

**CENTRAL MOUNTAIN REGION  
SMALL 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
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			
<b>Sub Totals</b>				\$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
<b>Sub Totals</b>				\$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
<b>Sub Total</b>				\$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	\$2,500	7.0%	\$3,125	\$1,188	4	100	\$655
<b>5</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$9,125				\$1,344
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
25	Cows	\$1,000	7.0%	\$25,000	\$9,500			\$1,380
4	Replacement Heifers	\$1,000	7.0%	\$3,750	\$1,425			\$207
<b>28</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$28,750	\$10,925			\$1,587
<b>Total</b>				<u>\$320,625</u>				<u>\$8,437</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.

3) 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**

BREED HERD SIZE      45                      COW to BULL      20                      CALF CROP PERCENT<sup>1</sup>      80%  
CULL RATE      15%                      REPLACEMENT HEIFER'S KEPT      6.75

**VALUE OF PRODUCTION**

	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
STEER CALVES	18	515	\$1.25	\$11,588	\$257.50	_____
HEIFER CALVES	11	495	\$1.17	\$6,515	\$144.79	_____
CULL COWS	7	900	\$0.52	\$3,159	\$70.20	_____
CULL BULLS	1	1200	\$0.67	\$804	\$17.87	_____
<b>TOTAL</b>	<b>37</b>			<b>\$22,066</b>	<b>\$490.35</b>	_____

**VARIABLE COSTS**

		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
<b>1. FEED COSTS</b>							
	HAY	TON	5.00	\$125	\$625	\$13.89	_____
	STATE	AUY	0.0%	\$38.04	\$0	\$0.00	_____
	FEDERAL LEASE	AUY	50.0%	\$20.16	\$907	\$20.16	_____
	PRIVATE(Owned)	AUY	50.0%	\$0.00	\$0	\$0.00	_____
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	_____
	SALT & MINERAL	TON	2.00	\$240	\$480	\$10.67	_____
	PROTEIN SUPP	TON	3.00	\$415	\$1,245	\$27.67	_____
	OTHER		0.00	\$0	\$0	\$0.00	_____
	<b>TOTAL</b>				<b>\$3,257</b>	<b>\$72.38</b>	_____
<b>2. OTHER VARIABLE COSTS</b>							
	VET AND MEDICINE				\$637	\$14.16	_____
	LIVESTOCK HAULING				\$171	\$3.81	_____
	HIRED LABOR				\$500	\$11.11	_____
	OPERATING COSTS-EQUIP & MACH				\$603	\$13.39	_____
	OPERATING COSTS-VEHICLE				\$1,404	\$31.20	_____
	RANCH MAINTENANCE				\$1,521	\$33.80	_____
	BEEF CHECKOFF				\$29	\$0.65	_____
	PURCHASED LIVESTOCK				\$4,500	\$100.00	_____
	<b>TOTAL</b>				<b>\$9,366</b>	<b>\$208.12</b>	_____
<b>3. INTEREST ON VARIABLE COSTS</b>							
	SUM OF VARIABLE COSTS X MONTHS BORROWED						
	X INTEREST RATE PER MONTH						
	ANNUAL INTEREST RATE				7.00%		
	NUMBER OF MONTHS BORROWED				6	<b>VALUE PER COW</b>	
					\$442	\$9.82	_____
					<b>\$13,065</b>	<b>\$290.32</b>	_____
<b>TOTAL</b>					<b>\$9,001</b>	<b>\$200.03</b>	_____

**OWNERSHIP COSTS**

		<u>Annual Capital Recovery<sup>4</sup> (At Replacement Value):</u>	<u>Represents 65% Asset Ownership<sup>5</sup></u>	<u>VALUE PER COW</u>	<u>NEW VALUE</u>
<b>CASH COSTS</b>					
	Taxes & Insurance			\$3,645	\$80.99
	Overhead			\$2,500	\$55.56
				<b>\$6,145</b>	<b>\$136.55</b>
<b>NON CASH COSTS</b>					
	Purchased Livestock			\$1,380	\$30.67
	Machinery & Equipment			\$3,645	\$80.99
	Housing & Improvements			\$3,205	\$71.22
	Interest on Retained Livestock <sup>6</sup>			\$1,587	\$35.27
	Management & Operation Labor ( 6% of gross returns)			\$9,001	\$200.03
				<b>\$18,818</b>	<b>\$418.18</b>
<b>TOTAL FIXED COSTS</b>				<b>\$24,963</b>	<b>\$554.73</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$19,209</b>	<b>\$426.87</b>
<b>TOTAL COSTS</b>				<b>\$38,027</b>	<b>\$845.05</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$2,857</b>	<b>\$63.48</b>

**BREAKEVEN CALCULATIONS**

	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$71.86	\$105.66
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$71.86	\$209.17

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 2011 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.