

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

BREED HERD SIZE	450	COW TO BULL	20	CALF CROP PERCENT <sup>1</sup>	86%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	67.5

#### VALUE OF PRODUCTION

	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW	NEW VALUE
STEER CALVES	194	510	\$1.23	\$121,383	\$269.74	
HEIFER CALVES	126	485	\$1.15	\$70,277	\$156.17	
CULL COWS	67.5	900	\$0.50	\$30,375	\$67.50	
CULL BULLS	1	1200	\$0.65	\$780	\$1.73	
<b>TOTAL</b>	<b>388</b>			<b>\$222,814</b>	<b>\$495.14</b>	

#### VARIABLE COSTS

		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	NEW VALUE
<b>1. FEED COSTS</b>							
	HAY	TON	30.00	\$125	\$3,750	\$8.33	
	STATE	AU Y	45.0%	\$43.32	\$8,772	\$19.49	
	FEDERAL LEASE	AU Y	35.0%	\$20.16	\$3,175	\$7.06	
	PRIVATE(Owned)	AU Y	20.0%	\$0.00	\$0	\$0.00	
	PRIVATE(Leased Grazing)	AU Y	0.0%	\$0.00	\$0	\$0.00	
	SALT & MINERAL	TON	6.00	\$240	\$1,440	\$3.20	
	PROTEIN SUPP	TON	6.00	\$415	\$2,490	\$5.53	
	OTHER		0.00	\$0	\$0	\$0.00	
	<b>TOTAL</b>				<b>\$19,628</b>	<b>\$43.62</b>	

#### 2. OTHER VARIABLE COSTS

		COST	VALUE PER COW	NEW VALUE
	VET AND MEDICINE	\$6,373	\$14.16	
	LIVESTOCK HAULING	\$1,798	\$4.00	
	HIRED LABOR	\$21,060	\$46.80	
	OPERATING COSTS-EQUIP & MACH	\$4,388	\$9.75	
	OPERATING COSTS-VEHICLE	\$4,095	\$9.10	
	RANCH MAINTENANCE	\$3,861	\$8.58	
	BEEF CHECKOFF	\$320	\$0.71	
	OTHER	\$12,000	\$26.67	
	<b>TOTAL</b>	<b>\$53,895</b>	<b>\$119.77</b>	

#### 3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED				
X INTEREST RATE PER MONTH				
ANNUAL INTEREST RATE		7.00%		
NUMBER OF MONTHS BORROWED		6	VALUE PER COW	
		\$2,573	\$5.72	

	<b>\$76,095</b>	<b>\$169.10</b>	
<b>TOTAL</b>	<b>\$146,719</b>	<b>\$326.04</b>	

#### OWNERSHIP COSTS

		Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW	NEW VALUE
<b>CASH COSTS</b>					
	Taxes & Insurance		\$13,179	\$29.29	
	Overhead		\$3,500	\$7.78	
	<b>Total</b>		<b>\$16,679</b>	<b>\$37.06</b>	
<b>NON CASH COSTS</b>					
	Purchased Livestock		\$14,779	\$32.84	
	Machinery & Equipment		\$13,179	\$29.29	
	Housing & Improvements		\$33,180	\$73.73	
	Interest on Retained Livestock <sup>6</sup>		\$28,566	\$63.48	
	Management & Operation Labor ( 6% of gross returns)		\$13,369	\$29.71	
	<b>Total</b>		<b>\$103,072</b>	<b>\$229.05</b>	

<b>TOTAL FIXED COSTS</b>	<b>\$119,751</b>	<b>\$266.11</b>	
<b>TOTAL CASH AND VARIABLE COSTS</b>	<b>\$92,774</b>	<b>\$206.16</b>	
<b>TOTAL COSTS</b>	<b>\$195,846</b>	<b>\$435.21</b>	
<b>RETURN ABOVE TOTAL CASH COSTS</b>	<b>\$130,040</b>	<b>\$288.98</b>	
<b>RETURN ABOVE TOTAL COSTS</b>	<b>\$26,968</b>	<b>\$59.93</b>	

#### BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$39.52	\$48.19
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$39.52	\$101.72

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.

**NORTHWEST MOUNTAIN 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>
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				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
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
<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>			
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
<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>			
13	Horses	\$2,000	7.0%	\$26,000	\$9,880	10	100	\$2,987
23	Bulls	\$2,500	7.0%	\$56,250	\$21,375	4	100	\$11,792
100	Cows	\$1,000	7.0%	\$100,000	\$38,000	8	100	\$13,043
<b>169</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$82,250				\$14,779
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>		<b>Interest on Investment</b>	
450	Cows	\$1,000	7.0%	\$450,000	\$171,000			\$24,840
68	Replacement Heifers	\$1,000	7.0%	\$67,500	\$25,650			\$3,726
<b>501</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$517,500	\$196,650			\$28,566
<b>Total</b>				<u>\$3,117,750</u>				<u>\$74,924</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.