



# Range Livestock Costs and Returns for New Mexico, 1998



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## **INTRODUCTION**

Range livestock producers in New Mexico are influenced by many factors during a production year. These include financial and economic considerations vital to the success of the livestock operation. Access to this information gives producers, lending institutions, rangeland appraisers and other interested parties a better understanding of cash flow, debt structure and aggregate profitability of the entity. Cost and return estimates take into account external factors that directly impact the ranching operation, such as land use policy development, property taxes, and credit analysis for current and future financial decisions.

This study presents 15 individual cost and return estimates considering representative model cow-calf ranches of different sizes in five regions throughout New Mexico. The regions are county-specific (each county is wholly contained in one region) and are classified as: Central Mountain, Northeast, Northwest, Southeast, and Southwest. Within each region, individual budgets were developed for three ranches of differing size, ranging from extra-small in the Central Mountain region to extra-large in the Northeast, Northwest and Southeast regions. Throughout the analysis, number of mother cows is reported and a one-to-twenty bull ratio assumed.

## **RANCHING REGIONS**

Ranching regions were established based on commonality in rangeland type, historical use, topography and climatic conditions. New Mexico State University has an extended history of developing range livestock cost and return estimates, and the regional-basis budget development undertaken in this study has historical precedent.

### **Central Mountain**

This region comprises Taos, Rio Arriba, Sandoval, Santa Fe, San Miguel, Bernalillo, Torrance, Lincoln and Otero counties. Representative ranches modeled for the Central Mountain region were small, medium, and large in size.

Rangelands in the Central Mountain region range from high alpine meadows to lower valleys. Higher elevations may accumulate heavy snow pack throughout the winter months and may receive heavy rains in the summer months. Because of the varying topography of this region, annual precipitation levels within it vary from 8 to 30 inches (Palmer Drought Index). Both warm and cool season grasses are prevalent and are coupled with coniferous forest and browse species.

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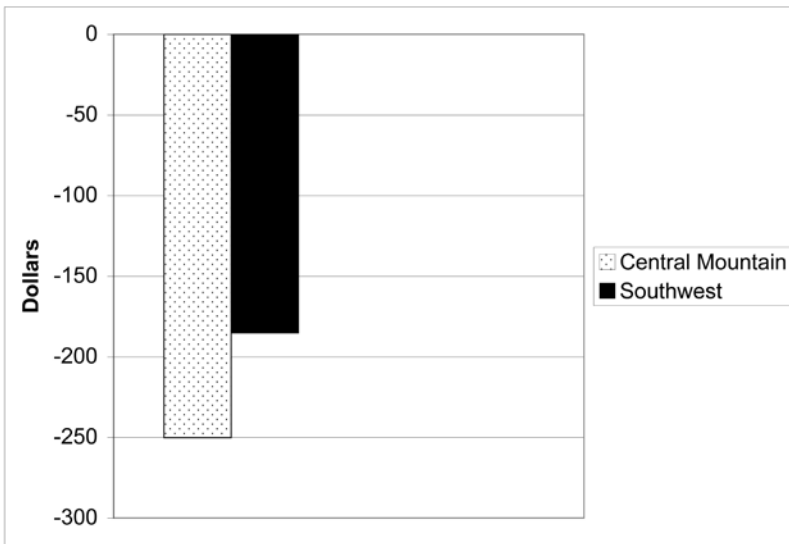


Figure 1. Economic returns for small New Mexico ranches, 1998

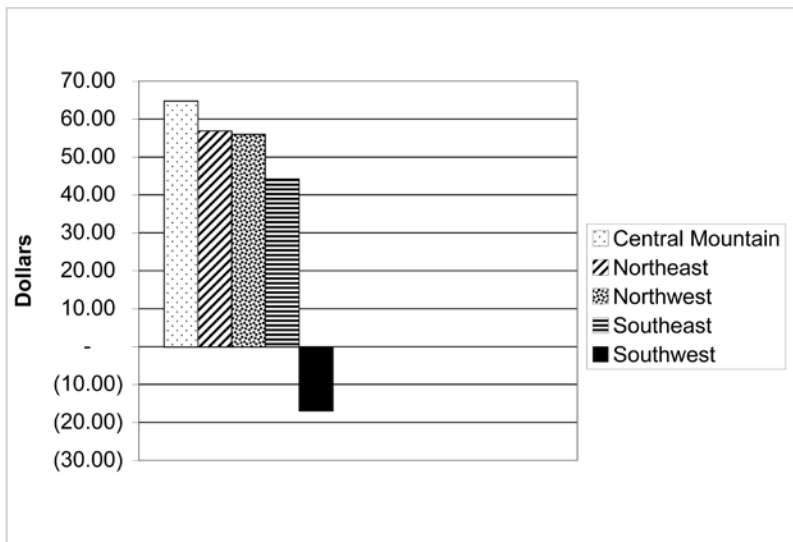


Figure 2. Economic returns for medium-sized New Mexico ranches, 1998

**Small Ranch**

The small representative ranch had 50 mature cows. A 15% culling rate was applied and an 84% calf crop percentage was assumed. Gross returns per cow were approximately \$320 with total costs approaching \$570 per cow, resulting in a loss of \$250 per cow (Figure 1).

**Medium Ranch**

The medium representative ranch had 200 mature cows. A 15% culling rate was applied and an 85% calf crop percentage was assumed. Gross returns per cow were approximately \$325 with total costs approaching \$260 per cow, resulting in a profit of \$65 per cow (Figure 2). Break-even calf prices were \$96 per hundred weight (cwt) with 1998 prices averaging \$76/cwt.

**Large Ranch**

The large representative ranch had 350 mature cows. A 15% culling rate was applied and an 85% calf crop percentage was assumed. Gross returns per cow were approximately \$325 with total costs approaching \$286 per cow, resulting in a profit of \$39 per cow (Figure 3). Break-even calf prices were \$96 per hundred weight (cwt) with 1998 prices averaging \$67/cwt.

**Northeast Region**

This region comprises Colfax, Curry, De Baca, Guadalupe, Harding, Quay, and Mora counties. Representative ranches modeled for the Northeast region were medium, large and extra-large in size.

Rangelands in the Northeast region are primarily prairie plains vegetated by perennial grasses. Precipitation in the region varies from 12 to 20 inches per year throughout the region (Palmer Drought Index). Stuckey and Henderson (1969) estimate carrying capacities ranging from 15 to 24 animal units yearlong (AUY).

**Medium Ranch**

The medium representative ranch had 200 mature cows. A 15% culling rate was applied and an 83% calf crop percentage was assumed. Gross returns per cow were approximately \$372 with total costs approaching \$315 per cow, resulting in a profit of greater than \$56 per cow (Figure 2). Break-even calf

prices were \$71 per hundred weight (cwt) with 1998 prices averaging \$80/cwt for this region.

**Large Ranch**

The large representative ranch had 350 mature cows. A 15% culling rate was applied and an 84% calf crop percentage was assumed. Gross returns per cow were approximately \$350 with total costs approaching \$260 per cow, resulting in a profit of \$89 per cow (Figure 3). Break-even calf prices were \$58 per hundred weight (cwt) with 1998 prices averaging \$80/cwt.

**Extra-Large Ranch**

The extra-large representative ranch had 550 mature cows. A 15% culling rate was applied and an 85% calf crop percentage was assumed. Gross returns per cow were approximately \$337 with total costs approaching \$253 per cow, resulting in a profit of \$84 per cow (Figure 4). Break-even calf prices were \$59 per hundred weight (cwt) with 1998 prices averaging \$80/cwt.

**Northwest Region**

This region comprises Bernalillo, Catron, McKinley, Rio Arriba, Sandoval, and San Juan counties. Representative ranches modeled for the Northeast region were medium, large and extra-large in size. Drought conditions persisted throughout 2000, reducing cow numbers again from 1999 levels. Supplemental feeding rates increased for each of the representative ranches modeled in this region.

Both warm and cool season grasses are found in this region, as are piñon, juniper, oak brush, ponderosa pine and sagebrush. Precipitation ranges between 12 and 20 inches annually, with most precipitation falling in the summer months. Stocking rates reported by Stuckey and Henderson (1969) are between 5 and 14 AUY per section. This

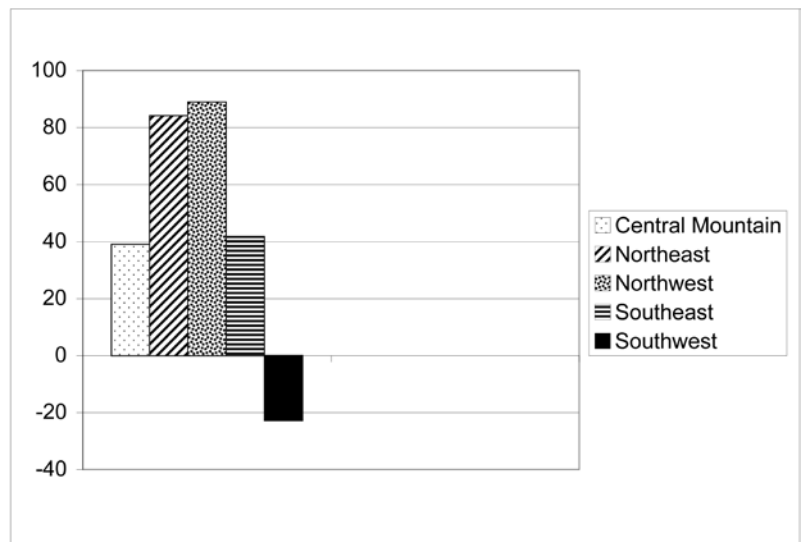


Figure 3. Economic returns for large New Mexico ranches, 1998

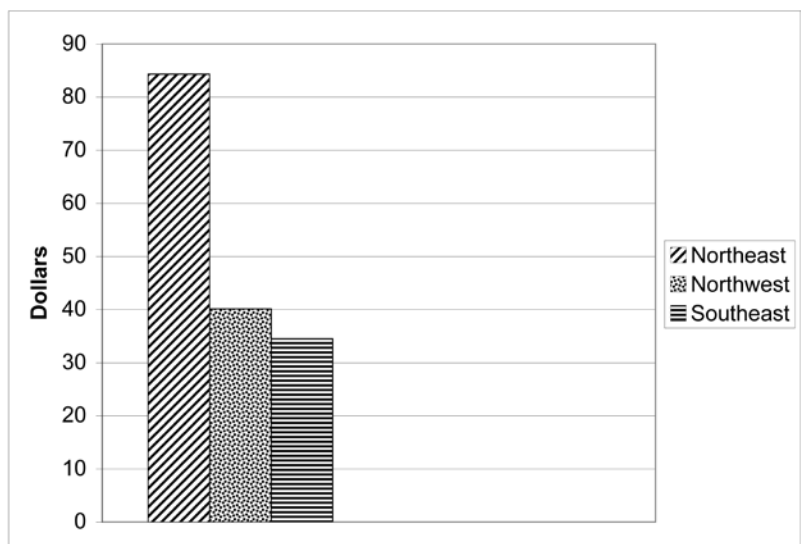


Figure 4. Economic returns for extra-large New Mexico ranches, 1998

variance is due to terrain, precipitation, and forage availability across the region.

**Medium Ranch**

The medium representative ranch had 200 mature cows. A 15% culling rate was applied and an 83% calf crop percentage was assumed. Gross returns per cow were approxi-

mately \$372 with total costs approaching \$315 per cow, resulting in a profit of greater than \$56 per cow (Figure 2). Break-even calf prices were \$71 per hundred weight (cwt) with 1998 prices averaging \$80/cwt for this region.

### **Large Ranch**

The large representative ranch had 350 mature cows. A 15% culling rate was applied and an 84% calf crop percentage was assumed. Gross returns per cow were approximately \$350 with total costs approaching \$260 per cow, resulting in a profit of \$89 per cow (Figure 3). Break-even calf prices were \$58 per hundred weight (cwt) with 1998 prices averaging \$80/cwt.

### **Extra-Large Ranch**

The extra-large representative ranch had 550 mature cows. A 15% culling rate was applied and an 85% calf crop percentage was assumed. Gross returns per cow were approximately \$295 with total costs approaching \$255 per cow, resulting in a profit of \$40 per cow (Figure 4). Break-even calf prices were \$255 per hundred weight (cwt) with 1998 prices averaging \$80/cwt.

### **Southeast Region**

The cost and return estimates in this region were based on data gathered in Chaves, Eddy, Lea, Lincoln, Otero, and Roosevelt counties. Representative ranches modeled for the Southeast region were medium, large and extra-large in size. Drought conditions worsened throughout 2000, resulting in further reductions in cow numbers for the Southeast region of New Mexico. These continuing drought conditions resulted in greater supplemental feeding rates.

Terrain in this region ranges from prairies to rough areas. Elevations vary from 3,000 to over 6,000 feet, with precipitation between 12 and 20 inches annually. Primary

grass species are grama, tobosa, and galleta. Prevalent shrubs and trees are piñon, juniper, and oak brush. Stuckey and Henderson (1969) estimate that due to the huge variability of soil type, forage, and precipitation levels stocking rates will range from 3 to 17 AUU per section.

### **Medium Ranch**

The medium representative ranch had 200 mature cows. A 15% culling rate was applied and an 82% calf crop percentage was assumed. Gross returns per cow were approximately \$322 with total costs approaching \$278 per cow, resulting in a profit of greater than \$44 per cow (Figure 2). Break-even calf prices were \$68 per hundred weight (cwt) with 1998 prices averaging \$76/cwt for this region.

### **Large Ranch**

The large representative ranch had 400 mature cows. A 15% culling rate was applied and an 84% calf crop percentage was assumed. Gross returns per cow were approximately \$290 with total costs approaching \$248 per cow, resulting in a profit of \$42 per cow (Figure 3). Break-even calf prices were \$61 per hundred weight (cwt) with 1998 prices averaging \$76/cwt.

### **Extra-Large Ranch**

The extra-large representative ranch had 550 mature cows. A 15% culling rate was applied and an 84% calf crop percentage was assumed. Gross returns per cow were approximately \$290 with total costs approaching \$255 per cow, resulting in a profit of \$34 per cow (Figure 4). Break-even calf prices were \$61 per hundred weight (cwt) with 1998 prices averaging \$76/cwt.

### **Southwest Region**

The cost and return estimates in this region were based on data gathered in Doña Ana,

Grant, Hidalgo, Luna, and Sierra counties. Representative ranches modeled for the Southwest region were small, medium and large in size.

Terrain in this region ranges from prairies to rough areas. Elevations vary from 4,000 to over 8,000 feet with precipitation between 9 and 16 inches annually. Black grama is the primary grass plant in this region, while creosote and mesquite make up the majority of brush. Stuckey and Henderson (1969) estimate that due to the huge variability in soil type, forage and precipitation levels in this region, stocking rates will range from 5 to 14 AU per section.

### **Small Ranch**

The small representative ranch had 40 mature cows. A 15% culling rate was applied and an 82% calf crop percentage was assumed. Gross returns per cow were approximately \$305 with total costs approaching \$490 per cow, resulting in a loss of \$185 per cow (Figure 1). Break-even calf prices were \$122 per hundred weight (cwt) with 1998 prices averaging \$74/cwt. The combination of increasing costs with stagnant cattle prices resulted in significant economic and financial losses.

### **Medium Ranch**

The medium representative ranch had 200 mature cows. A 15% culling rate was applied and an 82% calf crop percentage was assumed. Gross returns per cow were approximately \$307 with total costs approaching \$325 per cow, resulting in a loss of \$17 per cow (Figure 2). Break-even calf prices were \$81 per hundred weight (cwt) with 1998 prices averaging \$74/cwt. The combination of increasing costs with stagnant cattle prices resulted in significant economic and financial losses.

### **Large Ranch**

The large representative ranch had 400 mature cows. A 15% culling rate was applied and an 82% calf crop percentage was assumed. Gross returns per cow were approximately \$275 with total costs approaching \$299 per cow, resulting in a loss of \$22 per cow (Figure 3). Break-even calf prices were \$75 per hundred weight (cwt) with 1998 prices averaging \$74/cwt. The combination of increasing costs with stagnant cattle prices resulted in significant economic and financial losses.

### **SUMMARY**

Livestock production throughout New Mexico in 1998 resulted in mostly positive returns. Our model indicated that medium, large, and extra-large ranching operations in each region other than the Southwest made a profit. Cattle prices were relatively flat during 1998 relative to 1997 (Figure 5 provides aggregate beef cattle prices for New Mexico for 1998—these values are representative of all classes of beef cattle throughout the state). Costs, however, increased. The largest increase was found in supplemental feeding rates for each region. Precipitation levels in 1998 were normal or above throughout the entire state (Palmer Drought Indices).

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## **APPENDIX A**



**CENTRAL REGION  
SMALL COW/CALF BUDGET 1998**

BREED HERD SIZE		50	COW to BULL		20	CALF CROP PERCENT <sup>1</sup>		82%
CULL RATE		15%	REPLACEMENT HEIFER'S KEPT					7.5
<b>VALUE OF PRODUCTION</b>								
		<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>		
STEER CALVES		21	515	\$0.80	\$8,446	\$168.92		
HEIFER CALVES		13	495	\$0.72	\$4,633	\$92.66		
CULL COWS		8	900	\$0.37	\$2,498	\$49.95		
CULL BULLS		1	1200	\$0.41	\$492	\$9.84		
<b>TOTAL</b>		<b>42</b>			<b>\$16,069</b>	<b>\$321.37</b>		
<b>VARIABLE COSTS</b>								
<b>1. FEED COSTS</b>		<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>		
	HAY	TON	5.00	\$125	\$625	\$12.50		
	STATE	AUY	0.0%	\$25.08	\$0	\$0.00		
	FEDERAL LEASE	AUY	50.0%	\$16.20	\$810	\$16.20		
	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	\$120	\$240	\$4.80		
	PROTEIN SUPP	TON	4.00	\$300	\$1,200	\$24.00		
	OTHER		0.00	\$0	\$0	\$0.00		
<b>TOTAL</b>					<b>\$2,875</b>	<b>\$57.50</b>		
<b>2. OTHER VARIABLE COSTS</b>					<u>COST</u>	<u>VALUE PER COW</u>		
	VET AND MEDICINE				\$400	\$8.00		
	LIVESTOCK HAULING				\$84	\$1.68		
	HIRED LABOR				\$0	\$0.00		
	OPERATING COSTS-EQUIP & MACH				\$750	\$15.00		
	OPERATING COSTS-VEHICLE				\$1,000	\$20.00		
	RANCH MAINTENANCE				\$1,500	\$30.00		
	BEEF CHECKOFF				\$34	\$0.67		
	PURCHASED LIVESTOCK				\$700	\$14.00		
<b>TOTAL</b>					<b>\$4,468</b>	<b>\$89.35</b>		
<b>3. INTEREST ON VARIABLE COSTS</b>						<u>VALUE PER COW</u>		
	SUM OF VARIABLE COSTS X MONTHS BORROWED							
	X INTEREST RATE PER MONTH							
	ANNUAL INTEREST RATE				7.5%			
	NUMBER OF MONTHS BORROWED				6			
					\$275	\$5.51		
<b>TOTAL</b>					<b>\$7,618</b>	<b>\$152.36</b>		
<b>OWNERSHIP COSTS</b>								
	Annual Capital Recovery <sup>4</sup> (At Replacement Value):					Represents 65% Asset Ownership <sup>5</sup> <u>VALUE PER COW</u>		
<b>CASH COSTS</b>								
	Taxes & Insurance				\$2,165	\$43.30		
	Overhead				\$2,100	\$42.00		
					<b>\$4,265</b>	<b>\$85.30</b>		
<b>NON CASH COSTS</b>								
	Purchased Livestock				\$1,410	\$28.19		
	Machinery & Equipment				\$2,165	\$43.30		
	Housing & Improvements				\$2,939	\$58.78		
	Interest on Retained Livestock <sup>6</sup>				\$1,602	\$32.04		
	Management & Operation Labor ( 6% of gross returns)				\$8,451	\$169.02		
					<b>\$16,586</b>	<b>\$331.32</b>		
<b>TOTAL FIXED COSTS</b>					<b>\$20,831</b>	<b>\$416.63</b>		
<b>TOTAL CASH AND VARIABLE COSTS</b>					<b>\$11,883</b>	<b>\$237.66</b>		
<b>TOTAL COSTS</b>					<b>\$28,449</b>	<b>\$568.99</b>		
<b>RETURN ABOVE TOTAL CASH COSTS</b>					<b>\$4,186</b>	<b>\$83.71</b>		

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$36.79	\$57.39
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$36.79	\$137.40

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 1998 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.

**CENTRAL REGION  
MEDIUM COW/CALF BUDGET 1998**

BREED HERD SIZE 200      COW to BULL 20      CALF CROP PERCENT<sup>1</sup> 85%  
CULL RATE 15%      REPLACEMENT HEIFER'S KEPT 30

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	
STEER CALVES	85	515	\$0.80	\$35,020	\$175.10
HEIFER CALVES	55	495	\$0.72	\$19,602	\$98.01
CULL COWS	30	900	\$0.37	\$9,990	\$49.95
CULL BULLS	1	1200	\$0.41	\$492	\$2.46
<b>TOTAL</b>	<b>171</b>			<b>\$65,104</b>	<b>\$325.52</b>

**VARIABLE COSTS**

1. FEED COSTS					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
HAY	TON	28.00	\$140	\$3,920	\$19.60
STATE	AUY	30.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$3,240	\$16.20
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	4.00	\$230	\$920	\$4.60
PROTEIN SUPP	TON	6.00	\$350	\$2,100	\$10.50
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$10,180</b>	<b>\$50.90</b>

2. OTHER VARIABLE COSTS					VALUE PER COW
				COST	
VET AND MEDICINE				\$1,700	\$8.50
LIVESTOCK HAULING				\$342	\$1.71
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$845	\$4.22
OPERATING COSTS-VEHICLE				\$1,267	\$6.33
RANCH MAINTENANCE				\$1,476	\$7.38
BEEF CHECKOFF				\$140	\$0.70
PURCHASED LIVESTOCK				\$1,500	\$7.50
<b>TOTAL</b>				<b>\$7,270</b>	<b>\$36.35</b>

3. INTEREST ON VARIABLE COSTS					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	
				\$654	\$3.27
				\$18,104	\$90.52
<b>TOTAL</b>				<b>\$47,000</b>	<b>\$235.00</b>

**OWNERSHIP COSTS**

Annual Capital Recovery <sup>4</sup> (At Replacement Value):		Represents 85% Asset Ownership <sup>5</sup>	VALUE PER COW
<b>CASH COSTS</b>			
Taxes & Insurance		\$2,626	\$13.13
Overhead		\$2,100	\$10.50
<b>Total</b>		<b>\$4,726</b>	<b>\$23.63</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$5,778	\$28.89
Machinery & Equipment		\$2,386	\$11.93
Housing & Improvements		\$4,438	\$22.19
Interest on Retained Livestock <sup>6</sup>		\$12,814	\$64.07
Management & Operation Labor ( 6% of gross returns)		\$3,906	\$19.53
<b>Total</b>		<b>\$29,322</b>	<b>\$146.61</b>
<b>TOTAL FIXED COSTS</b>		<b>\$34,048</b>	<b>\$170.24</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$22,830</b>	<b>\$114.15</b>
<b>TOTAL COSTS</b>		<b>\$52,152</b>	<b>\$260.76</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$42,274</b>	<b>\$211.37</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$12,952</b>	<b>\$64.76</b>

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$21.09	\$26.59
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$21.09	\$60.75

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 1998 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.

**CENTRAL MOUNTAIN REGION  
MEDIUM RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg		Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
			Rate of Return						
750	Acres of private land	\$175	3.9%		\$131,250	\$131,250			\$116.25
270	AU Values <sup>1</sup>	\$2,800	3.9%		\$756,000	\$756,000			
<b>Sub Totals</b>					<b>\$887,250</b>				
Number	Buildings, Improvements	Price Per Unit							
2	Miles of pipeline	\$1,800	3.9%		\$3,600	\$360	25	100	\$219
1	Wells	\$11,000	3.9%		\$11,000	\$1,100	25	100	\$670
18	Miles of Fence	\$2,500	3.9%		\$45,000	\$4,500	25	100	\$2,741
1	Corrals/Working Facilities	\$4,500	3.9%		\$4,500	\$450	30	100	\$249
1	Barns & Shop	\$8,000	3.9%		\$8,000	\$800	30	100	\$443
<b>Sub Totals</b>					<b>\$72,100</b>				<b>\$4,438</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>		Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%		\$15,000	\$3,000	7	50	\$1,245
0	3/4 ton pickup 4WD	\$15,000	7.5%		\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%		\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$3,000	7.5%		\$3,000	\$600	7	100	\$498
1	Horse tack	\$2,500	7.5%		\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%		\$1,500	\$300	10	100	\$197
<b>Sub Total</b>					<b>\$22,000</b>				<b>\$2,386</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>		Price	Salvage/Cull			
6	Horses	\$2,500	6.5%		\$15,000	\$5,700	10	100	\$1,664
10	Bulls	\$2,000	6.5%		\$20,000	\$7,600	4	100	\$4,114
30	Cows	\$1,100.00	6.5%		\$33,000	\$12,540	8	100	\$4,175
<b>68</b>	<b>Total AUJ's</b>								
<b>Sub Total</b>					<b>\$35,000</b>				<b>\$5,778</b>
Head	Retained Livestock	Price Per Unit	Interest Rate		Price	Salvage/Cull			Interest on Investment
200	Cows	\$1,100	6.5%		\$220,000	\$83,600			\$11,277
30	Replacement Heifers	\$1,000	6.5%		\$30,000	\$11,400			\$1,538
<b>223</b>	<b>Total AUJ's</b>								
<b>Sub Total</b>					<b>\$250,000</b>	<b>\$95,000</b>			<b>\$12,814</b>
<b>Total</b>					<b>\$1,266,350</b>				<b>\$19,638</b>

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 MOUNTAIN REGION  
LARGE RANCH INVESTMENTS 1988**

Number	Land Values	Price Per Unit	10 Yr Avg	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
			Rate of Return					
10000	Acres of private land	\$175	3.9%	\$1,750,000	\$1,750,000			\$1,550.00
473	AU Values <sup>1</sup>	\$2,800	3.9%	\$1,323,000	\$1,323,000			
			<b>Sub Totals</b>	\$3,073,000				
Number	Buildings, Improvements	Price Per Unit						
4	Miles of pipeline	\$1,800	3.9%	\$7,200	\$720	25	100	\$439
2	Wells	\$11,000	3.9%	\$22,000	\$2,200	25	100	\$1,340
40	Miles of Fence	\$2,500	3.9%	\$100,000	\$10,000	25	100	\$6,090
1	Corrals/Working Facilities	\$4,500	3.9%	\$4,500	\$450	30	100	\$249
1	Barns & Shop	\$8,000	3.9%	\$8,000	\$800	30	100	\$443
			<b>Sub Totals</b>	\$141,700				\$10,110
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>2</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%	\$15,000	\$3,000	7	50	\$1,245
1	1 ton pickup 4WD	\$16,000	7.5%	\$16,000	\$3,200	7	50	\$1,328
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
2	Gooseneck trailer	\$3,000	7.5%	\$6,000	\$1,200	7	100	\$996
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
			<b>Sub Total</b>	\$46,000				\$6,476
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
18	Bulls	\$2,000	6.5%	\$35,000	\$13,300	4	100	\$7,199
53	Cows	\$1,100.00	6.5%	\$58,300	\$22,154	8	100	\$7,377
<b>101</b>	<b>Total AUYS</b>							\$9,972
			<b>Sub Total</b>	\$80,000				\$9,972
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
350	Cows	\$1,100	6.5%	\$385,000	\$146,300			\$19,734
53	Replacement Heifers	\$1,000	6.5%	\$52,500	\$19,950			\$2,691
<b>389</b>	<b>Total AUYS</b>							\$22,425
			<b>Sub Total</b>	\$437,500	\$166,250			\$22,425
			<b>Total</b>	<b>\$3,758,200</b>				<b>\$39,011</b>

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 1998**

BREED HERD SIZE 350 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 85%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 53

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	
STEER CALVES	149	515	\$0.80	\$61,285	\$175.10
HEIFER CALVES	96	495	\$0.72	\$34,304	\$98.01
CULL COWS	53	900	\$0.37	\$17,483	\$49.95
CULL BULLS	1	1200	\$0.41	\$492	\$1.41
<b>TOTAL</b>	<b>299</b>			<b>\$113,563</b>	<b>\$324.47</b>

VARIABLE COSTS					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
<b>1. FEED COSTS</b>					
HAY	TON	30.00	\$140	\$4,200	\$12.00
STATE	AUY	20.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$5,670	\$16.20
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	\$230	\$1,380	\$3.94
PROTEIN SUPP	TON	11.00	\$350	\$3,850	\$11.00
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$15,100</b>	<b>\$43.14</b>
<b>2. OTHER VARIABLE COSTS</b>					
VET AND MEDICINE				\$2,975	\$8.60
LIVESTOCK HAULING				\$597	\$1.71
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,312	\$3.75
OPERATING COSTS-VEHICLE				\$1,702	\$4.86
RANCH MAINTENANCE				\$2,214	\$6.33
BEEF CHECKOFF				\$245	\$0.70
PURCHASED LIVESTOCK				\$4,000	\$11.43
<b>TOTAL</b>				<b>\$13,045</b>	<b>\$37.27</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
					\$1,055
					\$3.02
<b>TOTAL</b>				<b>\$29,200</b>	<b>\$83.43</b>
<b>TOTAL</b>				<b>\$84,363</b>	<b>\$241.04</b>

OWNERSHIP COSTS		
	Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup> VALUE PER COW
<b>CASH COSTS</b>		
Taxes & Insurance		\$6,910
Overhead		\$2,200
<b>Total</b>		<b>\$9,110</b>
<b>NON CASH COSTS</b>		
Purchased Livestock		\$9,972
Machinery & Equipment		\$6,476
Housing & Improvements		\$10,110
Interest on Retained Livestock <sup>6</sup>		\$22,425
Management & Operation Labor ( 5% of gross returns)		\$6,814
<b>Total</b>		<b>\$55,798</b>
<b>TOTAL FIXED COSTS</b>		<b>\$64,908</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$38,310</b>
<b>TOTAL COSTS</b>		<b>\$94,108</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$75,253</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$19,455</b>

BREAKEYEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$19.44	\$25.50
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$19.44	\$62.64

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 1998 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.

**NORTHEAST REGION  
MEDIUM COW/CALF BUDGET 1998**

BREED HERD SIZE **200**      COW to BULL **20**      CALF CROP PERCENT<sup>1</sup> **83%**  
 CULL RATE **15%**      REPLACEMENT HEIFER'S KEPT **30**

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	83	550	\$0.85	\$38,803	\$194.01
HEIFER CALVES	53	515	\$0.77	\$21,017	\$105.09
CULL COWS	37	900	\$0.42	\$13,986	\$69.93
CULL BULLS	1	1200	\$0.46	\$552	\$2.76
<b>TOTAL</b>	<b>174</b>			<b>\$74,358</b>	<b>\$371.79</b>

**VARIABLE COSTS**

					VALUE PER COW
1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	12.00	\$125	\$1,500	\$7.50
BLM	AUY	0.0%	\$16.20	\$0	\$0.00
STATE	AUY	17.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	30.0%	\$16.20	\$3,240	\$16.20
PRIVATE(Owned)	AUY	53.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	3.00	\$118	\$354	\$1.77
PROTEIN SUPP	TON	4.00	\$300	\$1,200	\$6.00
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$6,294</b>	<b>\$31.47</b>

2. OTHER VARIABLE COSTS					VALUE PER COW
				COST	VALUE PER COW
VET AND MEDICINE				\$1,600	\$8.00
LIVESTOCK HAULING				\$348	\$1.74
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,107	\$5.54
OPERATING COSTS-VEHICLE				\$2,460	\$12.30
RANCH MAINTENANCE				\$1,722	\$8.61
BEEF CHECKOFF				\$136	\$0.68
PURCHASED LIVESTOCK				\$4,000	\$20.00
<b>TOTAL</b>				<b>\$11,373</b>	<b>\$56.87</b>

3. INTEREST ON VARIABLE COSTS					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE					7.5%
NUMBER OF MONTHS BORROWED					6
					HIGH
				\$663	\$3.31
<b>TOTAL</b>				<b>\$18,330</b>	<b>\$91.65</b>
<b>TOTAL</b>				<b>\$56,028</b>	<b>\$280.14</b>

**OWNERSHIP COSTS**

		Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership	VALUE PER COW
				TOTAL VALUE PER COW
<b>CASH COSTS</b>				
Taxes & Insurance				\$2,270
Overhead				\$2,100
<b>Total</b>				<b>\$4,370</b>
<b>NON CASH COSTS</b>				
Purchased Livestock				\$5,342
Machinery & Equipment				\$2,270
Housing & Improvements				\$13,420
Interest on Retained Livestock				\$14,786
Management & Operation Labor (6% of gross returns)				\$4,461
<b>Total</b>				<b>\$40,279</b>
<b>TOTAL FIXED COSTS</b>				<b>\$44,648</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$22,699</b>
<b>TOTAL COSTS</b>				<b>\$62,978</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$51,659</b>
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$11,380</b>

BREAKEYEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$20.74	\$25.68
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$20.74	\$71.25

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 2005 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.

**NORTHEAST REGION  
MEDIUM RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
7000	Acres of private land	\$70	3.9%	\$490,000	\$490,000			
200	AU Values <sup>1</sup>	\$2,300	3.9%	\$460,000	\$460,000			
<b>Sub Totals</b>				<b>\$950,000</b>				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$1,800	3.9%	\$18,000	\$1,800	25	100	\$1,096
6	Wells	\$11,000	3.9%	\$66,000	\$6,600	25	100	\$4,020
50	Miles of Fence	\$2,500	3.9%	\$125,000	\$12,500	25	100	\$7,613
1	Corrals/Working Facilities	\$4,500	3.9%	\$4,500	\$450	30	100	\$249
1	Barns & Shop	\$8,000	3.9%	\$8,000	\$800	30	100	\$443
<b>Sub Totals</b>				<b>\$221,500</b>				<b>\$13,420</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%	\$15,000	\$3,000	7	50	\$1,245
0	1 ton pickup 4WD	\$16,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$3,000	7.5%	\$3,000	\$600	7	100	\$498
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				<b>\$22,000</b>				<b>\$2,270</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
6	Horses	\$1,500	7.5%	\$9,000	\$3,420	10	100	\$1,069
10	Bulls	\$2,000	7.5%	\$20,000	\$7,600	4	100	\$4,272
40	Cows	\$1,100.00	6.5%	\$44,000	\$16,720	8	100	\$5,567
70	<b>Total AUUs</b>							
<b>Sub Total</b>				<b>\$29,000</b>				<b>\$5,342</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
200	Cows	\$1,100	7.5%	\$220,000	\$83,600			\$13,011
30	Replacement Heifers	\$1,000	7.5%	\$30,000	\$11,400			\$1,774
223	<b>Total AUUs</b>							
<b>Sub Total</b>				<b>\$250,000</b>	<b>\$95,000</b>			<b>\$14,786</b>
<b>Total</b>				<b>\$1,472,500</b>				<b>\$30,476</b>

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)

**NORTHEAST REGION  
LARGE COW/CALF BUDGET 1998**

BREED HERD SIZE	350	COW to BULL	20	CALF CROP PERCENT <sup>1</sup>	83%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	52.5

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	
STEER CALVES	145	590	\$0.85	\$67,904	\$194.01
HEIFER CALVES	93	515	\$0.77	\$36,780	\$105.09
CULL COWS	37	1000	\$0.42	\$15,540	\$44.40
CULL BULLS	1	1400	\$0.46	\$644	\$1.84
<b>TOTAL</b>	<b>276</b>			<b>\$120,868</b>	<b>\$345.34</b>

VARIABLE COSTS					VALUE PER COW
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	
HAY	TON	20.00	\$125	\$2,500	\$7.14
STATE	AUY	20.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$5,670	\$16.20
PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	4.00	\$118	\$472	\$1.35
PROTEIN SUPP	TON	8.00	\$300	\$2,400	\$6.86
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$11,042</b>	<b>\$31.55</b>

2. OTHER VARIABLE COSTS					VALUE PER COW
				COST	
VET AND MEDICINE				\$2,800	\$8.00
LIVESTOCK HAULING				\$552	\$1.58
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,804	\$5.15
OPERATING COSTS-VEHICLE				\$2,378	\$6.79
RANCH MAINTENANCE				\$2,009	\$5.74
BEEF CHECKOFF				\$238	\$0.68
PURCHASED LIVESTOCK				\$3,000	\$8.57
<b>TOTAL</b>				<b>\$12,781</b>	<b>\$36.52</b>

3. INTEREST ON VARIABLE COSTS					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	

INTEREST COSTS	\$893	\$2.55
<b>TOTAL VARIABLE COSTS</b>	<b>\$24,716</b>	<b>\$70.62</b>
RETURN ABOVE VARIABLE COSTS	\$96,152	\$274.72

OWNERSHIP COSTS					VALUE PER COW
Annual Capital Recovery <sup>4</sup> (At Replacement Value):		Represents 65% Asset Ownership			
<b>CASH COSTS</b>					
Taxes & Insurance		\$4,096		\$11.70	
Overhead		\$2,100		\$6.00	
<b>Total</b>		<b>\$6,196</b>		<b>\$17.70</b>	
<b>NON CASH COSTS</b>					
Purchased Livestock		\$8,697		\$24.85	
Machinery & Equipment		\$4,096		\$11.70	
Housing & Improvements		\$18,025		\$51.50	
Interest on Retained Livestock <sup>5</sup>		\$22,425		\$64.07	
Management & Operation Labor ( 6% of gross returns)		\$7,252		\$20.72	
<b>TOTAL NON CASH COSTS</b>		<b>\$60,494</b>		<b>\$172.84</b>	
<b>TOTAL FIXED COSTS</b>		<b>\$66,690</b>		<b>\$190.54</b>	
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$30,912</b>		<b>\$88.32</b>	
<b>TOTAL COSTS</b>		<b>\$91,407</b>		<b>\$261.16</b>	
RETURN ABOVE TOTAL CASH COSTS		\$89,956		\$257.02	
RETURN ABOVE TOTAL COSTS		\$29,462		\$84.18	

BREAKEYEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$15.98	\$19.98
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$15.98	\$59.09

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 2005 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.



**NORTHEAST REGION  
LARGE RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
12000	Acres of private land	\$70	3.9%	\$840,000	\$840,000			
350	AU Values <sup>1</sup>	\$2,300	3.9%	\$805,000	\$805,000			
<b>Sub Totals</b>				<b>\$1,645,000</b>				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$1,800	3.9%	\$21,600	\$2,160	25	100	\$1,316
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
70	Miles of Fence	\$2,500	3.9%	\$175,000	\$17,500	25	100	\$10,658
1	Corrals/Working Facilities	\$4,500	3.9%	\$4,500	\$450	30	100	\$249
1	Barns & Shop	\$8,000	3.9%	\$8,000	\$800	30	100	\$443
<b>Sub Totals</b>				<b>\$297,100</b>				<b>\$18,025</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%	\$15,000	\$3,000	7	50	\$1,245
1	1ton pickup 4WD	\$16,000	7.5%	\$16,000	\$3,200	7	50	\$1,328
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$3,000	7.5%	\$6,000	\$1,200	7	100	\$996
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				<b>\$41,000</b>				<b>\$4,096</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
9	Horses	\$1,500	6.5%	\$13,500	\$5,130	10	100	\$1,498
18	Bulls	\$2,000	6.5%	\$35,000	\$13,300	4	100	\$7,199
70	Cows	\$1,100.00	6.5%	\$77,000	\$29,260	8	100	\$9,743
121	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$48,500</b>				<b>\$8,697</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
350	Cows	\$1,100	6.5%	\$385,000	\$146,300			\$19,734
53	Replacement Heifers	\$1,000	6.5%	\$52,500	\$19,950			\$2,691
389	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$437,500</b>	<b>\$166,250</b>			<b>\$22,425</b>
<b>Total</b>				<b>\$2,469,100</b>				<b>\$44,546</b>

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

**NORTHEAST REGION  
EX-LARGE COW/CALF BUDGET 1998**

BREED HERD SIZE 550 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 85%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 82.5

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	234	550	\$0.85	\$109,278	\$198.69
HEIFER CALVES	151	515	\$0.77	\$59,978	\$109.05
CULL COWS	37	1000	\$0.42	\$15,540	\$28.25
CULL BULLS	1	1200	\$0.46	\$552	\$1.00
<b>TOTAL</b>	<b>423</b>			<b>\$185,348</b>	<b>\$337.00</b>

VARIABLE COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
<b>1. FEED COSTS</b>					
HAY	TON	28.00	\$125	\$3,500	\$8.36
STATE	AUY	30.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	7.0%	\$16.20	\$8,910	\$16.20
PRIVATE(Owned)	AUY	55.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	7.00	\$118	\$826	\$1.50
PROTEIN SUPP	TON	15.00	\$300	\$4,500	\$8.18
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$17,736</b>	<b>\$32.25</b>
<b>2. OTHER VARIABLE COSTS</b>					
VET AND MEDICINE				\$4,400	\$8.00
LIVESTOCK HAULING				\$846	\$1.54
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$2,870	\$5.22
OPERATING COSTS-VEHICLE				\$3,280	\$5.96
RANCH MAINTENANCE				\$2,747	\$4.99
BEEF CHECKOFF				\$385	\$0.70
LIVESTOCK PURCHASES				\$2,500	\$4.55
<b>TOTAL</b>				<b>\$17,028</b>	<b>\$30.96</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
				\$1,304	\$2.37
<b>TOTAL</b>				<b>\$36,068</b>	<b>\$65.58</b>
<b>TOTAL</b>				<b>\$149,281</b>	<b>\$271.42</b>

OWNERSHIP COSTS			
	Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW
<b>CASH COSTS</b>			
Taxes & Insurance		\$6,635	\$12.06
Overhead		\$2,100	\$3.82
<b>Total</b>		<b>\$8,735</b>	<b>\$15.88</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$14,066	\$25.57
Machinery & Equipment		\$6,635	\$12.06
Housing & Improvements		\$23,858	\$43.38
Interest on Retained Livestock <sup>6</sup>		\$40,661	\$73.93
Management & Operation Labor ( 6% of gross returns)		\$8,957	\$16.29
<b>Total</b>		<b>\$94,177</b>	<b>\$171.23</b>
<b>TOTAL FIXED COSTS</b>		<b>\$102,912</b>	<b>\$187.11</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$44,803</b>	<b>\$81.46</b>
<b>TOTAL COSTS</b>		<b>\$138,980</b>	<b>\$252.69</b>
RETURN ABOVE TOTAL CASH COSTS		\$140,545	\$255.54
RETURN ABOVE TOTAL COSTS		\$46,369	\$84.31

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$14.49	\$18.00
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$14.49	\$55.83

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 2005 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.

**NORTHEAST REGION  
EXTRA-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
90000	Acres of private land	\$85	3.9%	\$7,650,000	\$7,650,000			
500	AU Values <sup>1</sup>	\$2,500	3.9%	\$1,250,000	\$1,250,000			
<b>Sub Totals</b>				<b>\$8,900,000</b>				
Number	Buildings, Improvements	Price Per Unit						
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>				<b>\$574,000</b>				<b>\$34,724</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
3	3/4 ton pickup 4WD	\$30,000	7.5%	\$90,000	\$18,000	7	50	\$7,472
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
3	Gooseneck trailer	\$6,500	7.5%	\$19,500	\$3,900	7	100	\$3,238
1	Horse tack	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
1	Misc. equipment	\$7,000	7.5%	\$7,000	\$1,400	10	100	\$921
<b>Sub Total</b>				<b>\$159,500</b>				<b>\$15,907</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
0	Bulls	\$2,000	6.5%	\$0	\$0	4	100	\$0
0	Cows	\$1,100.00	6.5%	\$0	\$0	8	100	\$0
<b>Sub Total</b>				<b>\$32,500</b>				<b>\$3,606</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
1600	Stockers	\$1,100	6.5%	\$1,760,000	\$668,800			\$90,213
0	Replacement Heifers	\$1,000	6.5%	\$0	\$0			\$0
1600	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$1,760,000</b>	<b>\$668,800</b>			<b>\$90,213</b>
<b>Total</b>				<b>#####</b>				<b>\$140,843</b>

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)

**NORTHWEST REGION  
MEDIUM COW/CALF BUDGET 1998**

BREED HERD SIZE 200      COW to BULL 20      CALF CROP PERCENT<sup>1</sup> 83%  
CULL RATE 15%      REPLACEMENT HEIFER'S KEPT 30

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	
STEER CALVES	83	510	\$0.80	\$33,864	\$169.32
HEIFER CALVES	53	485	\$0.72	\$18,508	\$92.54
CULL COWS	37	900	\$0.37	\$12,321	\$61.61
CULL BULLS	1	1200	\$0.42	\$504	\$2.52
<b>TOTAL</b>	<b>174</b>			<b>\$65,197</b>	<b>\$325.98</b>

VARIABLE COSTS						VALUE PER COW
1. FEED COSTS						
	UNITS	QUANTITY/PERCENT	PRICE	COST		VALUE PER COW
HAY	TON	40.00	\$125.00	\$5,000		\$25.00
STATE	AUY	45.0%	\$25.08	\$0		\$0.00
FEDERAL LEASE	AUY	35.0%	\$16.20	\$3,240		\$16.20
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0		\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0		\$0.00
SALT & MINERAL	TON	2.50	\$123.00	\$308		\$1.54
PROTEIN SUPP	TON	3.00	\$310.00	\$930		\$4.65
OTHER		0.00	\$0.00	\$0		\$0.00
<b>TOTAL</b>				<b>\$9,478</b>		<b>\$47.39</b>
2. OTHER VARIABLE COSTS						
				COST		VALUE PER COW
VET AND MEDICINE				\$1,600		\$8.00
LIVESTOCK HAULING				\$348		\$1.74
HIRED LABOR				\$0		\$0.00
OPERATING COSTS-EQUIP & MACH				\$2,050		\$10.25
OPERATING COSTS-VEHICLE				\$2,542		\$12.71
RANCH MAINTENANCE				\$2,200		\$11.00
BEEF CHECKOFF				\$136		\$0.68
OTHER				\$2,200		\$11.00
<b>TOTAL</b>				<b>\$11,076</b>		<b>\$55.38</b>
3. INTEREST ON VARIABLE COSTS						
						VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED						HIGH
X INTEREST RATE PER MONTH						\$3.85
ANNUAL INTEREST RATE				7.5%		
NUMBER OF MONTHS BORROWED				6		
				\$771		
<b>TOTAL</b>				<b>\$21,324</b>		<b>\$106.62</b>
				<b>\$43,872</b>		<b>\$219.36</b>

OWNERSHIP COSTS				VALUE PER COW
	Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>		
CASH COSTS				
Taxes & Insurance			\$3,100	\$15.50
Overhead			\$2,100	\$10.50
<b>Total</b>			<b>\$5,200</b>	<b>\$26.00</b>
NON CASH COSTS				
Purchased Livestock			\$5,698	\$28.49
Machinery & Equipment			\$3,100	\$15.50
Housing & Improvements			\$9,522	\$47.61
Interest on Retained Livestock <sup>6</sup>			\$14,786	\$73.93
Management & Operation Labor (6% of gross returns)			\$3,912	\$19.56
<b>Total</b>			<b>\$37,018</b>	<b>\$185.09</b>
<b>TOTAL FIXED COSTS</b>			<b>\$42,218</b>	<b>\$211.09</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>			<b>\$26,524</b>	<b>\$132.62</b>
<b>TOTAL COSTS</b>			<b>\$63,542</b>	<b>\$317.71</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>			<b>\$38,673</b>	<b>\$193.36</b>
<b>RETURN ABOVE TOTAL COSTS</b>			<b>\$1,655</b>	<b>\$8.27</b>

BREAKEYEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$25.82	\$32.12
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$25.82	\$76.94

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 2005 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 REGION  
MEDIUM RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
4000	Acres of private land	\$65	3.9%	\$260,000	\$260,000			
200	AU Values <sup>1</sup>	\$2,200	3.9%	\$440,000	\$440,000			
<b>Sub Totals</b>				<b>\$700,000</b>				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$1,800	3.9%	\$18,000	\$1,800	25	100	\$1,096
3	Wells	\$9,000	3.9%	\$27,000	\$2,700	25	100	\$1,644
40	Miles of Fence	\$2,500	3.9%	\$100,000	\$10,000	25	100	\$6,090
1	Corrals/Working Facilities	\$4,500	3.9%	\$4,500	\$450	30	100	\$249
1	Barns & Shop	\$8,000	3.9%	\$8,000	\$800	30	100	\$443
<b>Sub Totals</b>				<b>\$157,500</b>				<b>\$9,522</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%	\$15,000	\$3,000	7	50	\$1,245
0	3/4 ton pickup 4WD	\$16,000	7.5%	\$0	\$0	7	50	\$0
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
1	Gooseneck trailer	\$3,000	7.5%	\$3,000	\$600	7	100	\$498
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				<b>\$27,000</b>				<b>\$3,100</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>1</sup>	Price	Salvage/Cull			
8	Horses	\$1,500	7.5%	\$12,000	\$4,560	10	100	\$1,426
10	Bulls	\$2,000	7.5%	\$20,000	\$7,600	4	100	\$4,272
40	Cows	\$1,100.00	6.5%	\$44,000	\$16,720	8	100	\$5,567
73	<b>Total AUys</b>							
<b>Sub Total</b>				<b>\$32,000</b>				<b>\$5,698</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
200	Cows	\$1,100	7.5%	\$220,000	\$83,600			\$13,011
30	Replacement Heifers	\$1,000	7.5%	\$30,000	\$11,400			\$1,774
223	<b>Total AUys</b>							
<b>Sub Total</b>				<b>\$250,000</b>	<b>\$95,000</b>			<b>\$14,786</b>
<b>Total</b>				<b>\$1,166,500</b>				<b>\$27,408</b>

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 6.50% was used.

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

**NORTHWEST REGION  
LARGE COW/CALF BUDGET 1998**

BREED HERD SIZE 350 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 83%  
 CULL RATE 15% REPLACEMENT HEIFER'S KEPT 53

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	
STEER CALVES	145	510	\$0.80	\$59,262	\$169.32
HEIFER CALVES	93	485	\$0.72	\$32,388	\$92.54
CULL COWS	37	900	\$0.37	\$12,321	\$35.20
CULL BULLS	1	1200	\$0.42	\$504	\$1.44
<b>TOTAL</b>	<b>276</b>			<b>\$104,475</b>	<b>\$298.50</b>

VARIABLE COSTS					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
<b>1. FEED COSTS</b>					
HAY	TON	23.00	\$125.00	\$2,875	\$8.21
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	35.0%	\$16.20	\$5,670	\$16.20
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	4.00	\$123.00	\$492	\$1.41
PROTEIN SUPP	TON	4.00	\$310.00	\$1,240	\$3.54
OTHER		0.00	\$0.00	\$0	\$0.00
				\$10,277	\$29.36
<b>2. OTHER VARIABLE COSTS</b>					
VET AND MEDICINE				\$2,800	\$8.00
LIVESTOCK HAULING				\$552	\$1.58
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$2,460	\$7.03
OPERATING COSTS-VEHICLE				\$3,280	\$9.37
RANCH MAINTENANCE				\$2,173	\$6.21
BEEF CHECKOFF				\$238	\$0.68
OTHER				\$3,000	\$8.57
<b>TOTAL</b>				<b>\$14,503</b>	<b>\$41.44</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
				\$929	\$2.66
<b>TOTAL</b>				<b>\$25,709</b>	<b>\$73.46</b>
				\$78,766	\$225.05

OWNERSHIP COSTS		Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW
Annual Capital Recovery <sup>4</sup> (At Replacement Value):			
<b>CASH COSTS</b>			
Taxes & Insurance		\$2,768	\$7.91
Overhead		\$2,100	\$6.00
<b>Total</b>		<b>\$4,868</b>	<b>\$13.91</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$9,259	\$26.45
Machinery & Equipment		\$2,768	\$7.91
Housing & Improvements		\$14,754	\$42.15
Interest on Retained Livestock <sup>4</sup>		\$25,875	\$73.93
Management & Operation Labor (6% of gross returns)		\$4,726	\$13.50
<b>Total</b>		<b>\$57,382</b>	<b>\$163.95</b>
<b>TOTAL FIXED COSTS</b>		<b>\$62,249</b>	<b>\$177.86</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$30,577</b>	<b>\$87.36</b>
<b>TOTAL COSTS</b>		<b>\$87,959</b>	<b>\$251.31</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$73,898</b>	<b>\$211.14</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$16,517</b>	<b>\$47.19</b>

BREAKEYEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$17.79	\$21.16
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$17.79	\$60.86

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 2005 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 REGION  
LARGE RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
6000	Acres of private land	\$65	3.9%	\$390,000	\$390,000			
350	AU Values <sup>1</sup>	\$2,200	3.9%	\$770,000	\$770,000			
<b>Sub Totals</b>				<b>\$1,160,000</b>				
Number	Buildings, Improvements	Price Per Unit						
13	Miles of pipeline	\$1,800	3.9%	\$23,400	\$2,340	25	100	\$1,425
5	Wells	\$9,000	3.9%	\$45,000	\$4,500	25	100	\$2,741
65	Miles of Fence	\$2,500	3.9%	\$162,500	\$16,250	25	100	\$9,897
1	Corrals/Working Facilities	\$4,500	3.9%	\$4,500	\$450	30	100	\$249
1	Barns & Shop	\$8,000	3.9%	\$8,000	\$800	30	100	\$443
<b>Sub Totals</b>				<b>\$243,400</b>				<b>\$14,754</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%	\$15,000	\$3,000	7	50	\$1,245
0	3/4 ton pickup 4WD	\$16,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$3,000	7.5%	\$6,000	\$1,200	7	100	\$996
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				<b>\$25,000</b>				<b>\$2,768</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
10	Horses	\$1,500	7.5%	\$15,000	\$5,700	10	100	\$1,782
18	Bulls	\$2,000	7.5%	\$35,000	\$13,300	4	100	\$7,476
90	Cows	\$1,100.00	6.5%	\$99,000	\$37,620	8	100	\$12,526
<b>147</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$50,000</b>				<b>\$9,259</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
350	Cows	\$1,100	7.5%	\$385,000	\$146,300			\$22,770
53	Replacement Heifers	\$1,000	7.5%	\$52,500	\$19,950			\$3,105
<b>389</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$437,500</b>	<b>\$166,250</b>			<b>\$25,875</b>
<b>Total</b>				<b>\$1,915,900</b>				<b>\$43,397</b>

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)

**NORTHWEST REGION  
EX-LARGE COW/CALF BUDGET 1998**

BREED HERD SIZE	500	COW TO BULL	20	CALF CROP PERCENT <sup>1</sup>	85%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	75

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	
STEER CALVES	213	510	\$0.80	\$86,700	\$173.40
HEIFER CALVES	138	485	\$0.72	\$48,015	\$96.03
CULL COWS	37	900	\$0.37	\$12,321	\$24.64
CULL BULLS	1	1200	\$0.42	\$504	\$1.01
<b>TOTAL</b>	<b>388</b>			<b>\$147,540</b>	<b>\$295.08</b>

VARIABLE COSTS					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
<b>1. FEED COSTS</b>					
HAY	TON	30.00	\$125	\$3,750	\$7.50
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	35.0%	\$16.20	\$8,100	\$16.20
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	6.00	\$123	\$738	\$1.48
PROTEIN SUPP	TON	5.00	\$310	\$1,550	\$3.10
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$14,138</b>	<b>\$28.28</b>
<b>2. OTHER VARIABLE COSTS</b>					
VET AND MEDICINE				\$4,000	\$8.00
LIVESTOCK HAULING				\$778	\$1.55
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$2,800	\$5.60
OPERATING COSTS-VEHICLE				\$4,100	\$8.20
RANCH MAINTENANCE				\$2,706	\$5.41
BEEF CHECKOFF				\$350	\$0.70
OTHER				\$3,800	\$7.60
<b>TOTAL</b>				<b>\$18,532</b>	<b>\$37.06</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
				\$1,225	\$2.45
<b>TOTAL</b>				<b>\$33,895</b>	<b>\$67.79</b>
<b>TOTAL</b>				<b>\$113,645</b>	<b>\$227.29</b>

OWNERSHIP COSTS			VALUE PER COW
Annual Capital Recovery <sup>4</sup> (At Replacement Value):		Represents 65% Asset Ownership <sup>5</sup>	
<b>CASH COSTS</b>			
Taxes & Insurance		\$5,341	\$10.68
Overhead		\$2,100	\$4.20
<b>Total</b>		<b>\$7,441</b>	<b>\$14.88</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$12,998	\$26.00
Machinery & Equipment		\$5,341	\$10.68
Housing & Improvements		\$21,976	\$43.95
Interest on Retained Livestock <sup>4</sup>		\$36,964	\$73.93
Management & Operation Labor ( 6% of gross returns)		\$8,852	\$17.70
<b>Total</b>		<b>\$86,132</b>	<b>\$172.26</b>
<b>TOTAL FIXED COSTS</b>		<b>\$93,574</b>	<b>\$187.15</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$41,336</b>	<b>\$82.67</b>
<b>TOTAL COSTS</b>		<b>\$127,469</b>	<b>\$254.94</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$106,204</b>	<b>\$212.41</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$20,071</b>	<b>\$40.14</b>

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$16.03	\$19.55
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$16.03	\$60.29

- 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 2005 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 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
8000	Acres of private land	\$65	3.9%	\$520,000	\$520,000			
500	AU Values <sup>1</sup>	\$2,200	3.9%	\$1,100,000	\$1,100,000			
<b>Sub Totals</b>				\$1,620,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$1,800	3.9%	\$32,400	\$3,240	25	100	\$1,973
7	Wells	\$9,000	3.9%	\$63,000	\$6,300	25	100	\$3,837
100	Miles of Fence	\$2,500	3.9%	\$250,000	\$25,000	25	100	\$15,226
2	Corrals/Working Facilities	\$4,500	3.9%	\$9,000	\$900	30	100	\$498
1	Barns & Shop	\$8,000	3.9%	\$8,000	\$800	30	100	\$443
<b>Sub Totals</b>				\$362,400				\$21,976
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$15,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1 ton pickup 4WD	\$16,000	7.5%	\$16,000	\$3,200	7	50	\$1,328
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$3,000	7.5%	\$9,000	\$1,800	7	100	\$1,494
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				\$64,000				\$6,670
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
13	Horses	\$1,500	7.5%	\$19,500	\$7,410	10	100	\$2,317
25	Bulls	\$2,000	7.5%	\$50,000	\$19,000	4	100	\$10,681
100	Cows	\$1,100.00	6.5%	\$110,000	\$41,800	8	100	\$13,918
173	<b>Total AUYS</b>							
<b>Sub Total</b>				\$69,500				\$12,998
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
500	Cows	\$1,100	7.5%	\$550,000	\$209,000			\$32,529
75	Replacement Heifers	\$1,000	7.5%	\$75,000	\$28,500			\$4,436
566	<b>Total AUYS</b>							
<b>Sub Total</b>				\$625,000	\$237,500			\$36,964
<b>Total</b>				<u>\$2,740,900</u>				<u>\$65,610</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)

**SOUTHEAST REGION  
MEDIUM COW/CALF BUDGET 1998**

BREED HERD SIZE 200      COW to BULL 20      CALF CROP PERCENT<sup>1</sup> 82%  
 CULL RATE 15%      REPLACEMENT HEIFER'S KEPT 30

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	82	510	\$0.80	\$33,456	\$167.28
HEIFER CALVES	52	485	\$0.72	\$18,158	\$90.79
CULL COWS	37	900	\$0.37	\$12,321	\$61.61
CULL BULLS	1	1200	\$0.42	\$504	\$2.52
<b>TOTAL</b>	<b>172</b>			<b>\$64,439</b>	<b>\$322.20</b>

VARIABLE COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
<b>1. FEED COSTS</b>					
HAY	TON	18.00	\$125	\$2,250	\$11.25
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	25.0%	\$16.20	\$3,240	\$16.20
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	4.00	\$125	\$500	\$2.50
PROTEIN SUPP	TON	7.00	\$315	\$2,205	\$11.03
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$8,195</b>	<b>\$40.98</b>
<b>2. OTHER VARIABLE COSTS</b>					
VET AND MEDICINE				\$1,600	\$8.00
LIVESTOCK HAULING				\$344	\$1.72
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,353	\$6.77
OPERATING COSTS-VEHICLE				\$2,829	\$14.15
RANCH MAINTENANCE				\$1,640	\$8.20
BEEF CHECKOFF				\$134	\$0.67
PURCHASED LIVESTOCK				\$2,000	\$10.00
<b>TOTAL</b>				<b>\$9,900</b>	<b>\$49.50</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
				\$679	\$3.39
<b>TOTAL</b>				<b>\$18,774</b>	<b>\$93.87</b>
				<b>\$45,666</b>	<b>\$228.33</b>

OWNERSHIP COSTS					
	Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW		
<b>CASH COSTS</b>					
Taxes & Insurance		\$2,270			\$11.35
Overhead		\$2,100			\$10.50
<b>Total</b>		<b>\$4,370</b>			<b>\$21.85</b>
<b>NON CASH COSTS</b>					
Purchased Livestock		\$4,985			\$24.93
Machinery & Equipment		\$2,270			\$11.35
Housing & Improvements		\$6,552			\$32.76
Interest on Retained Livestock <sup>6</sup>		\$14,786			\$73.93
Management & Operation Labor (6% of gross returns)		\$3,866			\$19.33
<b>Total</b>		<b>\$32,459</b>			<b>\$162.29</b>
<b>TOTAL FIXED COSTS</b>		<b>\$36,829</b>			<b>\$184.14</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$23,143</b>			<b>\$115.72</b>
<b>TOTAL COSTS</b>		<b>\$55,602</b>			<b>\$278.01</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$41,296</b>			<b>\$206.48</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$8,837</b>			<b>\$44.19</b>

BREAKEYEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$23.01	\$28.37
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$23.01	\$68.15

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 2005 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.

**SOUTHEAST REGION  
MEDIUM RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
4000	Acres of private land	\$55	3.9%	\$220,000	\$220,000			
200	AU Values <sup>1</sup>	\$2,150	3.9%	\$430,000	\$430,000			
<b>Sub Totals</b>				<b>\$650,000</b>				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$1,700	3.9%	\$8,500	\$850	25	100	\$518
4	Wells	\$8,800	3.9%	\$35,200	\$3,520	25	100	\$2,144
22	Miles of Fence	\$2,400	3.9%	\$52,800	\$5,280	25	100	\$3,216
1	Corrals/Working Facilities	\$4,400	3.9%	\$4,400	\$440	30	100	\$243
1	Barns & Shop	\$7,800	3.9%	\$7,800	\$780	30	100	\$431
<b>Sub Totals</b>				<b>\$108,700</b>				<b>\$6,552</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%	\$15,000	\$3,000	7	50	\$1,245
0	1 ton pickup 4WD	\$16,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$3,000	7.5%	\$3,000	\$600	7	100	\$498
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				<b>\$22,000</b>				<b>\$2,270</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
4	Horses	\$1,500	7.5%	\$6,000	\$2,280	10	100	\$713
10	Bulls	\$2,000	7.5%	\$20,000	\$7,600	4	100	\$4,272
40	Cows	\$1,100.00	7.5%	\$44,000	\$16,720	8	100	\$5,911
68	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$26,000</b>				<b>\$4,985</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
200	Cows	\$1,100	7.5%	\$220,000	\$83,600			\$13,011
30	Replacement Heifers	\$1,000	7.5%	\$30,000	\$11,400			\$1,774
223	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$250,000</b>	<b>\$95,000</b>			<b>\$14,786</b>
<b>Total</b>				<b>\$1,056,700</b>				<b>\$23,607</b>

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)

**SOUTHEAST REGION  
LARGE COW/CALF BUDGET 1998**

BREED HERD SIZE		400	COW to BULL		20	CALF CROP PERCENT <sup>1</sup>		82%
CULL RATE		15%	REPLACEMENT HEIFER'S KEPT		60			
<b>VALUE OF PRODUCTION</b>								
		<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>		
STEER CALVES		164	510	\$0.80	\$66,912	\$167.28		
HEIFER CALVES		104	485	\$0.72	\$36,317	\$90.79		
CULL COWS		37	900	\$0.37	\$12,321	\$30.80		
CULL BULLS		1	1200	\$0.42	\$504	\$1.26		
<b>TOTAL</b>		<b>306</b>			<b>\$116,054</b>	<b>\$290.13</b>		
<b>VARIABLE COSTS</b>								
<b>VALUE PER COW</b>								
<b>1. FEED COSTS</b>								
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>				
HAY	TON	30.00	\$125	\$3,750	\$9.38			
STATE	AUY	45.0%	\$25.08	\$0	\$0.00			
FEDERAL LEASE	AUY	25.0%	\$16.20	\$6,480	\$16.20			
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00			
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00			
SALT & MINERAL	TON	8.00	\$125	\$1,000	\$2.50			
PROTEIN SUPP	TON	10.00	\$315	\$3,150	\$7.88			
OTHER		0.00	\$0	\$0	\$0.00			
<b>TOTAL</b>				<b>\$14,380</b>	<b>\$35.95</b>			
<b>2. OTHER VARIABLE COSTS</b>								
				<u>COST</u>				
VET AND MEDICINE				\$3,200	\$8.00			
LIVESTOCK HAULING				\$612	\$1.53			
HIRED LABOR				\$0	\$0.00			
OPERATING COSTS-EQUIP & MACH				\$1,886	\$4.72			
OPERATING COSTS-VEHICLE				\$3,280	\$8.20			
RANCH MAINTENANCE				\$1,927	\$4.82			
BEEF CHECKOFF				\$268	\$0.67			
LIVESTOCK PURCHASES				\$2,000	\$5.00			
<b>TOTAL</b>				<b>\$13,173</b>	<b>\$32.93</b>			
<b>3. INTEREST ON VARIABLE COSTS</b>								
								<u>VALUE PER COW</u>
SUM OF VARIABLE COSTS X MONTHS BORROWED								
X INTEREST RATE PER MONTH								
ANNUAL INTEREST RATE					7.5%			
NUMBER OF MONTHS BORROWED					6			
								\$1,033
								\$2.58
<b>TOTAL</b>								<b>\$28,586</b>
								<b>\$71.47</b>
<b>TOTAL</b>								<b>\$87,468</b>
								<b>\$218.67</b>
<b>OWNERSHIP COSTS</b>								
								<u>VALUE PER COW</u>
Annual Capital Recovery <sup>4</sup> (At Replacement Value):					Represents 65% Asset Ownership <sup>5</sup>			
<b>CASH COSTS</b>								
Taxes & Insurance				\$4,096	\$10.24			
Overhead				\$2,100	\$5.25			
<b>Total</b>				<b>\$6,196</b>	<b>\$15.49</b>			
<b>NON CASH COSTS</b>								
Purchased Livestock				\$7,834	\$19.59			
Machinery & Equipment				\$4,096	\$10.24			
Housing & Improvements				\$16,096	\$40.24			
Interest on Retained Livestock <sup>6</sup>				\$29,571	\$73.93			
Management & Operation Labor (6% of gross returns)				\$6,963	\$17.41			
<b>Total</b>				<b>\$64,561</b>	<b>\$161.40</b>			
<b>TOTAL FIXED COSTS</b>				<b>\$70,757</b>	<b>\$176.89</b>			
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$34,782</b>	<b>\$86.96</b>			
<b>TOTAL COSTS</b>				<b>\$99,343</b>	<b>\$248.36</b>			
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$81,272</b>	<b>\$203.18</b>			
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$16,711</b>	<b>\$41.78</b>			
<b>BREAKEVEN CALCULATIONS</b>								
		<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>					
REQUIRED AVG. CALF PRICES CASH COST (cwt)		\$17.52	\$21.32					
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)		\$17.52	\$60.88					

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 2005 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.

**SOUTHEAST REGION  
LARGE RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
6000	Acres of private land	\$55	3.9%	\$330,000	\$330,000			
400	AU Values <sup>1</sup>	\$2,150	3.9%	\$860,000	\$860,000			
<b>Sub Totals</b>				\$1,190,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$1,700	3.9%	\$20,400	\$2,040	25	100	\$1,242
6	Wells	\$8,800	3.9%	\$52,800	\$5,280	25	100	\$3,216
75	Miles of Fence	\$2,400	3.9%	\$180,000	\$18,000	25	100	\$10,963
1	Corrals/Working Facilities	\$4,400	3.9%	\$4,400	\$440	30	100	\$243
1	Barns & Shop	\$7,800	3.9%	\$7,800	\$780	30	100	\$431
<b>Sub Totals</b>				\$265,400				\$16,096
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%	\$15,000	\$3,000	7	50	\$1,245
1	1 ton pickup 4WD	\$16,000	7.5%	\$16,000	\$3,200	7	50	\$1,328
0	Dozer/Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$3,000	7.5%	\$6,000	\$1,200	7	100	\$996
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				\$41,000				\$4,096
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
8	Horses	\$1,500	7.5%	\$12,000	\$4,560	10	100	\$1,426
20	Bulls	\$1,500	7.5%	\$30,000	\$11,400	4	100	\$6,408
80	Cows	\$1,100.00	7.5%	\$88,000	\$33,440	8	100	\$11,823
135	<b>Total AUJs</b>							
<b>Sub Total</b>				\$42,000				\$7,834
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
400	Cows	\$1,100	7.5%	\$440,000	\$167,200			\$26,023
60	Replacement Heifers	\$1,000	7.5%	\$60,000	\$22,800			\$3,549
448	<b>Total AUJs</b>							
<b>Sub Total</b>				\$500,000	\$190,000			\$29,571
<b>Total</b>				<u>\$2,038,400</u>				<u>\$49,763</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)

**SOUTHEAST REGION  
EX-LARGE COW/CALF BUDGET 1998**

BREED HERD SIZE	550	COW to BULL	20	CALF CROP PERCENT <sup>1</sup>	84%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	82.5

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	
STEER CALVES	231	510	\$0.80	\$94,248	\$171.36
HEIFER CALVES	149	485	\$0.72	\$51,856	\$94.28
CULL COWS	37	900	\$0.37	\$12,321	\$22.40
CULL BULLS	1	1200	\$0.42	\$504	\$0.92
<b>TOTAL</b>	<b>418</b>			<b>\$158,929</b>	<b>\$288.96</b>

**VARIABLE COSTS**

					VALUE PER COW
1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	
HAY	TON	36.00	\$125	\$4,500	\$8.18
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	25.0%	\$16.20	\$8,910	\$16.20
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	8.00	\$125	\$1,000	\$1.82
PROTEIN SUPP	TON	12.00	\$315	\$3,780	\$6.87
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$18,190</b>	<b>\$33.07</b>

					COST	
2. OTHER VARIABLE COSTS						
VET AND MEDICINE				\$4,400	\$8.00	
LIVESTOCK HAULING				\$835	\$1.52	
HIRED LABOR				\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH				\$2,870	\$5.22	
OPERATING COSTS-VEHICLE				\$2,952	\$5.37	
RANCH MAINTENANCE				\$2,624	\$4.77	
BEEF CHECKOFF				\$380	\$0.69	
OTHER				\$4,000	\$7.27	
<b>TOTAL</b>				<b>\$18,061</b>	<b>\$32.84</b>	

3. INTEREST ON VARIABLE COSTS					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
				\$1,359	\$2.47
<b>TOTAL</b>				<b>\$37,610</b>	<b>\$68.38</b>
<b>TOTAL</b>				<b>\$121,319</b>	<b>\$220.58</b>

**OWNERSHIP COSTS**

		Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW
CASH COSTS				
Taxes & Insurance			\$6,670	\$12.13
Overhead			\$2,100	\$3.82
<b>Total</b>			<b>\$8,770</b>	<b>\$15.94</b>
NON CASH COSTS				
Purchased Livestock			\$13,888	\$25.25
Machinery & Equipment			\$6,670	\$12.13
Housing & Improvements			\$22,837	\$41.52
Interest on Retained Livestock <sup>6</sup>			\$40,661	\$73.93
Management & Operation Labor (6% of gross returns)			\$9,536	\$17.34
<b>Total</b>			<b>\$93,591</b>	<b>\$170.17</b>
<b>TOTAL FIXED COSTS</b>			<b>\$102,361</b>	<b>\$186.11</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>			<b>\$46,380</b>	<b>\$84.33</b>
<b>TOTAL COSTS</b>			<b>\$139,971</b>	<b>\$254.49</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>			<b>\$112,550</b>	<b>\$204.64</b>
<b>RETURN ABOVE TOTAL COSTS</b>			<b>\$18,959</b>	<b>\$34.47</b>

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$16.36	\$20.18
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$16.36	\$60.90

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 1998 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.

**SOUTHEAST REGION  
EXTRA-LARGE RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
10000	Acres of private land	\$55	3.9%	\$550,000	\$550,000			
550	AU Values <sup>1</sup>	\$2,150	3.9%	\$1,182,500	\$1,182,500			
<b>Sub Totals</b>				<b>\$1,732,500</b>				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$1,700	3.9%	\$25,500	\$2,550	25	100	\$1,553
8	Wells	\$8,800	3.9%	\$70,400	\$7,040	25	100	\$4,288
110	Miles of Fence	\$2,400	3.9%	\$264,000	\$26,400	25	100	\$16,079
2	Corrals/Working Facilities	\$4,400	3.9%	\$8,800	\$880	30	100	\$487
1	Barns & Shop	\$7,800	3.9%	\$7,800	\$780	30	100	\$431
<b>Sub Totals</b>				<b>\$376,500</b>				<b>\$22,837</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$15,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1 ton pickup 4WD	\$16,000	7.5%	\$16,000	\$3,200	7	50	\$1,328
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$3,000	7.5%	\$9,000	\$1,800	7	100	\$1,494
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				<b>\$64,000</b>				<b>\$6,670</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
12	Horses	\$1,500	7.5%	\$18,000	\$6,840	10	100	\$2,139
28	Bulls	\$2,000	7.5%	\$55,000	\$20,900	4	100	\$11,749
110	Cows	\$1,100.00	7.5%	\$121,000	\$45,980	8	100	\$16,256
187	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$73,000</b>				<b>\$13,888</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
550	Cows	\$1,100	7.5%	\$605,000	\$229,900			\$35,781
83	Replacement Heifers	\$1,000	7.5%	\$82,500	\$31,350			\$4,879
612	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$687,500</b>	<b>\$261,250</b>			<b>\$40,661</b>
<b>Total</b>				<b>\$2,933,500</b>				<b>\$70,168</b>

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)

**SOUTHWEST REGION  
SMALL COW/CALF BUDGET 1998**

BREED HERD SIZE **40**      COW to BULL **15**      CALF CROP PERCENT<sup>1</sup> **82%**  
 CULL RATE **15%**      REPLACEMENT HEIFER'S KEPT **6**

VALUE OF PRODUCTION					VALUE PER COW
ANIMALS SOLD	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	
STEER CALVES	16	500	\$0.78	\$6,396	\$159.90
HEIFER CALVES	10	475	\$0.70	\$3,458	\$86.45
CULL COWS	37	900	\$0.35	\$11,655	\$291.38
CULL BULLS	1	1200	\$0.40	\$480	\$12.00
<b>TOTAL</b>	<b>65</b>			<b>\$21,989</b>	<b>\$549.73</b>

VARIABLE COSTS					VALUE PER COW
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	
HAY	TON	8.00	\$125	\$1,000	\$25.00
STATE	AUY	25.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	65.0%	\$16.20	\$648	\$16.20
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	1.00	\$120	\$120	\$3.00
PROTEIN SUPP	TON	2.00	\$320	\$640	\$16.00
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$2,408</b>	<b>\$60.20</b>
2. OTHER VARIABLE COSTS					COST
VET AND MEDICINE				\$320	\$8.00
LIVESTOCK HAULING				\$130	\$3.24
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,066	\$26.65
OPERATING COSTS-VEHICLE				\$1,500	\$37.50
RANCH MAINTENANCE				\$1,107	\$27.68
BEEF CHECKOFF				\$27	\$0.67
OTHER				\$2,000	\$50.00
<b>TOTAL</b>				<b>\$6,149</b>	<b>\$153.74</b>
3. INTEREST ON VARIABLE COSTS					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	
				\$321	\$8.02
<b>TOTAL</b>				<b>\$8,878</b>	<b>\$221.96</b>
<b>TOTAL</b>				<b>\$13,111</b>	<b>\$327.77</b>

OWNERSHIP COSTS			VALUE PER COW
Annual Capital Recovery <sup>4</sup> (At Replacement Value):		Represents 65% Asset Ownership <sup>5</sup>	
<b>CASH COSTS</b>			
Taxes & Insurance		\$2,270	\$56.74
Overhead		\$2,100	\$52.50
<b>Total</b>		<b>\$4,370</b>	<b>\$109.24</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$1,852	\$46.31
Machinery & Equipment		\$2,270	\$56.74
Housing & Improvements		\$6,021	\$150.51
Interest on Retained Livestock <sup>6</sup>		\$2,957	\$73.93
Management & Operation Labor ( 5% of gross returns)		\$1,319	\$32.98
<b>Total</b>		<b>\$14,419</b>	<b>\$360.47</b>
<b>TOTAL FIXED COSTS</b>		<b>\$18,788</b>	<b>\$469.71</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$13,248</b>	<b>\$331.20</b>
<b>TOTAL COSTS</b>		<b>\$27,667</b>	<b>\$691.67</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$8,741</b>	<b>\$218.53</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>(\$5,678)</b>	<b>(\$141.94)</b>

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$55.52	\$82.85
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$55.52	\$173.03

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 1998 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.



**SOUTHWEST REGION  
SMALL RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return <sup>1</sup>	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
1500	Acres of private land	\$50	3.9%	\$75,000	\$75,000			
40	AU Values	\$2,000	3.9%	\$80,000	\$80,000			
<b>Sub Totals</b>				<b>\$155,000</b>				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$1,800	3.9%	\$9,000	\$900	25	100	\$548
2	Wells	\$8,000	3.9%	\$16,000	\$1,600	25	100	\$974
25	Miles of Fence	\$2,500	3.9%	\$62,500	\$6,250	25	100	\$3,806
1	Corrals/Working Facilities	\$4,500	3.9%	\$4,500	\$450	30	100	\$249
1	Barns & Shop	\$8,000	3.9%	\$8,000	\$800	30	100	\$443
<b>Sub Totals</b>				<b>\$100,000</b>				<b>\$6,021</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>2</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%	\$15,000	\$3,000	7	50	\$1,245
0	3/4 ton pickup 4WD	\$16,000	7.5%	\$0	\$0	7	50	\$0
0	Dozer/Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$3,000	7.5%	\$3,000	\$600	7	100	\$498
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				<b>\$22,000</b>				<b>\$2,270</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
4	Horses	\$1,500	7.5%	\$6,000	\$2,280	10	100	\$713
3	Bulls	\$2,000	7.5%	\$5,333	\$2,027	4	100	\$1,139
12	Cows	\$1,100.00	7.5%	\$13,200	\$5,016	8	100	\$1,773
23	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$11,333</b>				<b>\$1,852</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
40	Cows	\$1,100	7.5%	\$44,000	\$16,720			\$2,602
6	Replacement Heifers	\$1,000	7.5%	\$6,000	\$2,280			\$355
46	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$50,000</b>	<b>\$19,000</b>			<b>\$2,957</b>
<b>Total</b>				<b>\$338,333</b>				<b>\$11,247</b>

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)

**SOUTHWEST REGION  
MEDIUM COW/CALF BUDGET 1998**

BREED HERD SIZE	200	COW to BULL	15	CALF CROP PERCENT <sup>1</sup>	82%
CULL RATE	15%			REPLACEMENT HEIFER'S KEPT	30
<b>VALUE OF PRODUCTION</b>					
	<u>QUANTITY</u>	<u>WEIGHT</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>
STEER CALVES	82	500	\$0.78	\$31,980	\$159.90
HEIFER CALVES	52	475	\$0.70	\$17,290	\$86.45
CULL COWS	37	900	\$0.35	\$11,655	\$58.28
CULL BULLS	1	1200	\$0.40	\$480	\$2.40
<b>TOTAL</b>	<b>172</b>			<b>\$61,405</b>	<b>\$307.03</b>
<b>VARIABLE COSTS</b>					
<b>1. FEED COSTS</b>					
	<u>UNITS</u>	<u>QUANTITY/PERCENT</u>	<u>PRICE</u>	<u>COST</u>	<u>VALUE PER COW</u>
HAY	TON	16.00	\$125	\$2,000	\$10.00
STATE	AUY	30.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	60.0%	\$18.20	\$3,240	\$16.20
PRIVATE(Owned)	AUY	10.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	2.00	\$120	\$240	\$1.20
PROTEIN SUPP	TON	4.00	\$320	\$1,280	\$6.40
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$6,760</b>	<b>\$33.80</b>
<b>2. OTHER VARIABLE COSTS</b>					
				<u>COST</u>	
VET AND MEDICINE				\$1,600	\$8.00
LIVESTOCK HAULING				\$344	\$1.72
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,927	\$9.64
OPERATING COSTS-VEHICLE				\$2,624	\$13.12
RANCH MAINTENANCE				\$1,804	\$9.02
BEEF CHECKOFF				\$134	\$0.67
PURCHASED LIVESTOCK				\$2,000	\$10.00
<b>TOTAL</b>				<b>\$10,433</b>	<b>\$52.17</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	<u>VALUE PER COW</u>
				\$645	\$3.22
<b>TOTAL</b>				<b>\$17,838</b>	<b>\$89.19</b>
<b>TOTAL</b>				<b>\$43,567</b>	<b>\$217.84</b>
<b>OWNERSHIP COSTS</b>					
Annual Capital Recovery <sup>3</sup> (At Replacement Value):				Represents 65% Asset Ownership <sup>5</sup>	<u>VALUE PER COW</u>
<b>CASH COSTS</b>					
Taxes & Insurance				\$4,096	\$20.48
Overhead				\$2,100	\$10.50
<b>Total</b>				<b>\$6,196</b>	<b>\$30.98</b>
<b>NON CASH COSTS</b>					
Purchased Livestock				\$7,122	\$35.61
Machinery & Equipment				\$4,096	\$20.48
Housing & Improvements				\$11,051	\$55.26
Interest on Retained Livestock <sup>4</sup>				\$14,786	\$73.93
Management & Operation Labor ( 6% of gross returns)				\$3,684	\$18.42
<b>Total</b>				<b>\$40,739</b>	<b>\$203.70</b>
<b>TOTAL FIXED COSTS</b>				<b>\$46,935</b>	<b>\$234.68</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$24,034</b>	<b>\$120.17</b>
<b>TOTAL COSTS</b>				<b>\$64,773</b>	<b>\$323.87</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$37,371</b>	<b>\$186.86</b>
<b>RETURN ABOVE TOTAL COSTS</b>				<b>(\$3,368)</b>	<b>(\$16.84)</b>
<b>BREAK-EVEN CALCULATIONS</b>					
	<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>			
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$22.31	\$30.06			
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$22.31	\$81.02			

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 1998 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.

**SOUTHWEST REGION  
MEDIUM RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
3500	Acres of private land	\$55	3.9%	\$192,500	\$192,500			
200	AU Values <sup>1</sup>	\$2,000	3.9%	\$400,000	\$400,000			
<b>Sub Totals</b>				\$592,500				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$1,800	3.9%	\$21,600	\$2,160	25	100	\$1,316
4	Wells	\$9,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
45	Miles of Fence	\$2,500	3.9%	\$112,500	\$11,250	25	100	\$6,852
1	Corrals/Working Facilities	\$4,500	3.9%	\$4,500	\$450	30	100	\$249
1	Barns & Shop	\$8,000	3.9%	\$8,000	\$800	30	100	\$443
<b>Sub Totals</b>				\$182,600				\$11,051
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$15,000	7.5%	\$15,000	\$3,000	7	50	\$1,245
1	1 ton pickup 4WD	\$16,000	7.5%	\$16,000	\$3,200	7	50	\$1,328
0	Dozer/Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$3,000	7.5%	\$6,000	\$1,200	7	100	\$996
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				\$41,000				\$4,096
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
8	Horses	\$1,500	7.5%	\$12,000	\$4,560	10	100	\$1,426
13	Bulls	\$2,000	7.5%	\$26,667	\$10,133	4	100	\$5,696
30	Cows	\$1,100.00	7.5%	\$33,000	\$12,540	8	100	\$4,434
<b>64</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$38,667				\$7,122
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
200	Cows	\$1,100	7.5%	\$220,000	\$83,600			\$13,011
30	Replacement Heifers	\$1,000	7.5%	\$30,000	\$11,400			\$1,774
<b>223</b>	<b>Total AUYS</b>							
<b>Sub Total</b>				\$250,000	\$95,000			\$14,786
<b>Total</b>				<b>\$1,104,767</b>				<b>\$29,933</b>

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.

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**SOUTHWEST REGION  
LARGE COW/CALF BUDGET 1998**

BREED HERD SIZE **400** COW to BULL **15** CALF CROP PERCENT<sup>1</sup> **82%**  
CULL RATE **15%** REPLACEMENT HEIFER'S KEPT **80**

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	164	500	\$0.78	\$63,960	\$159.90
HEIFER CALVES	104	475	\$0.70	\$34,580	\$86.45
CULL COWS	37	900	\$0.35	\$11,655	\$29.14
CULL BULLS	1	1200	\$0.40	\$480	\$1.20
<b>TOTAL</b>	<b>306</b>			<b>\$110,675</b>	<b>\$276.89</b>

**VARIABLE COSTS**

1. FEED COSTS						VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST		
HAY	TON	25.00	\$125	\$3,125		\$7.81
STATE	AUY	40.0%	\$25.08	\$0		\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$6,480		\$16.20
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0		\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0		\$0.00
SALT & MINERAL	TON	5.00	\$120	\$600		\$1.50
PROTEIN SUPP	TON	10.00	\$320	\$3,200		\$8.00
OTHER		0.00	\$0	\$0		\$0.00
<b>TOTAL</b>				<b>\$13,405</b>		<b>\$33.51</b>

2. OTHER VARIABLE COSTS						VALUE PER COW
				COST		
VET AND MEDICINE				\$3,200		\$8.00
LIVESTOCK HAULING				\$612		\$1.53
HIRED LABOR				\$0		\$0.00
OPERATING COSTS-EQUIP & MACH				\$2,952		\$7.38
OPERATING COSTS-VEHICLE				\$3,700		\$9.25
RANCH MAINTENANCE				\$2,255		\$5.64
BEEF CHECKOFF				\$268		\$0.67
LIVESTOCK PURCHASES				\$3,000		\$7.50
<b>TOTAL</b>				<b>\$15,987</b>		<b>\$39.97</b>

3. INTEREST ON VARIABLE COSTS						VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.5%		
NUMBER OF MONTHS BORROWED				6		
				\$1,102		\$2.76
<b>TOTAL</b>				<b>\$30,494</b>		<b>\$76.24</b>
				<b>\$80,181</b>		<b>\$200.45</b>

**OWNERSHIP COSTS**

		Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW
<b>CASH COSTS</b>				
Taxes & Insurance			\$6,670	\$16.67
Overhead			\$2,100	\$5.25
<b>Total</b>			<b>\$8,770</b>	<b>\$21.92</b>
<b>NON CASH COSTS</b>				
Purchased Livestock			\$13,175	\$32.94
Machinery & Equipment			\$6,670	\$16.67
Housing & Improvements			\$24,468	\$61.17
Interest on Retained Livestock <sup>4</sup>			\$29,571	\$73.93
Management & Operation Labor ( 6% of gross returns)			\$6,841	\$16.60
<b>Total</b>			<b>\$80,525</b>	<b>\$201.31</b>

<b>TOTAL FIXED COSTS</b>	\$89,294	\$223.24
<b>TOTAL CASH AND VARIABLE COSTS</b>	\$39,264	\$98.16
<b>TOTAL COSTS</b>	\$119,789	\$299.47
<b>RETURN ABOVE TOTAL CASH COSTS</b>	\$71,411	\$178.53
<b>RETURN ABOVE TOTAL COSTS</b>	(\$9,114)	(\$22.78)

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$19.07	\$24.56
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$19.07	\$74.91

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 1998 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.

**SOUTHWEST REGION  
LARGE RANCH INVESTMENTS 1998**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
6000	Acres of private land	\$50	3.9%	\$300,000	\$300,000			
158	AU Values <sup>1</sup>	\$2,000	3.9%	\$316,000	\$316,000			
<b>Sub Totals</b>				<b>\$616,000</b>				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$1,800	3.9%	\$32,400	\$3,240	25	100	\$1,973
12	Wells	\$9,000	3.9%	\$108,000	\$10,800	25	100	\$6,578
100	Miles of Fence	\$2,500	3.9%	\$250,000	\$25,000	25	100	\$15,226
1	Corrals/Working Facilities	\$4,500	3.9%	\$4,500	\$450	30	100	\$249
1	Barns & Shop	\$8,000	3.9%	\$8,000	\$800	30	100	\$443
<b>Sub Totals</b>				<b>\$402,900</b>				<b>\$24,468</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$15,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1 ton pickup 4WD	\$16,000	7.5%	\$16,000	\$3,200	7	50	\$1,328
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$3,000	7.5%	\$9,000	\$1,800	7	100	\$1,494
1	Horse tack	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
1	Misc. equipment	\$1,500	7.5%	\$1,500	\$300	10	100	\$197
<b>Sub Total</b>				<b>\$64,000</b>				<b>\$6,670</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
10	Horses	\$1,500	7.5%	\$15,000	\$5,700	10	100	\$1,782
11	Bulls	\$2,000	7.5%	\$21,067	\$8,005	4	100	\$4,500
34	Cows	\$1,100.00	7.5%	\$37,400	\$14,212	8	100	\$5,025
68	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$36,067</b>				<b>\$6,282</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
158	Cows	\$1,100	7.5%	\$173,800	\$66,044			\$10,279
24	Replacement Heifers	\$1,000	7.5%	\$23,700	\$9,006			\$1,402
176	<b>Total AUYS</b>							
<b>Sub Total</b>				<b>\$197,500</b>	<b>\$75,050</b>			<b>\$11,681</b>
<b>Total</b>				<b>\$1,316,467</b>				<b>\$42,819</b>

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