

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

	BREED HERD SIZE 440	COW to BULL 20	CALF CROP PERCENT <sup>1</sup> 87%
	CULL RATE 15%		REPLACEMENT HEIFER'S KEPT 66
<b>VALUE OF PRODUCTION</b>			
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>
STEER CALVES	191	550	\$1.18
HEIFER CALVES	125	515	\$1.11
CULL COWS	37	1000	\$0.50
CULL BULLS	1	1200	\$0.57
			<u>\$684</u>
<b>TOTAL</b>	<b>355</b>		<b>\$215,088</b>
<b>VALUE PER COW</b>			
			<b>\$282.32</b>
			<b>\$162.92</b>
			<b>\$42.05</b>
			<b>\$1.55</b>
			<b>\$488.84</b>
<b>VARIABLE COSTS</b>			
<b>1. FEED COSTS</b>			
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>
HAY	TON	88.00	\$150
STATE	AUY	30.0%	\$33.36
FEDERAL LEASE	AUY	7.0%	\$18.12
PRIVATE(Owned)	AUY	55.0%	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00
SALT & MINERAL	TON	7.00	\$265
PROTEIN SUPP	TON	15.00	\$390
OTHER		0.00	\$0
<b>TOTAL</b>			<b>\$33,281</b>
<b>2. OTHER VARIABLE COSTS</b>			
			<u>COST</u>
VET AND MEDICINE			\$5,500
LIVESTOCK HAULING			\$1,951
HIRED LABOR			\$18,000
OPERATING COSTS-EQUIP & MACH			\$4,770
OPERATING COSTS-VEHICLE			\$4,240
RANCH MAINTENANCE			\$3,551
BEEF CHECKOFF			\$317
LIVESTOCK PURCHASES			<u>\$9,000</u>
<b>TOTAL</b>			<b>\$47,329</b>
<b>3. INTEREST ON VARIABLE COSTS</b>			
			<u>SUM OF VARIABLE COSTS X MONTHS BORROWED</u>
			<u>X INTEREST RATE PER MONTH</u>
			<u>ANNUAL INTEREST RATE</u>
			7.25%
			<u>NUMBER OF MONTHS BORROWED</u>
			6
			<b>VALUE PER COW</b>
			<b>\$6.64</b>
			<b>\$2,922</b>
			<b>\$83,533</b>
			<b>\$131,555</b>
			<b>\$298.99</b>
<b>OWNERSHIP COSTS</b>			
	<u>Annual Capital Recovery<sup>4</sup> (At Replacement Value):</u>		<u>Represents 65% Asset Ownership<sup>5</sup> VALUE PER COW</u>
<b>CASH COSTS</b>			
Taxes & Insurance			\$13,416
Overhead			\$3,500
<b>Total</b>			<b>\$16,916</b>
<b>NON CASH COSTS</b>			
Purchased Livestock			\$12,656
Machinery & Equipment			\$13,416
Housing & Improvements			\$34,724
Interest on Retained Livestock <sup>6</sup>			\$20,749
Management & Operation Labor ( 6% of gross returns)			\$7,893
<b>Total</b>			<b>\$89,438</b>
<b>TOTAL FIXED COSTS</b>			<b>\$106,354</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>			<b>\$100,449</b>
<b>TOTAL COSTS</b>			<b>\$189,886</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>			<b>\$114,639</b>
<b>RETURN ABOVE TOTAL COSTS</b>			<b>\$25,201</b>
<b>BREAKEVEN CALCULATIONS</b>			
	<b>VARIABLE COSTS</b>	<b>TOTAL COSTS</b>	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$40.98	\$49.28	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$40.98	\$93.15	

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 2008 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.

**NORTHEAST 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>
15,000	Acres of private land	\$85	3.9%	\$1,275,000	\$1,275,000			
500	AU Values <sup>1</sup>	\$2,500	3.9%	\$1,250,000	\$1,250,000			
<b>Sub Totals</b>				\$2,525,000				
<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>
16	Miles of pipeline	\$2,000	3.9%	\$32,000	\$3,200	25	100	\$1,949
10	Wells	\$12,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
95	Miles of Fence	\$4,000	3.9%	\$380,000	\$38,000	25	100	\$23,143
2	Corrals/Working Facilities	\$12,000	3.9%	\$24,000	\$2,400	30	100	\$1,328
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
<b>Sub Totals</b>				\$574,000				\$34,724
<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	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	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
1	Misc. equipment	\$7,000	7.5%	\$7,000	\$1,400	10	100	\$921
<b>Sub Total</b>				\$129,500				\$13,416
<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>
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
22	Bulls	\$2,000	6.5%	\$44,000	\$16,720	4	100	\$9,050
90	Cows	\$800	6.5%	\$72,000	\$27,360	8	100	\$9,110
<b>156</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$76,500				\$12,656
<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>Annual Capital Recovery</b>
440	Cows	\$800	6.5%	\$352,000	\$133,760			\$18,043
66	Replacement Heifers	\$800	6.5%	\$52,800	\$20,064			\$2,706
<b>490</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$404,800	\$153,824			\$20,749
<b>Total</b>				<b>\$3,709,800</b>				<b>\$68,889</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 7.50% was used.

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