## CENTRAL MOUNTAIN REGION SMALL RANCH INVESTMENTS

			10 Yr Avg	Purchase	Salvage/Cull	Useful	Livestock	Annual Capital	
Number	Land Values	Price Per Unit	Rate of Return	Price	Value	Life	Share	Recovery	
100	Acres of private land	\$900	3.9%	\$90,000	\$90,000				
34	AU Values <sup>1</sup>	\$3,000	3.9%	\$101,250	\$101,250				
			Sub Totals	\$191,250					
Number	Buildings, Improvements	Price Per Unit							
0.5	Miles of pipeline	\$2,000	3.9%	\$1,000	\$100	25	100	\$61	
1	Wells	\$13,000	3.9%	\$13,000	\$1,300	25	100	\$792	
10	Miles of Fence	\$2,500	3.9%	\$25,000	\$2,500	25	100	\$1,523	
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277	
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553	
			Sub Totals	\$54,000				\$3,205	
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull				
1	3/4 ton pickup 4WD	\$28,000	7.0%	\$28,000	\$5,600	7	50	\$2,274	
0	3/4 ton pickup 4WD	\$30,000	7.0%	\$0	\$0	7	50	\$0	
0	Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0	
1	Gooseneck trailer	\$4,500	7.0%	\$4,500	\$900	7	100	\$731	
1	Horse tack	\$3,500	7.0%	\$3,500	\$700	10	100	\$448	
1	Misc. equipment	\$1,500	7.0%	\$1,500	\$300	10	100	\$192	
			Sub Total	\$37,500				\$3,645	
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			. ,	
3	Horses	\$2,000	7.0%	\$6,000	\$2,280	10	100	\$689	
1	Bulls	\$2,000	7.0%	\$2,500	\$950	4	100	\$524	
5	Total AUYs								
-			Sub Total	\$8,500				\$1,213	
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment	
25	Cows	\$800	7.0%	\$20,000	\$7,600			\$1,104	
4	Replacement Heifers	\$800	7.0%	\$3,000	\$1,140			\$166	
28	Total AUYs								
			Sub Total	\$23,000	\$8,740			\$1,270	
			Total	\$314,250				\$8,119	

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 7.00% was used.

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

## **CENTRAL REGION** SMALL COW/CALF BUDGET

STEER CALVES		BREED HERD SIZE CULL RATE	33 15%	COW to BULL	20	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFER'S KEPT	<b>80</b> % 4.87	
STEER CALVES		V			VALUE DED COL	W		
STEER CALVES			QUANTITY	WEIGHT	PRICE <sup>2</sup>		VALUE PER COV	NEW VALUE
HEFFER CALVES	STEER CALVES						\$230.72	
TOTAL   27	HEIFER CALVES		8	495	\$1.04			
TOTAL   27	CULL COWS		5	900	\$0.44	\$1,931	\$59.40	
NAMERIE COSTS	CULL BULLS		<u>1</u>	1200	\$0.51	<u>\$612</u>	<u>\$18.83</u>	
NAMERIE COSTS		TOTAL	27			\$14 224	\$437.65	
NEW COSTS	VARIABLE COSTS					Ψ.1,ΔΔ.1	<b>\$101.00</b>	
HAY							VALUE PER COV	V
STATE AUV 0.0% \$34.20 \$0 \$0.00	1. FEED COSTS			QUANTITY/PERCENT				NEW VALUE
FEDERAL LEASE   AUY   500%   \$16.92   \$550   \$16.92   PRIVATE(brened)   AUY   50.0%   \$5.00   \$0.00								
PRIVATE(Comed)								
PRIVATE(Lased Grazing)								-
SALT & MINERAL   TON		, ,						
PROTEIN SUPP   TON   3.00   \$215   \$845   \$19.85   OTHER   O								
TOTAL   \$2,250   \$69.23								-
TOTAL   \$2,250 \$49.23			ION					-
2. OTHER VARIABLE COSTS  VET AND MEDICINE LIVESTOCK HAULING LIVESTOCK HAULING LIVESTOCK HAULING S122 S3.74 HIRED LABOR OPERATING COSTS-QUIP & MACH OPERATING COSTS-QUIP & MACH OPERATING COSTS-QUIP & MACH OPERATING COSTS-WEHICLE S1,344 S41,355 PARACH MAINTENANCE S1,346 RANCH MAINTENANCE S1,346 BEEC FICEKORF PURCHASED LIVESTOCK S1,000 S0,077  TOTAL TOTAL S4,966 S152,81  3. INTEREST ON VARIABLE COSTS SUM OF VARIABLE COSTS X MONTHS BORROWED X NITEREST RATE PER MONTH NUMBER OF MONTHS BORROWED  X NITEREST RATE		UTHER		0.00	ŞU	<u>20</u>	<u>\$0.00</u>	
VET AND MEDICINE		TOTAL				\$2,250	\$69.23	
VET AND MEDICINE								
LIVESTOCK HAULING   \$122   \$3.74	2. OTHER VARIABLE COSTS	VET AND MEDIANIE					040 ==	
HIRED LABOR								
OPERATING COSTS-E-QUIP & MACH         \$577         \$17.75         OPERATING COSTS-VEHICLE         \$1,344         \$41.35         A44.80								
OPERATING COSTS-VEHICLE RANCH MAINTENANCE BEEF CHECKOFF PURCHASED LIVESTOCK         \$1,456 \$21 \$0.055         \$44.80 \$30.77           TOTAL         \$4,966         \$152.81           3. INTEREST ON VARIABLE COSTS SUM OF VARIABLE COSTS X MONTHS BORROWED X INTEREST RATE NUMBER OF MONTHS BORROWED         7,50% 6         VALUE PER COW           \$2271         \$8.33         2271         \$8.33           TOTAL         \$7,487         \$230.36           TOTAL         \$6,737         \$207.29           OWNERSHIP COSTS         Represents 65% Asset Ownership® VALUE PER COW NEW V/CASTS           Taxes & Insurance Overhead         \$3,645         \$112.14           Overhead         \$2,100         \$64.62           Overhead         \$1,104         \$33.97           Machinery & Equipment         \$3,645         \$112.14           Housing & Improvements         \$3,265         \$98.62           Interest on Retained Livestock *         \$1,127         \$39.06           Management & Operation Labor (%) of gross returns)         \$15,960         \$491.08           TOTAL EXED COSTS         \$21,705         \$667.84           TOTAL CASH AND VARIABLE COSTS         \$99.2         \$899.20           TOTAL CASH AND VARIABLE COSTS         \$99.92         \$899.20								
RANCH MAINTENANCE BEEF CHECKOFF PURCHASED LIVESTOCK \$1.000 \$30.77  TOTAL \$4,966 \$152.81  3. INTEREST ON VARIABLE COSTS  SUM OF VARIABLE COSTS X MONTHS BORROWED X INTEREST RATE PER MONTH ANNUAL INTEREST RATE PER MONTH ANNUAL INTEREST RATE PER MONTHS BORROWED  \$271 \$8.33  TOTAL \$5,7487 \$230.36  TOTAL \$6,77487 \$200.29  OWNERSHIP COSTS  Annual Capital Recovery* (At Replacement Valve): Represents 65% Asset Ownership \$ VALUE PER COW NEW V.  CASH COSTS Taxes & Insurance Overhead \$2,100 \$4,622 \$2,100 \$4,622 \$2,100 \$4,622 \$2,100 \$5,745 \$112,14  Overhead \$1,104 \$33,97  Machinery & Equipment Housing & Improvements 18,3,645 \$112,14 Housing & Improvements 18,3,645 \$1,104 \$33,97 Machinery & Equipment Housing & Improvements 18,3,645 \$112,14 Housing Market Housing Market Housing Market Housing Market Housing Ma			IACH					
BEEF CHECKOFF   PURCHASED LIVESTOCK   \$1,000   \$30,077								
PURCHASED LIVESTOCK   \$1,000   \$30.77								
TOTAL   \$4,966   \$152.81								
SUM OF VARIABLE COSTS X MONTHS BORROWED X INTEREST RATE PER MONTH ANNUAL INTEREST RATE PER MONTH ANNUAL INTEREST RATE PER MONTH SORROWED   6 VALUE PER COW		PURCHASED LIVESTOCK				<u>\$1,000</u>	<u>\$30.77</u>	
SUM OF VARIABLE COSTS X MONTHS BORROWED		TOTAL				\$4,966	\$152.81	
S7.487   \$230.36	3. INTEREST SIT VARIABLE SO	SUM OF VARIABLE COSTS X N X interest rate per month Annual interest rate	I	DWED			VALUE PER COV	V
NON CASH COSTS						\$271	\$8.33	_
CWNERSHIP COSTS           Annual Capital Recovery <sup>4</sup> (At Replacement Valve):         Represents 65% Asset Ownership <sup>5</sup> VALUE PER COW NEW VALUE PER COW N						\$7,487	\$230.36	
NON CASH COSTS	TOTAL					\$6,737	\$207.29	
CASH COSTS         Taxes & Insurance       \$3,645       \$112.14         Overhead       \$2,100       \$64.62         \$5,745       \$176.76         NON CASH COSTS         Purchased Livestock       \$1,104       \$33.97         Machinery & Equipment       \$3,645       \$112.14         Housing & Improvements       \$3,205       \$98.62         Interest on Retained Livestock for Management & Operation Labor (6% of gross returns)       \$1,270       \$39.06         Management & Operation Labor (6% of gross returns)       \$6,737       \$207.29         TOTAL FIXED COSTS       \$21,705       \$667.84         TOTAL CASH AND VARIABLE COSTS       \$13,232       \$407.12         TOTAL COSTS       \$29,192       \$898.20         RETURN ABOVE TOTAL CASH COSTS       \$992       \$30.53	OWNERSHIP COSTS							
Taxes & Insurance         \$3,645         \$112.14           Overhead         \$2,100         \$64.62           \$5,745         \$176.76           NON CASH COSTS           Purchased Livestock         \$1,104         \$33.97           Machinery & Equipment         \$3,645         \$112.14           Housing & Improvements         \$3,205         \$98.62           Interest on Retained Livestock <sup>6</sup> \$1,270         \$39.06           Management & Operation Labor (6% of gross returns)         \$6,737         \$207.29           TOTAL FIXED COSTS         \$21,705         \$667.84           TOTAL CASH AND VARIABLE COSTS         \$13,232         \$407.12           TOTAL COSTS         \$29,192         \$898.20           RETURN ABOVE TOTAL CASH COSTS         \$992         \$30.53		Annual Capital Recovery⁴ (At R	eplacement Va	lve):		Represents 65% Asset Ownership 5	VALUE PER COV	NEW VALUE
Overhead         \$2,100 \$5,745         \$64.62 \$176.76           NON CASH COSTS         NON CASH COSTS           Purchased Livestock Machinery & Equipment Housing & Improvements         \$1,104 \$33.97         \$33.97 \$112.14           Housing & Improvements         \$3,205 \$3,205         \$88.62           Interest on Retained Livestock <sup>6</sup> Management & Operation Labor (6% of gross returns)         \$1,270 \$15,960         \$39.06 \$491.08           TOTAL FIXED COSTS         \$21,705 \$13,232         \$667.84           TOTAL CASH AND VARIABLE COSTS         \$13,232 \$407.12         \$407.12           TOTAL COSTS         \$29,192         \$898.20           RETURN ABOVE TOTAL CASH COSTS         \$992         \$30.53						\$3.645	\$112 14	
NON CASH COSTS								
Purchased Livestock         \$1,104         \$33.97           Machinery & Equipment         \$3,645         \$112.14           Housing & Improvements         \$3,205         \$98.62           Interest on Retained Livestock 6         \$1,270         \$39.06           Management & Operation Labor (6% of gross returns)         \$6,737         \$207.29           TOTAL FIXED COSTS         \$21,705         \$667.84           TOTAL CASH AND VARIABLE COSTS         \$13,232         \$407.12           TOTAL COSTS         \$29,192         \$898.20           RETURN ABOVE TOTAL CASH COSTS         \$992         \$30.53	**							
Purchased Livestock         \$1,104         \$33.97           Machinery & Equipment         \$3,645         \$112.14           Housing & Improvements         \$3,205         \$98.62           Interest on Retained Livestock 6         \$1,270         \$39.06           Management & Operation Labor (6% of gross returns)         \$6,737         \$207.29           TOTAL FIXED COSTS         \$21,705         \$667.84           TOTAL CASH AND VARIABLE COSTS         \$13,232         \$407.12           TOTAL COSTS         \$29,192         \$898.20           RETURN ABOVE TOTAL CASH COSTS         \$992         \$30.53	NON CASH COSTS							
Machinery & Equipment       \$3,645       \$112.14         Housing & Improvements       \$3,205       \$98.62         Interest on Retained Livestock 6       \$1,270       \$39.06         Management & Operation Labor (6% of gross returns)       \$6,737       \$207.29         TOTAL FIXED COSTS       \$15,960       \$491.08         TOTAL CASH AND VARIABLE COSTS       \$13,232       \$407.12         TOTAL COSTS       \$29,192       \$898.20         RETURN ABOVE TOTAL CASH COSTS       \$992       \$30.53						\$1.104	\$33 Q7	
Housing & Improvements   \$3,205   \$98.62								
Interest on Retained Livestock   \$1,270   \$39.06								
Management & Operation Labor (6% of gross returns)         \$6,737 \$207.29 \$15,960 \$491.08           TOTAL FIXED COSTS         \$21,705 \$667.84           TOTAL CASH AND VARIABLE COSTS         \$13,232 \$407.12           TOTAL COSTS         \$29,192 \$898.20           RETURN ABOVE TOTAL CASH COSTS         \$992 \$30.53		ck <sup>6</sup>						
TOTAL FIXED COSTS   \$21,705   \$667.84     TOTAL CASH AND VARIABLE COSTS   \$13,232   \$407.12     TOTAL COSTS   \$29,192   \$898.20     RETURN ABOVE TOTAL CASH COSTS   \$992   \$30.53								
TOTAL FIXED COSTS         \$21,705         \$667.84           TOTAL CASH AND VARIABLE COSTS         \$13,232         \$407.12           TOTAL COSTS         \$29,192         \$898.20           RETURN ABOVE TOTAL CASH COSTS         \$992         \$30.53	management a Operation La	( 0 /0 or grood returns)						
TOTAL CASH AND VARIABLE COSTS         \$13,232         \$407.12           TOTAL COSTS         \$29,192         \$898.20           RETURN ABOVE TOTAL CASH COSTS         \$992         \$30.53	TOTAL FIXED COSTS							
TOTAL COSTS         \$29,192         \$898.20           RETURN ABOVE TOTAL CASH COSTS         \$992         \$30.53		OSTS						
RETURN ABOVE TOTAL CASH COSTS \$992 \$30.53								
<u></u>		COSTS						
BREAKEVEN CALCULATIONS		-				<del></del>	, = = = = •	
	BREAKEVEN CALCULATIONS							
VARIABLE TOTAL								
COSTS COSTS		L	COSTS	COSTS				
REQUIRED AVG. CALF PRICES CASH COST (cwt) \$57.02 \$100.77	REQUIRED AVG.	CALF PRICES CASH COST (cwt)	\$57.02	\$100.77				
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt) \$57.02 \$222.33	REQUIRED AVG. CA	ALF PRICES TOTAL COSTS(cwt)	\$57.02	\$222.33				

Calf crop is defined as the actual number of calves sold divided, by the total number of cows (assuming all cows were exposed).
 Prices represent 2010 price projections from Cattle Fax, Doanes reports for New Mexico feeder cattle cash prices.
 Market prices include commissions, brand inspections, beef council, yardage, feed, and insurance

<sup>4)</sup> Annual capital recovery is the method of calculating depreciation and interest recommended by the National Task Force on Commodity Costs and Returns Measurement Methods.

<sup>5)</sup> The 35% reduction in asset values which represent a mix of new and used machinery.

<sup>6)</sup> Interest on average investment.