

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

BREED HERD SIZE **300**      COW TO BULL **20**      CALF CROP PERCENT<sup>1</sup> **83%**  
 CULL RATE **15%**      REPLACEMENT HEIFER'S KEPT **45**

**VALUE OF PRODUCTION**

	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	125	510	\$1.20	\$76,194	\$253.98	_____
HEIFER CALVES	80	485	\$1.12	\$42,992	\$143.31	_____
CULL COWS	37	900	\$0.53	\$17,649	\$58.83	_____
CULL BULLS	1	1200	\$0.60	\$720	\$2.40	_____
<b>TOTAL</b>	<b>242</b>			<b>\$137,555</b>	<b>\$458.52</b>	_____

**VARIABLE COSTS**

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
<b>1. FEED COSTS</b>							
	HAY	TON	30.00	\$140	\$4,200	\$14.00	_____
	STATE	AUY	45.0%	\$25.08	\$0	\$0.00	_____
	FEDERAL LEASE	AUY	35.0%	\$16.20	\$4,860	\$16.20	_____
	PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$144.00	\$43,200	\$144.00	_____
	SALT & MINERAL	TON	6.00	\$230	\$1,380	\$4.60	_____
	PROTEIN SUPP	TON	5.00	\$350	\$1,750	\$5.83	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	<b>TOTAL</b>				<b>\$55,390</b>	<b>\$184.63</b>	_____
<b>2. OTHER VARIABLE COSTS</b>							
					<b>COST</b>		
	VET AND MEDICINE				\$3,750	\$12.50	_____
	LIVESTOCK HAULING				\$1,271	\$4.24	_____
	HIRED LABOR				\$0	\$0.00	_____
	OPERATING COSTS-EQUIP & MACH				\$3,750	\$12.50	_____
	OPERATING COSTS-VEHICLE				\$4,100	\$13.67	_____
	RANCH MAINTENANCE				\$3,300	\$11.00	_____
	BEEF CHECKOFF				\$204	\$0.68	_____
	OTHER				\$9,000	\$30.00	_____
	<b>TOTAL</b>				<b>\$25,375</b>	<b>\$84.58</b>	_____
<b>3. INTEREST ON VARIABLE COSTS</b>							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				7.5%		
	NUMBER OF MONTHS BORROWED				6	VALUE PER COW	
					\$3,029	\$10.10	_____
	<b>TOTAL</b>				<b>\$83,793</b>	<b>\$279.31</b>	_____

**OWNERSHIP COSTS**

		Annual Capital Recovery <sup>4</sup> (At Replacement Valve):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW	NEW VALUE
<b>CASH COSTS</b>					
	Taxes & Insurance			\$13,482	\$44.94
	Overhead			\$2,100	\$7.00
	<b>Total</b>			<b>\$15,582</b>	<b>\$51.94</b>
<b>NON CASH COSTS</b>					
	Purchased Livestock			\$9,776	\$32.59
	Machinery & Equipment			\$13,482	\$44.94
	Housing & Improvements			\$33,180	\$110.60
	Interest on Retained Livestock <sup>6</sup>			\$19,221	\$64.07
	Management & Operation Labor ( 6% of gross returns)			\$8,253	\$27.51
	<b>Total</b>			<b>\$83,912</b>	<b>\$279.71</b>
<b>TOTAL FIXED COSTS</b>				<b>\$99,494</b>	<b>\$331.65</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$99,375</b>	<b>\$331.25</b>
<b>TOTAL COSTS</b>				<b>\$183,287</b>	<b>\$610.96</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$38,180</b>	<b>\$127.27</b>
<b>RETURN ABOVE TOTAL COSTS</b>				<b>(\$45,732)</b>	<b>(\$152.44)</b>

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$67.64	\$80.22
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$67.64	\$147.96

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.

**NORTHWEST MOUNTAIN REGION  
EXTRA-LARGE RANCH INVESTMENTS**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
8000	Acres of private land	\$80	3.9%	\$640,000	\$640,000			
500	AU Values <sup>1</sup>	\$2,400	3.9%	\$1,200,000	\$1,200,000			
<b>Sub Totals</b>				\$1,840,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
7	Wells	\$11,000	3.9%	\$77,000	\$7,700	25	100	\$4,690
100	Miles of Fence	\$4,000	3.9%	\$400,000	\$40,000	25	100	\$24,361
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
<b>Sub Totals</b>				\$548,000				\$33,180
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	7.5%	\$60,000	\$12,000	7	50	\$4,981
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$6,500	7.5%	\$19,500	\$3,900	7	100	\$3,238
1	Horse tack	\$6,500	7.5%	\$6,500	\$1,300	10	100	\$855
1	Misc. equipment	\$7,000	7.5%	\$7,000	\$1,400	10	100	\$921
<b>Sub Total</b>				\$130,000				\$13,482
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
15	Bulls	\$2,000	6.5%	\$30,000	\$11,400	4	100	\$6,170
100	Cows	\$1,100.00	6.5%	\$110,000	\$41,800	8	100	\$13,918
<b>160</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$62,500				\$9,776
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
300	Cows	\$1,100	6.5%	\$330,000	\$125,400			\$16,915
45	Replacement Heifers	\$1,000	6.5%	\$45,000	\$17,100			\$2,307
<b>334</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$375,000	\$142,500			\$19,221
<b>Total</b>				<u>\$2,955,500</u>				<u>\$65,883</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)