

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

BREED HERD SIZE 400 COW TO BULL 20 CALF CROP PERCENT<sup>1</sup> 83%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 60

VALUE OF PRODUCTION						VALUE PER COW	
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE		NEW VALUE	
STEER CALVES	166	510	\$1.11	\$93,973	\$234.93	_____	
HEIFER CALVES	106	485	\$1.04	\$53,466	\$133.67	_____	
CULL COWS	37	900	\$0.43	\$14,319	\$35.80	_____	
CULL BULLS	1	1200	\$0.50	\$600	\$1.50	_____	
TOTAL	310			\$162,358	\$405.90	_____	

VARIABLE COSTS						VALUE PER COW	
	UNITS	QUANTITY/PERCENT	PRICE	COST		NEW VALUE	
<b>1. FEED COSTS</b>							
HAY	TON	30.00	\$125	\$3,750	\$9.38	_____	
STATE	AUY	45.0%	\$34.20	\$6,156	\$15.39	_____	
FEDERAL LEASE	AUY	35.0%	\$16.92	\$2,369	\$5.92	_____	
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	\$215	\$1,290	\$3.23	_____	
PROTEIN SUPP	TON	6.00	\$215	\$1,290	\$3.23	_____	
OTHER		0.00	\$0	\$0	\$0.00	_____	
TOTAL				\$14,855	\$37.14	_____	
<b>2. OTHER VARIABLE COSTS</b>							
VET AND MEDICINE				\$5,500	\$13.75	_____	
LIVESTOCK HAULING				\$1,395	\$3.49	_____	
HIRED LABOR				\$20,160	\$50.40	_____	
OPERATING COSTS-EQUIP & MACH				\$4,200	\$10.50	_____	
OPERATING COSTS-VEHICLE				\$3,920	\$9.80	_____	
RANCH MAINTENANCE				\$3,696	\$9.24	_____	
BEEF CHECKOFF				\$272	\$0.68	_____	
OTHER				\$6,000	\$15.00	_____	
TOTAL				\$45,143	\$112.86	_____	

3. INTEREST ON VARIABLE COSTS						VALUE PER COW	
						NEW VALUE	
SUM OF VARIABLE COSTS X MONTHS BORROWED							
X INTEREST RATE PER MONTH							
ANNUAL INTEREST RATE							
				7.50%			
NUMBER OF MONTHS BORROWED							
				6			
				\$2,250	\$5.62	_____	
TOTAL				\$62,248	\$155.62	_____	
TOTAL				\$100,110	\$250.28	_____	

OWNERSHIP COSTS						VALUE PER COW		NEW VALUE
Annual Capital Recovery <sup>4</sup> (At Replacement Value):				Represents 65% Asset Ownership <sup>5</sup>				
<b>CASH COSTS</b>								
Taxes & Insurance				\$13,179	\$32.95	_____		
Overhead				\$3,500	\$8.75	_____		
Total				\$16,679	\$41.70	_____		
<b>NON CASH COSTS</b>								
Purchased Livestock				\$11,372	\$28.43	_____		
Machinery & Equipment				\$13,179	\$32.95	_____		
Housing & Improvements				\$33,180	\$82.95	_____		
Interest on Retained Livestock <sup>6</sup>				\$20,314	\$50.78	_____		
Management & Operation Labor ( 6% of gross returns)				\$9,741	\$24.35	_____		
Total				\$87,786	\$219.46	_____		
TOTAL FIXED COSTS				\$104,465	\$261.16	_____		
TOTAL CASH AND VARIABLE COSTS				\$78,927	\$197.32	_____		
TOTAL COSTS				\$166,712	\$416.78	_____		
RETURN ABOVE TOTAL CASH COSTS				\$83,431	\$208.58	_____		
RETURN ABOVE TOTAL COSTS				(\$4,354)	(\$10.89)	_____		

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$37.69	\$47.79	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$37.69	\$100.93	

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 2010 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
8,000	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	7.0%	\$60,000	\$12,000	7	50	\$4,873
1	1 ton pickup 4WD	\$32,000	7.0%	\$32,000	\$6,400	7	50	\$2,599
1	Tractor	\$5,000	7.0%	\$5,000	\$1,000	7	100	\$812
3	Gooseneck trailer	\$6,500	7.0%	\$19,500	\$3,900	7	100	\$3,168
1	Horse tack	\$6,500	7.0%	\$6,500	\$1,300	10	100	\$831
1	Misc. equipment	\$7,000	7.0%	\$7,000	\$1,400	10	100	\$895
<b>Sub Total</b>				\$130,000				\$13,179
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
13	Horses	\$2,000	7.0%	\$26,000	\$9,880	10	100	\$2,987
20	Bulls	\$2,000	7.0%	\$40,000	\$15,200	4	100	\$8,386
100	Cows	\$800	7.0%	\$80,000	\$30,400	8	100	\$10,434
<b>166</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$66,000				\$11,372
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
400	Cows	\$800	7.0%	\$320,000	\$121,600			\$17,664
60	Replacement Heifers	\$800	7.0%	\$48,000	\$18,240			\$2,650
<b>445</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$368,000	\$139,840			\$20,314
<b>Total</b>				<u>\$2,952,000</u>				<u>\$66,672</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 7.00% was used.