

# G LAUB FARM MANAGEMENT

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# MID SOUTH VIEWPOINTS

WINTER 2020

INITIAL SURVEY POINT OF THE LOUISIANA PURCHASE

## *Initial Survey Point of the Louisiana Purchase Located in Arkansas*

Understanding legal descriptions of a property is an important skill for anyone associated with the agricultural or real estate sectors. This is not always an easy task to conquer, as legal descriptions are often more confusing than helpful. An important steppingstone in understanding legal descriptions is to examine their origins.

Arkansas was surveyed under the US Public Land Survey System, which was adopted by President Thomas Jefferson and Congress in 1785. Prior to this adoption, the common method of surveying—called Metes and Bounds—used landmarks to describe boundaries of land. Landmarks could include rivers, lakes, trails, or even buildings and naturally became quite difficult to interpret. The rectangular survey system adopted in 1785 laid out one-square-mile tracts that have north, south, east and west boundaries. These tracts are referred to as sections, with each section generally containing 640 acres.

In 1803, the Louisiana Purchase opened the door for surveying in the territory which is now Arkansas. The first official land survey of the newly purchased land occurred in October of 1815. Prospect Robbins and Joseph Brown, two surveyors from Missouri, began the survey in present day eastern Arkansas, equipped with only a compass and a chain. Robbins began his work at the mouth of the Arkansas River and traveled due north while Brown began several miles north at the mouth of the St. Francis River and traveled due west. The line that Robbins traveled is called the Fifth Principal Meridian because it was the fifth line in the US that runs north and south. The line that Brown traveled is known as the baseline.

About a month later, Robbins crossed the baseline that had been laid by Brown at a point located 60.50 chains (57 miles) north of the mouth of the Arkansas River and 30 chains (26 miles) west of the mouth of the St. Francis River. The original description of this point found in Robbins's notes reads as follows: "... a Post corner of Sects 1,6,31 & 36 & Townships 1 & 1 N of Ranges 1E & 1W from which a Gum 18 in dia bears N61E dist 44 lks & a do 18 in dia brs S70W dist 10 L."

Called the Initial Point, this location can be found in a swamp in northwestern Phillips County and is the first point of surveying in the American West. Surveyors following Brown and Robbins used their point of reference for marking sections—thus, more land is referenced to this geographic location in Arkansas than any other initial point in the country. More than two centuries later, the point is still used to measure land in Arkansas, Missouri, Iowa, North Dakota and parts of Minnesota and South Dakota.

The Initial Point was forgotten until 1921 when two surveyors from Helena were hired to locate it. Afterwards, interest in the uninhabited area grew once again, and in October of 1926, the L'Angeuille Chapter of the Daughters of the American Revolution placed a granite monument at the site. Today, the Initial Point may be visited at the Louisiana Purchase Historic State Park located near the intersection of Lee, Monroe, and Phillips counties. The park is temporarily closed for repairs and the construction of new facilities, but if you happen to be passing by later in 2021, it is worth a detour to walk out on the elevated boardwalk and imagine the men slogging through the swamps at the beginning Initial Point. Amazingly, despite tough working conditions and simple surveying tools, the surveyors were extremely accurate platting a large swath of the US west of the Mississippi River.



<https://www.arkansasstateparks.com/parks/louisiana-purchase-state-park>

## 2021 CROP ENTERPRISE BUDGETS NOW AVAILABLE

The University of Arkansas Cooperative Extension Service recently released its 2021 crop enterprise budgets that present the return before land and management expenses are accounted. Surface irrigated peanuts, corn, soybeans, rice, cotton and sorghum—as summarized below—are the most profitable in that order according to the budgets. All returns before land cost are positive for the first time since 2016. Additionally, all budgeted commodity prices have increased from 2020 except for cotton, which remained the same. Soybeans took the highest jump, from \$8.15 per bushel in 2020 to \$10.00 per bushel in 2021. Overall, the crop forecast is positive, and current market prices for almost all the crops are higher than the budget price used.

The UA 2021 Crop Enterprise Budgets are designed in Excel,

allowing users to adjust prices, yields, machinery compliments and irrigation in order to match personalized farm activities. They're an effective way to view how changes in field trips, inputs, machinery, prices and yields can shift profitability and are conveniently available for free download on the extension service's website.

[www.uaex.edu/farm-ranch/economics-marketing/farm-planning/budgets/crop-budgets.aspx](http://www.uaex.edu/farm-ranch/economics-marketing/farm-planning/budgets/crop-budgets.aspx)

### University of Arkansas Summary of Revenue and Expenses per Acre for Surface Irrigation

Receipts	Cotton		Soybean		Hybrid	Conv'l	
	B3XF	Corn	Sorghum	RR2Xtend	Rice	Rice	Peanut
Yield (cotton-lb, peanut-ton, other-bu)	1200	215	105	60	190	170	2.25
Price (\$/yield unit)	\$0.62	\$3.80	\$3.82	\$10.00	\$5.70	\$5.70	\$420.00
Grower Share, %	100%	100%	100%	100%	100%	100%	100%
<b>Crop Revenue</b>	<b>\$744.00</b>	<b>\$817.00</b>	<b>\$401.10</b>	<b>\$600.00</b>	<b>\$1,083.00</b>	<b>\$969.00</b>	<b>\$945.00</b>
<sup>1</sup> Gin Rebate/Bale							
<b>Operating Expenses</b>							
Input Costs	\$457.25	\$368.09	\$220.60	\$274.41	\$424.71	\$363.23	\$290.95
Other Operating Expenses	\$68.49	\$59.19	\$48.91	\$44.36	\$102.56	\$101.19	\$66.15
<b>Total Operating Expenses</b>	<b>\$525.74</b>	<b>\$427.28</b>	<b>\$269.51</b>	<b>\$318.77</b>	<b>\$527.27</b>	<b>\$464.42</b>	<b>\$357.10</b>
Post-harvest Expenses	\$198.48	\$96.75	\$27.30	\$19.20	\$114.67	\$102.60	\$81.11
<b><sup>2</sup>Net Operating Expenses</b>	<b>\$525.74</b>	<b>\$524.03</b>	<b>\$296.81</b>	<b>\$337.97</b>	<b>\$641.94</b>	<b>\$567.02</b>	<b>\$438.21</b>
Cash Land Rent	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b><sup>3</sup>Returns to Operating Expenses</b>	<b>\$218.26</b>	<b>\$292.97</b>	<b>\$104.29</b>	<b>\$262.03</b>	<b>\$441.06</b>	<b>\$401.98</b>	<b>\$506.79</b>
Fixed Costs	\$160.16	\$100.36	\$93.33	\$108.62	\$115.02	\$115.02	\$206.09
<b><sup>4</sup>Total Specified Expenses</b>	<b>\$685.90</b>	<b>\$624.39</b>	<b>\$390.14</b>	<b>\$446.59</b>	<b>\$756.96</b>	<b>\$682.04</b>	<b>\$644.30</b>
<b><sup>3</sup>Returns to Specified Expenses</b>	<b>\$58.10</b>	<b>\$192.61</b>	<b>\$10.96</b>	<b>\$153.41</b>	<b>\$326.04</b>	<b>\$286.96</b>	<b>\$300.70</b>
Operating Expenses/yield unit	\$0.44	\$2.44	\$2.83	\$5.63	\$3.38	\$3.34	\$194.76
Total Expenses <sup>4</sup> /yield unit	\$0.57	\$2.90	\$3.72	\$7.44	\$3.98	\$4.01	\$286.36
Land Expense/acre	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Land Expense/yield unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Operating & Land Expenses/yield unit	\$0.44	\$2.44	\$2.83	\$5.63	\$3.38	\$3.34	\$194.76
Total Cost/yield unit, including land	\$0.57	\$2.90	\$3.72	\$7.44	\$3.98	\$4.01	\$286.36

<sup>1</sup>Gin rebate is set equal to post-harvest expenses.

<sup>2</sup>Cottonseed value (gin rebate) deducted from post-harvest expenses.

<sup>3</sup>Share rent and cash land rent are deducted from crop revenue.

<sup>4</sup>Does not include land costs, management, or other expenses and fees not associated with production.

## PROPERTY ACCESS CATEGORIES AND CONSIDERATIONS

When purchasing and/or financing real property one must always consider access to the property. Generally, property access falls into the categories of public access, deeded access and undeeded access. Public access means that the property is directly accessible by a public, government-maintained road. This is the least complicated of the three types of access. Simply put, a property either touches a public road or it does not.

Deeded access includes a written agreement between the adjoining landowners and is usually recorded at the courthouse. Having a legal written document that grants access eliminates any type of discrepancies that may occur in the event of a conflict between the landowners that is not protected by undeeded access. A written access agreement could be in the form of a license or easement.

Undeeded access can be a bit more complicated. This can occur when property is considered "landlocked," meaning that the property does not have direct access to a public road and must be accessed by a neighboring property. Undeeded access implies that there is no written agreement that allows the "landlocked" owner to utilize a road or trail that crosses an adjoining owner's property. Sometimes, there may be a verbal agreement between landowners that allows ingress/egress, but in the event of any issues or conflict between the two parties, the landowner granting access is not bound by any written or legal agreement to continue to allow access and may revoke this right at any time. Likewise, most lenders are weary to loan money for purchasing or refinancing land that is landlocked with undeeded access.

If buying a landlocked property with undeeded access, we highly recommended reaching an agreement on ingress/egress through the neighbor as part of the transaction. Additionally, a landowner without public access should make sure the property has deeded access so that any future financing or sale needs are not hamstrung by the lack of deeded access. As with many real property issues, seeking legal counsel to determine the best course of action on possible access issues is advisable.



## AUCTION RESULTS - 4<sup>TH</sup> QUARTER 2020

Land prices seem to be holding strong and increasing as evidenced in the three auctions we held in the fourth quarter of 2020. On Nov. 17, we auctioned 293.96+/- acres located a few miles from the well-known Dave Donaldson WMA in western Greene County, Arkansas. This farm is 98.6% irrigated and precision-leveled cropland with silt loam soils; it sold to a local farming family for \$5,900 per total acres.

On Dec. 10, we auctioned 274+/- acres in three tracts located in Mississippi County, Arkansas, west of Gosnell and east of Big Lake WMA. The farmland is 99% tillable with heavy clay soils. Two tracts have been precision leveled, and one tract is center pivot irrigated. Two local farmers and a local investor bought the tracts at an average of \$4,445 per total acre.

On Dec. 17, we auctioned 40+/- in Craighead County, Arkansas, for \$7,300 per acre, as well as 80+/- acres in Cross County, Arkansas, for \$5,775 per acre. Both farms are mostly tillable, irrigated and have silt loam soils. The 40+/- acre tract is located at the edge of the Jonesboro city limit while the 80+/- acres is on the St. Francis/Cross County lines near Colt. The 40+/- acre tract sold to a local investor, and the 80+/- acre sold to a local farming family.

These were all strong sales and likely due to the uptick in commodity prices and outlook, lower interest rates and overall good quality farms in areas with low supply and high demand. Additionally, the new technology we have allows qualified bidders to bid from anywhere in the world. One buyer was on vacation in Mexico but was able to bid and win one of the farms. This system is advantageous with the Covid-19 challenges but has created opportunities to expand auctions and bidder participation to maximize selling price for our clients. Online land auctions are only beginning and will be utilized more and more as bidders become comfortable with the technology.



## INSTALLATION OF SUBSURFACE DRIP IRRIGATION SYSTEM IN NE ARKANSAS



We are installing a Subsurface Drip Irrigation (SDI) system in Craighead County, AR that will be operational in the upcoming crop year. This project has been made possible with cost-sharing through the Environmental Quality Initiative Program (EQIP) operated by the National Resource and Conservation Service. In Arkansas there are currently only a handful of SDI systems in operation but the contractor indicated more were being ordered. The lessee on this farm installed SDI on his own farm two years ago and was a huge resource for setting our system up.

One of the first steps is to install the drip tape which is shown on the top photos. The equipment all in one pass cuts a channel, lays the drip tape, and covers. Drip tape is normally installed 8-10 inches below the surface. At this depth, irrigation will be in the root zone. The drip tape is laid every 38 inches to be in the center of the bed and all geo-referenced on a map so that it is not hit with farm sub surface tools. Other components include the main irrigation pipe line that the drip tapes connects to and the drain pipe at the end of the field so that the drip tape can be flushed. The bottom two pictures show the flush pipe being connected to the drip tape.

SDI improves irrigation and saves water by applying water in the root zone. Areas away from the root zone can be drier and have capacity to soak up any precipitation events. With SDI, any excess water will stay in the soil and move downward while excess water on furrow or center pivot irrigation will drain through a surface ditch. The challenge with SDI irrigation is knowing when enough has been applied but soil moisture sensor technologies mitigate the unseen irrigation application. Improved irrigation will also lead to higher productivity which has been documented in University research studies. Another advantage is the capability to apply liquid fertilizer through the system directly to the roots. This also improves productivity and reduces the quantity applied and fertilizer runoff.

A disadvantage of SDI is the investment cost. This technology has been used in high valued fruit and vegetable production for many years although it is becoming economical for certain row crops and farm conditions. Another challenge can be minerals clogging up the drip tape. Most SDI systems are designed with water filters based on the water quality samples. Seed germination could also be a challenge since SDI keeps the surface dry. Most years this will not be an issue as we normally receive ample spring rain. Summer is when we normally have moisture shortfalls and by that time, roots will be developed well into the drip tape irrigation zone. We have proposed a peanut, cotton, and corn rotation on the farm. We plan to grow peanuts this coming year and are excited to see this SDI system in action!

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Manager/Broker  
& Auctioneer



Jeffrey Hignight  
Manager/Broker



Houston M. Matthews  
Certified General  
Appraiser

## AVAILABLE LAND INVESTMENTS IN 2021

- 67 +/- Acres in Phillips County, AR (Available)
- 185 +/- Acres in Lonoke County, AR (Pending)
- 547 +/- Acres in Monroe County, AR. (Available)
- 607 +/- Acres in Monroe County, AR. (Pending)
- 940 +/- Acres in St. Francis County, AR. (Available)
- 1,293 +/- Acres in St. Francis County, AR (Sold)

A large portion of sales occur on properties not listed or advertised on the open market. Contact us about these listed and additional land investments.

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