component.

**Engine re-design** – because of the lower levels of sulfur allowed, diesel engine manufacturers must re-design engines to significantly reduce exhaust gas particulates and nitrogen oxides. These new/different engines (starting with 2007 models) will require a change in your heavy-duty motor oil.

**Motor Oil** – in order to create the proper balance in engine performance – your diesel engine motor oil must change in any new 2007 engines:

- \* API CI-4 PLUS heavy duty engine oils are being replaced with a new category of motor oils for 2007 engines, API CJ-4. These new oils are specifically designed to protect emission control systems, comply with emission standards, and reduce engine wear. They also work to maintain oil drain intervals when used in conjunction with ULSD fuel.
- \* Equipment manufacturers strongly recommend or require the use of API CJ-4 oils in 2007 engines. The good news is that these new oils are compatible with engines from earlier model years. So, in pre-2007 engines you can choose between CJ-4 and CI-4. You should confirm this with the OEM of your engines.
- \* The manufacturer's of the new API CJ-4 oils are promising improved engine performance, reduced maintenance costs, and increased on road up-time.

So what's the “bottom-line” to YOU and your business with these changes driven by lower emissions? Unfortunately, in an effort to create something positive – a cleaner place for future generations to live and breathe – in addition to what seems like a constant state of change, you will have less efficient engines. It may manifest itself in lower MPG or less horsepower in an engine of the same size prior to these 2007 changes. A solution? Learn as much as you can from your OEM rep and others as you think about equipment replacement going forward in 2007. Please feel free to call the Garden City Co-op Petroleum Division to assist you with any information gathering required on your part.

## Additional Changes As We Move Into 2007

**Energy Prices** – the situation continues to change rapidly with supply and demand. It seems like just a few years ago, the United States consumed a significantly higher percentage of the world fuel supply. Now, large countries like China and India, as examples, are growing and developing rapidly and utilizing a larger percentage of the available fuel. Combine that with events related to the political climate in the world, the effects that Mother Nature can have via severe hurricanes and their impact on production in the Gulf Coast area and there is a portion of the reasons for significantly changing fuel trends in our country.

Since our individual ability to control energy prices is somewhat limited, many owners/operators continue to look towards improvements in performance and reductions in down-time to keep operational expenses under control.

We continue to monitor spring & summer fuel contracts. Check with us for contract prices.

Due to the inclement weather we've had this past month, we will continue to run the Spring Oil Sale until the end of March.

Thank you for your continued support and business and we look forward to fulfilling your needs in the upcoming season.

## Western Bean Cutworm - "A Growing Problem"

*Fred Fisher, Agronomist, Crop Profit\$*

Western Bean Cutworm has been a secondary pest in corn for several years. In recent years both the number of field problems noticed and the geographical distribution of this pest have increased. Some entomologists suspect that the increase in incidence of this pest is a direct result of the widespread use of Bt corn. The common Bt trait in most corn hybrids does not control Western Bean Cutworm. These same Bt's give partial control of corn earworm. Corn earworm like western bean cutworm feed on the developing kernels but corn earworm are also cannibalistic. As such they will eat not only each other but also eat western bean cutworm. By using Bt corn you have reduced the number of corn earworm in the field and this allows for increased survival of western bean cutworm. One important difference between these two insects is that the feeding and damage from corn earworm ends as the corn enters the hard dough stage. Western Bean Cutworm have the ability to feed on corn right up until harvest and as such have the potential to cause much more damage than earworm. In extreme cases yields can be reduced by as much as 60%. Scouting for western bean cutworm is most important as the corn enters the tasseling stage. The adult moths lay large egg masses on the upper surface of leaves located on the upper half of the plant. When freshly laid these eggs are white, turning purple as they become ready to hatch.



The young larva feed on the tassels for a few days and enter the ear tip and start feeding on the developing kernels. Once the larva have entered the ears, chemical control is impossible.



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Garden City, KS 67846  
Office 620-272-9605

Trevor Pippitt  
Cell: 620-640-1169  
Email: trevorpippitt@yahoo.com



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Fuel Price	Estimated CPG Savings	Cost over # 2	Net CPG Savings	Savings per 1,000 gal
\$2.25	\$0.1013	\$0.03	\$0.0713	\$71.25
\$2.50	\$0.1125	\$0.03	\$0.0825	\$82.50
\$2.75	\$0.1238	\$0.03	\$0.0938	\$93.75
\$3.00	\$0.1350	\$0.03	\$0.1050	\$105.00



## Seed Supply Extremely Tight For Corn and Sorghum

*Chris Irvin, Seed Sales Manager*

Are you still considering double-cropping sorghum behind wheat? How about sunflowers or soybeans? If you haven't finished making decisions for 2007 fall crops, now is the time to do so!!

With the large increase in corn acres, higher corn and sorghum prices, the high demand for ethanol, decreased acres of cotton, all are the top reasons why seed supplies are going to be worst this year than the last several years. Cotton acres are being replaced in the Southern United States by sorghum, and corn is replacing soybean acres in the Northern 2/3 of the U.S. So what am I telling you? If you do not have your corn or sorghum supply booked for 2007, now is the time to do so. Western Cooperative Seed and Garden City Co-op still have a small supply of Croplan Genetics, NK, Mycogen, Dekalb and Asgrow corn seed. If you are looking for Triple Stack corn or a straight Roundup Ready Variety that you can use for your refuge acres, give me a call and we can get your name on it before supplies are gone. I do feel that we are going to run out of high yielding varieties very soon. So don't waste any more time, give me a call ASAP or your local Western Cooperative Seed team member.

Same goes for all types of sorghum. Forage sorghum, sorghum sudans and milo varieties are also going to be limited. The sorghum industry sold out in 2006 and had a below average crop last year which means supplies are going to be poor. If you have been buying \$20 or less feed seed in the past, I'm not sure you are going to be able to find the cheap stuff this year. WCS will carry a full line of BMR's from Croplan Genetics, and feed from Sharp Brothers and Forage First. We will also carry milo from Mycogen, Dekalb and Asgrow. Thanks for your patronage and don't hesitate to call with any questions. Chris Irvin (620) 271-8150

## Garden City Co-op, Inc.

### Moving Forward Together

See the experts at the Lowe Fertilizer Plant, the Dighton Crop Production Division, and the Ulysses Crop Production Division for all your Crop Production needs.

**Lowe Fertilizer Plant**

**620-277-2230**

**Dighton Crop Production**

**620-397-2437**

**Ulysses Crop Production**

**620-356-1219**



## Crop Production Update

*Kary Smith, Crop Production Manager*

Fertilizer prices have been a hot topic lately. Anyone that has been following prices knows the reason why. Indications are that this upward trend in prices will continue. High world demand for urea and an anticipated increase in corn acres are among the reasons. The major industry suppliers have hinted at a supply issue. The Garden City Co-op has been taking every available measure to secure tons. If you have an idea of what your needs will be, call or stop in so that we can make sure that you are covered.

Many wheat fields are still in the process of drying out. This is a great time to get your wheat topdress acres on the application list. Let our staff develop a program that will suit your needs. Mustard plants are appearing everywhere, so don't forget to throw in some herbicide. Fungicides should also be a consideration. There are a variety of yield-maximizing herbicide programs in place for spring crops as well. Let's match them to your operation.

We would like to thank you in advance for your business and look forward to partnering with you this season.



## Ulysses Ag Inputs

Daron Cowan, Sales

We are just about to swim out of all the melting snow and ice we received during the last couple of months. Hopefully, the moisture will stick with us.

The local 4-H and FFA clubs are getting their animals for the County Fairs. The Ulysses and Lakin feed stores will be handling Purina Show Chow for cattle, swine, sheep, goats, and rabbits. Customers purchasing Show Chow products can collect weight circles off their feed bags and turn them in for cool prizes, or they can enter a drawing to be held at the Kearny County and Grant County Fairs. Bring your circles in to the feed store to be entered into the drawing. For more details, call Daron at 620-356-1219 or 620-353-8587.

We have Purina 20% Forage cubes (cattle cake) for \$7.75 per 50 lb. bag. As with all our feed, a 10% discount applies if you purchase a ton of one product. We also have 24% protein Sup-R-Tubs to help supplement your cattle in this ever changing weather.

With the sun beginning to shine, it is time to start thinking about all those projects we've been putting off this winter. To celebrate, we are having a \$100 off per axle trailer sale. For example, single axle trailers are \$100 off list price and trailers with two axles will be \$200 off list price. This sale only applies to trailers we have in stock.

There are several upcoming events in the Ulysses area. The Ulysses Chamber of Commerce will be presenting the Spring Fling at the Grant County Civic Center on April 13, 14, and 15th. The Spring Fling showcases area businesses, artists, etc. For more information, call 620-356-4700. The Ulysses FFA Better Than Nothing Bull Bash takes center stage at the Ulysses Rodeo Arena, Saturday, May 5th. The annual event begins at 7:30 p.m. and tickets are \$8.00 per adult, \$5.00 for students, and kids under 6 get in free. The Bull Bash is a fund raising event for the Ulysses FFA Chapter. Be sure to get there early for a good seat. They fill up fast.

Finally, I would like to thank all our past, present, and future customers. We pride ourselves in providing great products and great service, and hope to continue doing so. Please call Daron at 620-356-1219 or 620-353-8587 for all your feed, trailer, and livestock equipment needs.

## THE GARDEN CITY CO-OP "Moving Forward Together"

### OUR CORE VALUES

1. Trustworthy
2. Stable & Dependable
3. Innovative

#### Moving Forward Together With Our Members:

To provide the highest quality services, information, and products to help make our members successful.

#### Moving Forward Together with Our Coworkers:

To provide a safe, encouraging, challenging environment that will help our coworkers be successful.

#### Moving Forward Together with Our Communities:

Our commitment to our hometowns leads us to support community efforts to improve the local quality of life.

## Patron Note Program

We continue to offer Patron Notes (Certificates of Indebtedness). Following are the series and dollars currently available to members.

Note Series	Dollars Available
4-Yr. @ 7.25%	\$ 380.00
2-Yr. @ 6.75%	\$ 119,590.00
1-Yr. @ 6.5%	\$ 240.00

To participate in the Patron Note Program, you must be a Common Stock Holder and live in the state of Kansas.

For more information on this program, come by the Main Office or call Chris Murphy at 620-275-6161.



### AFS Fuel Locations:

Country Corner East  
Hwy 50 & Campus Drive

Dighton Station  
239 E. Long, Dighton, KS

Bulk Plant  
Massey Furgeson Road

Harding & Fleming

Seventh & Fulton

Pierceville, KS

Dighton Ampride

### 10% Ethanol Blended is available at:

Country Corner East  
7th & Fulton  
Fleming & Harding AFS  
Dighton Service Station  
Dighton Ampride

## Our History Has Been to Develop a New Future

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neighborhoods have been torn apart. It has sometimes resulted in economic hardship for both the co-op and its members. The path we travel is littered with other co-ops that have been disbanded or gone broke because they carried either one of the philosophies to its extreme.

We continue to struggle with these issues hope to find a happy medium. We have employed a Hippocratic approach in that first we hope to do no harm before we try to treat the ailment. As is always the case in life though, before we completely address a dilemma, it is overshadowed by another larger and more ominous threat. The new inescapable reality is a new competitive environment that will tolerate no inefficiency combined with an agribusiness infrastructure that is probably incapable of handling what will be demanded of it.

These demands have been brought to light by recent ethanol development, hurricanes, refinery fires, location of new fertilizer manufacturing offshore and a general world affluence effect characterized by China and India. As an industry, regardless of your co-op philosophical leanings, we are not ready for revolution that lay ahead of us.

This is where we need to lean on the history of the Garden City Co-op and the courage of its founders. The new threats and obstacles bring opportunities with them. Dr. David Barton, Kansas State University Agricultural Economist and presenter at our recent board planning retreat, calls this the "golden age of agriculture" and I think he is right. I believe it to also be the new golden age of farm cooperatives.

The opportunity lays in the need for an open and trusting relationship based on good communication between all aspects of agricultural food, fiber and fuel production. Every business is now firmly sold on just in time inventory and risk management. Agriculture is no exception. The problem is we deal with bulky commodities with relatively low value per unit. That is the reason you probably won't be able to buy fertilizer or sell grain over EBay and have it delivered by FedEx.

The new model for an agricultural co-op will be to be a provider of information and an efficient accumulator of needed commodities. We are entering an environment where the potential to gain a competitive advantage in the buy/sell transaction is minute compared to efficiency gains brought by information and coordinated marketing.

If you don't believe me, who would trade the five cent advantage of one elevator over another at harvest for the ability to be on the right side of daily twenty cent futures moves and even a more dramatic basis change driven by transportation costs? Who will trade a five dollar advantage in ammonia price for a hundred dollar seasonal move or a complete outage that is created by huge demand and no commercial inventory to buffer it?

We will always struggle to walk the fine line between co-op services provided and profitability. We will always wonder whether you should consider your co-op profits or losses in your marketing decision process. But we have a great opportunity now to be the provider of information and the coordinator of ag inputs and grains that really makes a difference. This opportunity is so much larger than the obstacles we have faced in the past. It is time to put these concerns behind us and work together to create a new reality of production agriculture.

Please watch our website and sign up for our free market text messaging as our first steps down this journey. If we work together, it will truly be the golden age of agriculture!!!

**COMMITMENT STATEMENT**  
**"Moving Forward Together"**

### **GARDEN CITY CO-OP, INC.** **BOARD OF DIRECTORS** **2006-2007**

Boyd Lear -	Board Chairman
Tom Mulville -	Vice Chairman
Randy Richmeier -	Sec./Treasurer
Kendall Clark -	Asst. Sec./Treasurer
Michael Deaver -	Director
Tim Miller -	Director
Steven Krehbiel -	Director
Bill Maughlin -	Assoc. Director
Rick Horton -	Assoc. Director
Todd Graham -	Assoc. Director
Bruce Howard -	Assoc. Director

### **GARDEN CITY CO-OP** **STAFF MEMBERS**

John McClelland - General Manager  
Brent Merz - C.F.O.  
Ken Jameson - V.P. Grain  
Barry Brant - V.P. Ag Inputs  
Rod Petty - V.P. Petroleum  
Kary Smith - Crop Production Manager  
Pete Maestas - Petroleum Manager



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We are also offering pre-paid gift cards. They can be purchased for amounts from \$5.00 to \$100.00. They will be rechargeable if you would like to add more to the card after they have been purchased. So, if you are looking for a quick gift, come in and purchase one from us.

### **MARKET HOTLINE**

For Daily Grain Bids  
Call 620-275-9772 (G.C.)  
Call 620-397-6068 (Dighton)

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[www.gccoop.com/mobile](http://www.gccoop.com/mobile)

## Our History Has Been to Develop a New Future

The Garden City Co-op has had an interesting history. Founded in 1919, it was developed during the populist agriculture movement of the early 20<sup>th</sup> century. That was the “golden age” of agricultural cooperatives when the majority of the entities or their precursors we know today were founded. The agricultural cooperative system has struggled since its inception with the role it is to serve.

One Co-op philosophy believes that we are to be the enforcer in a competitive marketplace. It contends that we were established to provide a system of fair trade and representation for the farmer that was being taken advantage of by independently owned businesses. That view accurately describes the reason the Garden City Co-op was formed. Farmers in Garden City were being paid \$1.50 for cane seed used for industrial dye when the market value was \$7.50. We were formed to right that wrong. This reason for our formation continues to be the foundation of how we serve our agricultural community.

This role of market enforcer taken to the extreme would lead us to believe that the co-op is not a separate economic unit. It is an extension of the farmer/owner, formed to provide competition and services. It should continue on, based on the member's total profitability and regardless of its own economic success. It can do this because it assumes the farmer/owners are completely committed to the co-op and support it no matter what the consequences.

The opposite co-op philosophy contends that the co-op is an independent and separate economic unit. It assumes that farmer/owners will operate in their own individual best interest over the short run. This philosophy demands that the co-op be profitable and successful as a stand alone unit so it can endure market forces and be there when the farmer/owners need it. Mr. Ackley, founder of the Garden City Co-op and driver in the formation of what became Farmland Industries, believed strongly in this philosophy. He is quoted as saying that a co-op is absolutely no different than any other business other than its profits happened to be shared with the patrons rather than individual investors.

This philosophy carried to its extreme, demands that a co-op take care of itself first. We have seen this carried out to the extent that some co-ops have even entered into competition with their own members. Examples would be regional and local co-ops becoming directly involved in livestock production and other agricultural pursuits.



**John McClelland**  
General Manager

At their core, it is hard to argue with either cooperative philosophy. We have endured 87 years by finding the middle ground. We have struggled to provide market discipline and necessary services while remaining a profitable and viable business. It has been a precarious voyage and we have bounced off both sides of this philosophical spectrum as we have tried to find our way.

It has not been just a theoretical or philosophical discussion. Board members representing both extremes have fought for their principles. Hard feelings over varying ideas have led to the demolition of long held friendships and torn apart families. It has resulted in board members being removed from their positions. General Managers and other employees have lost careers over these issues. Whole

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