

**SOUTHEAST REGION  
EX-LARGE COW/CALF BUDGET**

BREED HERD SIZE **330** COW to BULL **20** CALF CROP PERCENT<sup>1</sup> **82%**  
 CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **49.5**

**VALUE OF PRODUCTION**

	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	135	510	\$1.20	\$82,804	\$250.92	_____
HEIFER CALVES	86	485	\$1.15	\$47,855	\$145.02	_____
CULL COWS	37	900	\$0.55	\$18,315	\$55.50	_____
CULL BULLS	1	1200	\$0.62	\$744	\$2.25	_____
<b>TOTAL</b>	<b>259</b>			<b>\$149,718</b>	<b>\$453.69</b>	_____

**VARIABLE COSTS**

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
<b>1. FEED COSTS</b>							
	HAY	TON	36.00	\$140	\$5,040	\$15.27	_____
	STATE	AUY	45.0%	\$25.08	\$0	\$0.00	_____
	FEDERAL LEASE	AUY	25.0%	\$16.20	\$5,346	\$16.20	_____
	PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$31,680	\$96.00	_____
	SALT & MINERAL	TON	8.00	\$245	\$1,960	\$5.94	_____
	PROTEIN SUPP	TON	18.00	\$300	\$5,400	\$16.36	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	<b>TOTAL</b>				<b>\$49,426</b>	<b>\$149.78</b>	_____
<b>2. OTHER VARIABLE COSTS</b>					<b>COST</b>		
	VET AND MEDICINE				\$3,960	\$12.00	_____
	LIVESTOCK HAULING				\$1,360	\$4.12	_____
	HIRED LABOR				\$0	\$0.00	_____
	OPERATING COSTS-EQUIP & MACH				\$3,500	\$10.61	_____
	OPERATING COSTS-VEHICLE				\$3,600	\$10.91	_____
	RANCH MAINTENANCE				\$3,200	\$9.70	_____
	BEEF CHECKOFF				\$221	\$0.67	_____
	OTHER				\$121,000	\$366.67	_____
	<b>TOTAL</b>				<b>\$136,841</b>	<b>\$414.67</b>	_____
<b>3. INTEREST ON VARIABLE COSTS</b>							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				<b>7.5%</b>		
	NUMBER OF MONTHS BORROWED				<b>6</b>	<b>VALUE PER COW</b>	
					\$6,985	\$21.17	_____
	<b>TOTAL</b>				<b>\$193,252</b>	<b>\$585.61</b>	_____
					(\$43,535)	(\$131.92)	_____

**OWNERSHIP COSTS**

		Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW	NEW VALUE
<b>CASH COSTS</b>					
	Taxes & Insurance			\$12,691	\$38.46
	Overhead			\$2,100	\$6.36
	<b>Total</b>			<b>\$14,791</b>	<b>\$44.82</b>
<b>NON CASH COSTS</b>					
	Purchased Livestock			\$10,116	\$30.65
	Machinery & Equipment			\$12,691	\$38.46
	Housing & Improvements			\$35,754	\$108.35
	Interest on Retained Livestock <sup>6</sup>			\$21,144	\$64.07
	Management & Operation Labor ( 6% of gross returns)			\$8,983	\$27.22
	<b>Total</b>			<b>\$88,688</b>	<b>\$268.75</b>
<b>TOTAL FIXED COSTS</b>				<b>\$103,479</b>	<b>\$313.57</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$208,044</b>	<b>\$630.44</b>
<b>TOTAL COSTS</b>				<b>\$296,732</b>	<b>\$899.19</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				(\$58,326)	(\$176.75)
<b>RETURN ABOVE TOTAL COSTS</b>				(\$147,014)	(\$445.50)

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$143.55	\$154.54
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$143.55	\$220.42

1) Calf crop is defined as the actual number of calves sold divided, by the total number of cows (assuming all cows were exposed).  
 2) Prices represent 2005 price projections from Cattle Fax, Doanes reports for New Mexico feeder cattle cash prices  
 3) Market prices include commissions, brand inspections, beef council, yardage, feed, and insurance  
 4) Annual capital recovery is the method of calculating depreciation and interest recommended by the National Task Force on Commodity Costs and Returns Measurement Methods  
 5) The 35% reduction in asset values which represent a mix of new and used machinery.  
 6) Interest on average investment.

**SOUTHEAST REGION  
EXTRA-LARGE RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
10000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values <sup>1</sup>	\$2,450	3.9%	\$1,347,500	\$1,347,500			
<b>Sub Totals</b>				\$1,997,500				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
<b>Sub Totals</b>				\$590,000				\$35,754
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
2	3/4 ton pickup 4WD	\$30,000	6.5%	\$60,000	\$12,000	7	50	\$4,766
1	1 ton pickup 4WD	\$32,000	6.5%	\$32,000	\$6,400	7	50	\$2,542
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
3	Gooseneck trailer	\$6,500	6.5%	\$19,500	\$3,900	7	100	\$3,098
1	Horse tack	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
1	Misc. equipment	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
<b>Sub Total</b>				\$128,500				\$12,691
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
12	Horses	\$2,500	6.5%	\$30,000	\$11,400	10	100	\$3,328
17	Bulls	\$2,000	6.5%	\$33,000	\$12,540	4	100	\$6,787
110	Cows	\$1,100.00	6.5%	\$121,000	\$45,980	8	100	\$15,310
173	<b>Total AUYS</b>							
<b>Sub Total</b>				\$63,000				\$10,116
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Interest on Investment</b>
330	Cows	\$1,100	6.5%	\$363,000	\$137,940			\$18,606
50	Replacement Heifers	\$1,000	6.5%	\$49,500	\$18,810			\$2,537
367	<b>Total AUYS</b>							
<b>Sub Total</b>				\$412,500	\$156,750			\$21,144
<b>Total</b>				<u>\$3,191,500</u>				<u>\$69,589</u>

1) The interest rate of 3.9% used to calculate the capital recovery cost is the USDA-ERS's ten year average long-run rate of return to production assets for New Mexico.

2) For intermediate assets an interest rate of 7.50% was used.

3) A rate of 6.50 percent reflects a typical return on a low -risk investment (30 YR Treasury Bond)