

**CENTRAL MOUNTAIN REGION
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
10,000	Acres of private land	\$200	3.9%	\$2,000,000	\$2,000,000			\$1,550.00
307	AU Values ¹	\$3,000	3.9%	\$921,375	\$921,375			
Sub Totals								\$2,921,375
Number	Buildings, Improvements	Price Per Unit						
4	Miles of pipeline	\$2,000	3.9%	\$8,000	\$800	25	100	\$487
2	Wells	\$13,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
40	Miles of Fence	\$4,000	3.9%	\$160,000	\$16,000	25	100	\$9,745
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								\$209,000
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$6,500	7.5%	\$6,500	\$1,300	10	100	\$855
1	Misc. equipment	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
Sub Total								\$90,000
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
11	Bulls	\$2,000	6.5%	\$22,750	\$8,645	4	100	\$4,679
53	Cows	\$800	6.5%	\$42,400	\$16,112	8	100	\$5,365
93	Total AUUs			\$47,750				\$7,453
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
228	Cows	\$800	6.5%	\$182,000	\$69,160			\$9,329
34	Replacement Heifers	\$800	6.5%	\$27,300	\$10,374			\$1,399
253	Total AUUs							
Sub Total				\$209,300	\$79,534			\$10,728
Total								\$3,477,425
								\$35,925

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 7.50% was used.

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

**CENTRAL REGION
LARGE COW/CALF BUDGET**

BREED HERD SIZE 228 COW to BULL 20 CALF CROP PERCENT¹ 85%
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 34

VALUE OF PRODUCTION							
	QUANTITY	WEIGHT	PRICE ²	VALUE	VALUE PER COW		
							NEW VALUE
STEER CALVES	97	515	\$1.10	\$54,773	\$240.76		
HEIFER CALVES	63	495	\$1.02	\$31,588	\$138.85		
CULL COWS	34	900	\$0.42	\$12,899	\$56.70		
CULL BULLS	1	1200	\$0.49	\$588	\$2.58		
TOTAL	194			\$99,849	\$438.89		

VARIABLE COSTS							
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW		
							NEW VALUE
HAY	TON	45.50	\$150	\$6,825	\$30.00		
STATE	AUY	20.0%	\$33.36	\$0	\$0.00		
FEDERAL LEASE	AUY	40.0%	\$18.12	\$4,122	\$18.12		
PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00		
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00		
SALT & MINERAL	TON	6.00	\$250	\$1,500	\$6.59		
PROTEIN SUPP	TON	11.00	\$350	\$3,850	\$16.92		
OTHER		0.00	\$0	\$0	\$0.00		
TOTAL				\$16,297	\$71.64		

2. OTHER VARIABLE COSTS							
				COST	VALUE PER COW		
							NEW VALUE
VET AND MEDICINE				\$3,014	\$13.25		
LIVESTOCK HAULING				\$972	\$4.27		
HIRED LABOR				\$0	\$0.00		
OPERATING COSTS-EQUIP & MACH				\$1,760	\$7.74		
OPERATING COSTS-VEHICLE				\$2,283	\$10.03		
RANCH MAINTENANCE				\$2,970	\$13.05		
BEEF CHECKOFF				\$159	\$0.70		
PURCHASED LIVESTOCK				\$7,500	\$32.97		
TOTAL				\$18,658	\$82.01		

3. INTEREST ON VARIABLE COSTS							
SUM OF VARIABLE COSTS X MONTHS BORROWED					VALUE PER COW		
X INTEREST RATE PER MONTH							
ANNUAL INTEREST RATE				7.50%			
NUMBER OF MONTHS BORROWED				6			
				\$1,311	\$5.76		
				\$36,266	\$159.41		
TOTAL				\$63,582	\$279.48		

OWNERSHIP COSTS							
Annual Capital Recovery ⁴ (At Replacement Value):				Represents 65% Asset Ownership ⁵ VALUE PER COW NEW VALUE			
CASH COSTS							
Taxes & Insurance				\$11,301	\$49.67		
Overhead				\$2,200	\$9.67		
Total				\$13,501	\$59.34		
NON CASH COSTS							
Purchased Livestock				\$7,453	\$32.76		
Machinery & Equipment				\$11,001	\$48.36		
Housing & Improvements				\$14,195	\$62.40		
Interest on Retained Livestock ⁶				\$10,728	\$47.16		
Management & Operation Labor (6% of gross returns)				\$5,991	\$26.33		
Total				\$49,368	\$217.00		
TOTAL FIXED COSTS				\$62,869	\$276.35		
TOTAL CASH AND VARIABLE COSTS				\$49,767	\$218.76		
TOTAL COSTS				\$99,135	\$435.76		
RETURN ABOVE TOTAL CASH COSTS				\$50,082	\$220.14		
RETURN ABOVE TOTAL COSTS				\$713	\$3.13		

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$37.14	\$50.96	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$37.14	\$101.52	

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 2008 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.