

**NORTHEAST REGION  
EX-LARGE COW/CALF BUDGET 2016**

BREED HERD SIZE 495 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 85%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 74

| VALUE OF PRODUCTION |            |        |                    | VALUE PER COW    |                 |       |
|---------------------|------------|--------|--------------------|------------------|-----------------|-------|
|                     | QUANTITY   | WEIGHT | PRICE <sup>2</sup> | VALUE            | NEW VALUE       |       |
| STEER CALVES        | 210        | 550    | \$2.15             | \$248,768        | \$502.56        | _____ |
| HEIFER CALVES       | 136        | 515    | \$2.08             | \$145,817        | \$294.58        | _____ |
| CULL COWS           | 94         | 1000   | \$0.81             | \$76,343         | \$154.23        | _____ |
| CULL BULLS          | 1          | 1200   | \$0.92             | \$1,104          | \$2.23          | _____ |
| FEE HUNTING         | 1          |        |                    | \$12,000         | \$24.24         | _____ |
| <b>TOTAL</b>        | <b>442</b> |        |                    | <b>\$484,032</b> | <b>\$977.84</b> | _____ |

| VARIABLE COSTS          |       |                  |         | VALUE PER COW   |                 |       |
|-------------------------|-------|------------------|---------|-----------------|-----------------|-------|
|                         | UNITS | QUANTITY/PERCENT | PRICE   | COST            | NEW VALUE       |       |
| <b>1. FEED COSTS</b>    |       |                  |         |                 |                 |       |
| HAY                     | TON   | 99.00            | \$155   | \$15,345        | \$31.00         | _____ |
| STATE                   | AUY   | 30.0%            | \$43.32 | \$6,433         | \$13.00         | _____ |
| FEDERAL LEASE           | AUY   | 7.0%             | \$20.88 | \$10,336        | \$20.88         | _____ |
| PRIVATE(Owned)          | AUY   | 55.0%            | \$0.00  | \$0             | \$0.00          | _____ |
| PRIVATE(Leased Grazing) | AUY   | 0.0%             | \$0.00  | \$0             | \$0.00          | _____ |
| SALT & MINERAL          | TON   | 18               | \$710   | \$12,828        | \$25.92         | _____ |
| PROTEIN SUPP            | TON   | 93               | \$315   | \$29,236        | \$59.06         | _____ |
| OTHER                   |       | 0.00             | \$0     | \$0             | \$0.00          | _____ |
| <b>TOTAL</b>            |       |                  |         | <b>\$74,177</b> | <b>\$149.85</b> | _____ |

|                                |  |  |  |                  |                 |       |
|--------------------------------|--|--|--|------------------|-----------------|-------|
| <b>2. OTHER VARIABLE COSTS</b> |  |  |  |                  |                 |       |
| VET AND MEDICINE               |  |  |  | \$8,236          | \$16.64         | _____ |
| LIVESTOCK HAULING              |  |  |  | \$2,405          | \$4.86          | _____ |
| HIRED LABOR                    |  |  |  | \$32,000         | \$64.65         | _____ |
| OPERATING COSTS-EQUIP & MACH   |  |  |  | \$3,500          | \$7.07          | _____ |
| OPERATING COSTS-VEHICLE        |  |  |  | \$12,000         | \$24.24         | _____ |
| RANCH MAINTENANCE              |  |  |  | \$12,000         | \$24.24         | _____ |
| BEEF CHECKOFF                  |  |  |  | \$347            | \$0.70          | _____ |
| LIVESTOCK PURCHASES            |  |  |  | \$30,000         | \$60.61         | _____ |
| <b>TOTAL</b>                   |  |  |  | <b>\$100,487</b> | <b>\$203.00</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                | VALUE PER COW   |       |
|   |  |  |  | \$6,113          | \$12.35         | _____ |
| <b>TOTAL</b>                            |  |  |  | <b>\$180,778</b> | <b>\$365.21</b> | _____ |
| <b>TOTAL</b>                            |  |  |  | <b>\$303,254</b> | <b>\$612.63</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                                   |  |  | \$14,987                                    | \$30.28         | _____     |
| Overhead  |  |  | \$5,000                                     | \$10.10         | _____     |
| <b>Total</b>  |  |  | <b>\$19,987</b>                             | <b>\$40.38</b>  | _____     |
| <b>NON CASH COSTS</b>                               |  |  |   |                 |           |
| Purchased Livestock                                 |  |  | \$19,844                                    | \$40.09         | _____     |
| Machinery & Equipment                               |  |  | \$14,987                                    | \$30.28         | _____     |
| Housing & Improvements                              |  |  | \$34,724                                    | \$70.15         | _____     |
| Interest on Retained Livestock <sup>6</sup>         |  |  | \$44,421                                    | \$89.74         | _____     |
| Management & Operation Labor ( 6% of gross returns) |  |  | \$18,195                                    | \$36.76         | _____     |
| <b>Total</b>  |  |  | <b>\$132,171</b>                            | <b>\$267.01</b> | _____     |
| <b>TOTAL FIXED COSTS</b>                            |  |  | <b>\$152,158</b>                            | <b>\$307.39</b> | _____     |
| <b>TOTAL CASH AND VARIABLE COSTS</b>                |  |  | <b>\$200,765</b>                            | <b>\$405.59</b> | _____     |
| <b>TOTAL COSTS</b>                                  |  |  | <b>\$332,937</b>                            | <b>\$672.60</b> | _____     |
| <b>RETURN ABOVE TOTAL CASH COSTS</b>                |  |  | <b>\$283,267</b>                            | <b>\$572.26</b> | _____     |
| <b>RETURN ABOVE TOTAL COSTS</b>                     |  |  | <b>\$151,095</b>                            | <b>\$305.24</b> | _____     |

| BREAKEVEN CALCULATIONS                     |                |             |
|--|----------------|-------------|
|  | VARIABLE COSTS | TOTAL COSTS |
| REQUIRED AVG. CALF PRICES CASH COST (cwt)  | \$80.69        | \$89.61     |
| REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt) | \$80.69        | \$148.60    |

**NORTHEAST REGION  
EXTRA-LARGE RANCH INVESTMENTS**

| <b>Number</b>     | <b>Land Values</b>              | <b>Price Per Unit</b> | <b>10 Yr Avg<br/>Rate of Return</b> | <b>Purchase<br/>Price</b> | <b>Salvage/Cull<br/>Value</b> | <b>Useful<br/>Life</b> | <b>Livestock<br/>Share</b> | <b>Annual Capital<br/>Recovery</b> |
|-------------------|---------------------------------|-----------------------|-------------------------------------|---------------------------|-------------------------------|------------------------|----------------------------|------------------------------------|
| 15,000            | Acres of private land           | \$200                 | 3.9%                                | \$3,000,000               | \$3,000,000                   |                        |                            |                                    |
| 500               | AU Values <sup>1</sup>          | \$2,500               | 3.9%                                | \$1,250,000               | \$1,250,000                   |                        |                            |                                    |
| <b>Sub Totals</b> |                                 |                       |                                     | \$4,250,000               |                               |                        |                            |                                    |
| <b>Number</b>     | <b>Buildings, Improvements</b>  | <b>Price Per Unit</b> |                                     |                           |                               |                        |                            |                                    |
| 16                | Miles of pipeline               | \$2,000               | 3.9%                                | \$32,000                  | \$3,200                       | 25                     | 100                        | \$1,949                            |
| 10                | Wells                           | \$12,000              | 3.9%                                | \$120,000                 | \$12,000                      | 25                     | 100                        | \$7,308                            |
| 95                | Miles of Fence                  | \$4,000               | 3.9%                                | \$380,000                 | \$38,000                      | 25                     | 100                        | \$23,143                           |
| 2                 | Corrals/Working Facilities      | \$12,000              | 3.9%                                | \$24,000                  | \$2,400                       | 30                     | 100                        | \$1,328                            |
| 1                 | Barns & Shop                    | \$18,000              | 3.9%                                | \$18,000                  | \$1,800                       | 30                     | 100                        | \$996                              |
| <b>Sub Totals</b> |                                 |                       |                                     | \$574,000                 |                               |                        |                            | \$34,724                           |
| <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              | \$42,000              | 4.0%                                | \$84,000                  | \$16,800                      | 7                      | 50                         | \$5,934                            |
| 1                 | 1 ton pickup 4WD                | \$45,000              | 4.0%                                | \$45,000                  | \$9,000                       | 7                      | 50                         | \$3,179                            |
| 1                 | Tractor                         | \$7,000               | 4.0%                                | \$7,000                   | \$1,400                       | 7                      | 100                        | \$989                              |
| 3                 | Gooseneck trailer               | \$7,500               | 4.0%                                | \$22,500                  | \$4,500                       | 7                      | 100                        | \$3,179                            |
| 1                 | Horse tack                      | \$6,000               | 4.0%                                | \$6,000                   | \$1,200                       | 10                     | 100                        | \$640                              |
| 1                 | Misc. equipment                 | \$10,000              | 4.0%                                | \$10,000                  | \$2,000                       | 10                     | 100                        | \$1,066                            |
| <b>Sub Total</b>  |                                 |                       |                                     | \$174,500                 |                               |                        |                            | \$14,987                           |
| <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                          | \$1,200               | 4.0%                                | \$15,600                  | \$5,928                       | 10                     | 100                        | \$1,430                            |
| 25                | Bulls                           | \$4,000               | 4.0%                                | \$99,000                  | \$37,620                      | 4                      | 100                        | \$18,414                           |
| 90                | Cows                            | \$2,500               | 4.0%                                | \$225,000                 | \$85,500                      | 8                      | 100                        | \$24,140                           |
| <b>160</b>        | <b>Total AUYS</b>               |                       |                                     |                           |                               |                        |                            |                                    |
| <b>Sub Total</b>  |                                 |                       |                                     | \$114,600                 |                               |                        |                            | \$19,844                           |
| <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>      |
| 495               | Cows                            | \$2,500               | 4.0%                                | \$1,237,500               | \$470,250                     |                        |                            | \$39,034                           |
| 74                | Replacement Heifers             | \$2,300               | 4.0%                                | \$170,775                 | \$64,895                      |                        |                            | \$5,387                            |
| <b>551</b>        | <b>Total AUYS</b>               |                       |                                     |                           |                               |                        |                            |                                    |
| <b>Sub Total</b>  |                                 |                       |                                     | \$1,408,275               | \$535,145                     |                        |                            | \$44,421                           |
| <b>Total</b>      |                                 |                       |                                     | <u>\$6,521,375</u>        |                               |                        |                            | <u>\$94,132</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.