

I am honored to have been asked to get off the combine and be here today to discuss with you one of the most important and critical issues farmers and ranchers are dealing with across America. I want to personally acknowledge and thank Senator Salazar for taking the time and effort to hold meetings in every county in Colorado listening and talking to the people about the unfolding crisis.

My name is Ryan Niebur. I was raised on a fourth generation family farm near Akron, CO, and attended Colorado State University, where I majored in business marketing and graduated with a BS in Business Administration. I returned home and began doing custom application of chemical and fertilizer. During this time I acquired a Golden Harvest Seed dealership and purchased my first piece of land to start farming near Burlington, Colorado. I now farm 4500 acres of irrigated and dry land and own my own retail store, Tri-County Ag Inc., with sales of \$3.5 million. I am an active member of the Rocky Mountain Farmers Union and proud to be here today representing the family farm and ranch members of the National Farmers Union.

Wherever rural Americans gather today, at church, picking up parts or getting repairs at the implement dealers, at the feed store, the local cooperatives and, of course, at the local coffee shop, everyone is talking about fuel and energy costs. They are not only talking about the tremendous increase in costs, they are discussing concerns of surviving and they are talking about the outrageous profits being reported by the oil industry.

Even before the natural disasters of the hurricanes, oil companies began to raise prices and establish record profits. For example, Exxon Mobil's posted earnings of \$25.3 billion dollars in 2004 and last Thursday posted the highest corporate profit ever, at \$9.9 billion for the quarter, exceeding the \$9 billion reported by Royal Dutch Shell.

While the reports of these profits hit the front page of all the newspapers throughout the country, the impact of this price gouging on family farmers and ranchers, small businesses, the trucking and other industries goes unreported and misunderstood.

Let me share with you what is happening on my farm and every other family farm and ranch throughout America.

Natural Gas and Related Products

Natural gas has a major impact on many aspects of farming. It is the main ingredient in nitrogen, used as fuel to run irrigation motors and is driving up electricity costs as more electricity is generated at plants using natural gas rather than new clean coal technologies.

The price of natural gas has increased 215% in the last three years. This increase has raised my cost of irrigation per crop year, from \$50/acre in 2003 to \$158/acre expected in 2006, if I was to irrigate. I am using 2006 figures because our local gas company has already established its price for 2006.

At this rate, farmers will not be able to afford irrigation and will be forced to dry land farm in an area that has been in a drought for the last five years. In my situation dry land farming irrigated ground is not an option with my bank. Other options include long-term leasing of irrigation water to a metro area to help meet cash flow needs, resulting in the loss of agriculture

production and a significant negative economic impact felt throughout the rural communities.

Natural gas is also the main ingredient used to make Anhydrous Ammonia and liquid Nitrogen. These products replenish our soil with nitrogen. In 2003 we paid \$295/ton compared to \$495/ton in 2005. In the production of our corn crop this price increase translates into a cost per acre change of \$37/acre in 2003 to \$62/acre in 2005, almost doubling the cost. The price of corn in 2003 was \$ 2.45/bushel and in 2005 the price was \$1.81/bushel.

Diesel Fuel

The main source of fuel that we use for farm machinery and equipment, our combines, tractors, semi-tractors, pickups, etc. is diesel fuel. If it is on the farm it probably runs on diesel fuel.

In December 2003, I paid \$1.10/gallon for farm fuel. In October 2005, I paid \$2.85/gallon for the same farm fuel, an increase of over 155 percent. Highway diesel fuel has gone from \$1.58/gallon in May 2004 to \$3.30/gallon or higher today.

On my farm fuel expense has gone from \$60,700 in 2004 to over \$135,000 in 2005. If you put this into a per acre basis it is extremely scary! Fuel cost for harvesting corn in 2004 was costing \$9.80/acre. In 2005 fuel cost for harvesting is running \$22.06/acre. Remember the price of corn has not increased, nor has the yield!

Farmers and ranchers are in a situation that does not allow us to pass on these additional costs as a "surcharge" which other industries, such as truck lines and airlines are able to do.

In addition, farmers and ranchers are facing lower commodity prices. There is no doubt in anyone's mind in my area that the rural economy is deteriorating because of declining commodity prices, skyrocketing input costs as a result of higher energy costs. Regrettably, Congress is in the process of cutting farm commodity price support programs, at a time when we need more help not less. Lower income, higher production costs and a reduced farm safety net does not add-up to a balanced checkbook and local lenders are getting extremely nervous.

Many operators' today rent and lease more farm and ranch land than they own and operate. Will these farmers and ranchers be able to continue to rent and lease this land considering the production costs they are facing in 2006? If they cannot, what will be the effect, lower rental rates, a drop in farmland values, and a loss of farm equity that may begin another recession for rural America? Farmers and ranchers waiting for a clear signal that Congress and the administration is taking seriously the economic crisis resulting from high energy and fuel costs, and that something will be done to address the problem.

As farmers and ranchers have no means by which to pass on the higher costs of energy, Congress should consider approving some type of mechanism to help farmers and ranchers offset the higher costs. It should be based on the average increase in energy costs per acre between 2004 to 2005, including price increases of some of the energy based products for 2006 as well. The payments should be made to all farmers and ranchers, assisting them with excessively high energy costs and in developing alternative farming practices as an attempt to reduce the impact of higher costs. A program like this could be funded from the excessive windfall profits that continue to set new records for oil companies. In addition, excess revenue raised through windfall profits of oil companies could be used to restore cuts made in the farm

safety net, conservation and nutrition programs and other programs that invest in the infrastructure of our nation and my fellow Americans.

Renewable Fuels

I believe that renewable energy and fuels like wind and solar for electricity, bio-diesel, ethanol and hydrogen can decrease our dependency on imported and fossil fuels, farmers must be integrally involved in the manufacturing side of the process to benefit economically.

In September of this year I purchased my first bulk load of bio-diesel, 3,500 gallons of farm fuel and 3,500 gallons of highway fuel. The farm fuel bio-diesel cost \$.05 more per gallon than the highway fuel. It doesn't make sense to me that we pay more for renewable fuel when we are the ones supplying the product for the renewable fuel, especially at the price of commodities today.

Farmer and rancher investment in wind and solar energy can benefit their individual farm and ranch operations with lower energy costs, but we must also take steps necessary to provide the opportunities and structure to access the power grid on a regional and national basis with this renewable electricity. We believe that more effort needs to be made to produce fuel from the farms. Congress passed energy legislation to mandate the use of 8 billion gallons of ethanol by 2010. We should consider accelerating that effort, and raising the bar even higher. We should also mandate the use of bio-diesel by establishing a renewable bio-diesel standard; and Congress should look at providing the investment necessary to build transmission lines to promote wind energy.

In closing, I want to thank the Chairman and Ranking Member for recognizing the seriousness of these issues and for your positive consideration of the actions necessary to address the crisis.