

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

BREED HERD SIZE **350** COW TO BULL **20** CALF CROP PERCENT<sup>1</sup> **83%**  
CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **52.5**

**VALUE OF PRODUCTION**

	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	145	510	\$1.14	\$84,448	\$241.28	_____
HEIFER CALVES	93	485	\$1.06	\$47,683	\$136.24	_____
CULL COWS	37	900	\$0.47	\$15,651	\$44.72	_____
CULL BULLS	1	1200	\$0.54	\$648	\$1.85	_____
<b>TOTAL</b>	<b>276</b>			<b>\$148,430</b>	<b>\$424.09</b>	_____

**VARIABLE COSTS**

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
HAY	TON	30.00	\$140	\$4,200	\$12.00	_____
STATE	AUY	45.0%	\$33.36	\$5,254	\$15.01	_____
FEDERAL LEASE	AUY	35.0%	\$18.12	\$2,220	\$6.34	_____
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00	_____
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
SALT & MINERAL	TON	6.00	\$240	\$1,440	\$4.11	_____
PROTEIN SUPP	TON	5.00	\$365	\$1,825	\$5.21	_____
OTHER		0.00	\$0	\$0	\$0.00	_____
<b>TOTAL</b>				<b>\$14,939</b>	<b>\$42.68</b>	_____

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW	NEW VALUE
VET AND MEDICINE	\$4,463	\$12.75	_____
LIVESTOCK HAULING	\$1,449	\$4.14	_____
HIRED LABOR	\$0	\$0.00	_____
OPERATING COSTS-EQUIP & MACH	\$3,863	\$11.04	_____
OPERATING COSTS-VEHICLE	\$3,605	\$10.30	_____
RANCH MAINTENANCE	\$3,399	\$9.71	_____
BEEF CHECKOFF	\$238	\$0.68	_____
OTHER	\$8,000	\$22.86	_____
<b>TOTAL</b>	<b>\$25,016</b>	<b>\$71.47</b>	_____

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED	X INTEREST RATE PER MONTH	ANNUAL INTEREST RATE	NUMBER OF MONTHS BORROWED	VALUE PER COW	NEW VALUE
		7.5%	6	\$1,498	\$4.28
				\$41,453	\$118.44
<b>TOTAL</b>				<b>\$106,977</b>	<b>\$305.65</b>

**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		\$13,482	\$38.52	_____
Overhead		\$3,500	\$10.00	_____
<b>Total</b>		<b>\$16,982</b>	<b>\$48.52</b>	_____
<b>NON CASH COSTS</b>				
Purchased Livestock		\$10,804	\$30.87	_____
Machinery & Equipment		\$13,482	\$38.52	_____
Housing & Improvements		\$33,180	\$94.80	_____
Interest on Retained Livestock <sup>6</sup>		\$22,425	\$64.07	_____
Management & Operation Labor ( 6% of gross returns)		\$8,906	\$25.45	_____
<b>Total</b>		<b>\$88,797</b>	<b>\$253.70</b>	_____
<b>TOTAL FIXED COSTS</b>		<b>\$105,778</b>	<b>\$302.22</b>	_____
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$58,435</b>	<b>\$166.96</b>	_____
<b>TOTAL COSTS</b>		<b>\$147,232</b>	<b>\$420.66</b>	_____
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$89,995</b>	<b>\$257.13</b>	_____
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$1,199</b>	<b>\$3.42</b>	_____

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$28.68	\$40.43
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$28.68	\$101.87

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 2007 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	\$2,500	3.9%	\$250,000	\$25,000	25	100	\$15,226
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>				\$398,000				\$24,044
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$28,000	6.5%	\$56,000	\$11,200	7	50	\$4,448
1	1 ton pickup 4WD	\$30,000	6.5%	\$30,000	\$6,000	7	50	\$2,383
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
3	Gooseneck trailer	\$4,000	6.5%	\$12,000	\$2,400	7	100	\$1,906
1	Horse tack	\$6,500	6.5%	\$6,500	\$1,300	10	100	\$808
1	Misc. equipment	\$7,000	6.5%	\$7,000	\$1,400	10	100	\$870
<b>Sub Total</b>				\$116,500				\$11,210
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
13	Horses	\$1,500	6.5%	\$19,500	\$7,410	10	100	\$2,163
10	Bulls	\$2,000	6.5%	\$20,000	\$7,600	4	100	\$4,114
29	<b>Total AUys</b>							
<b>Sub Total</b>				\$39,500				\$6,277
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
200	Cows	\$1,100	6.5%	\$220,000	\$83,600			\$11,277
30	Replacement Heifers	\$1,000	6.5%	\$30,000	\$11,400			\$1,538
223	<b>Total AUys</b>							
<b>Sub Total</b>				\$250,000	\$95,000			\$12,814
<b>Total</b>				<b>\$2,644,000</b>				<b>\$48,068</b>

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 6.50% was used.

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