

**SOUTHEAST REGION
MEDIUM 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
4,000	Acres of private land	\$65	3.9%	\$260,000	\$260,000			
200	AU Values ¹	\$2,450	3.9%	\$490,000	\$490,000			
Sub Totals				\$750,000				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
4	Wells	\$11,000	3.9%	\$44,000	\$4,400	25	100	\$2,680
22	Miles of Fence	\$4,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Sub Totals				\$164,000				\$9,865
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	1 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$6,500	7.5%	\$6,500	\$1,300	7	100	\$1,079
1	Horse tack	\$3,000	7.5%	\$3,000	\$600	10	100	\$395
1	Misc. equipment	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
Sub Total				\$43,000				\$4,425
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
4	Horses	\$2,500	6.5%	\$10,000	\$3,800	10	100	\$1,109
8	Bulls	\$2,000	6.5%	\$16,000	\$6,080	4	100	\$3,291
40	Cows	\$800	6.5%	\$32,000	\$12,160	8	100	\$4,049
65	Total AUYS							
Sub Total				\$26,000				\$4,400
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull		Interest on Investment	
160	Cows	\$800	6.5%	\$128,000	\$48,640			\$6,561
24	Replacement Heifers	\$800	6.5%	\$19,200	\$7,296			\$984
178	Total AUYS							
Sub Total				\$147,200	\$55,936			\$7,545
Total				<u>\$1,130,200</u>				<u>\$21,835</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)