

**SOUTHWEST REGION
SMALL RANCH INVESTMENTS**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return ¹	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
1,500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
64	AU Values	\$2,400	3.9%	\$153,600	\$153,600			
Sub Totals				\$266,100				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
2	Wells	\$12,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
25	Miles of Fence	\$4,000	3.9%	\$100,000	\$10,000	25	100	\$6,090
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Sub Totals				\$159,000				\$9,544
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ²	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	3/4 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Dozer/Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$6,500	7.5%	\$6,500	\$1,300	7	100	\$1,079
1	Horse tack	\$4,000	7.5%	\$4,000	\$800	10	100	\$526
1	Misc. equipment	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
Sub Total				\$44,000				\$4,556
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
4	Horses	\$2,500	6.5%	\$10,000	\$3,800	10	100	\$1,109
4	Bulls	\$2,000	6.5%	\$8,533	\$3,243	4	100	\$1,755
12	Cows	\$800	6.5%	\$9,600	\$3,648	8	100	\$1,215
25	Total AUYS							\$2,865
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
64	Cows	\$800	6.5%	\$51,200	\$19,456			\$2,624
10	Replacement Heifers	\$800	6.5%	\$7,680	\$2,918			\$394
71	Total AUYS							\$3,018
Sub Total				\$58,880	\$22,374			\$3,018
Total				<u>\$546,513</u>				<u>\$17,118</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 7.50% was used.

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