



Range Improvement Task Force • Report 73

# Range Livestock Costs and Returns for New Mexico 2000



Range Improvement Task Force  
Cooperative Extension Service / Agricultural Experiment Station  
College of Agriculture and Home Economics

# Range Livestock Costs and Returns for New Mexico, 2000

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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 small in the Central Mountain and Southwest regions to extra-large in the Northeast, Northwest and Southeast regions (Appendix A). 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 forests and browse species.

### **Small Ranch**

The small representative ranch had 40 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 84%. Gross returns per cow were approximately \$413 with total costs approaching \$785 per cow, resulting in a loss of \$372 per cow (Figure 1). An intensifying drought in this portion of New Mexico has caused a continued

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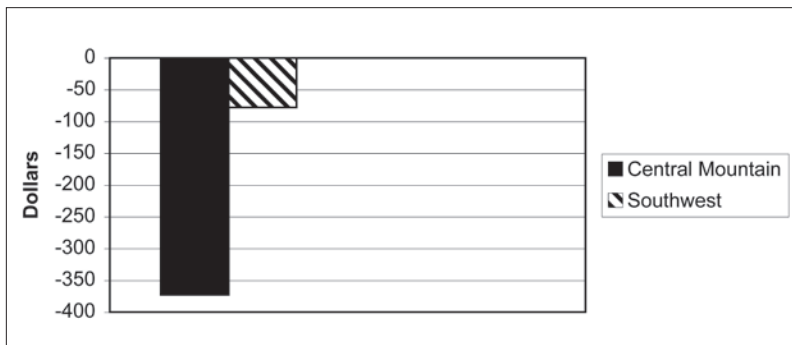


Figure 1. Economic returns for small New Mexico ranches, 2000

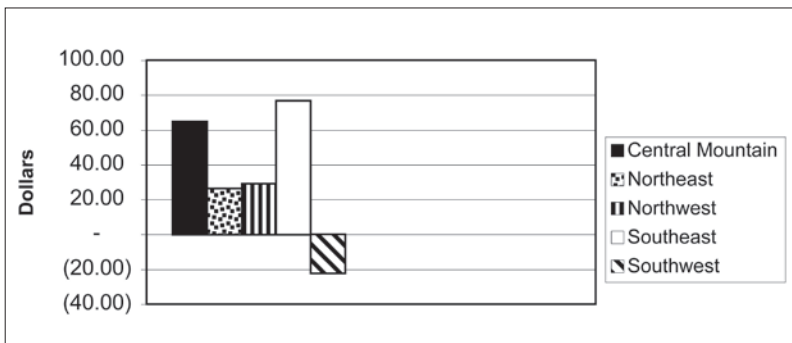


Figure 2. Economic returns for medium-sized New Mexico ranches, 2000

reduction in cattle numbers, impacting the economic profile of representative ranches.

### Medium Ranch

The medium representative ranch had 160 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 85%. Gross returns per cow were approximately \$408 with total costs approaching \$345 per cow, resulting in a profit of \$65 per cow (Figure 2). Break-even calf prices were \$80 per hundred weight (cwt) with 2000 prices averaging \$96/cwt.

### Large Ranch

The large representative ranch had 280 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 85%. Gross returns per cow were approximately \$406 with total costs approaching \$342 per cow, resulting in a profit of \$64 per cow (Figure 3). A continued drought caused

supplemental feeding costs to rise and forced a reduction in cow numbers. Calf prices received for 2000 increased 18% over those received during 1999.

### 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 varies from 12 to 20 inches throughout the region (Palmer Drought Index). Stuckey and Henderson (1969) estimate carrying capacities ranging from 15 to 24 animal units yearlong (AUY). Prevailing drought conditions for this portion of New Mexico resulted in continued downsizing of mother cow herds.

### Medium Ranch

The medium representative ranch had 160 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 83%. Gross returns per cow were approximately \$476 with total costs approaching \$450 per cow, resulting in a profit of greater than \$26 per cow (Figure 2). Due to supplemental feeding costs, returns per cow fell greatly despite increased calf prices received.

### Large Ranch

The large representative ranch had 280 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 84%. Gross returns per cow were approximately \$446 with total costs approaching \$400 per cow, resulting in a profit of \$47 per cow (Figure 3). Due to supplemental feeding costs, returns per cow fell greatly despite increased calf prices received.

### Extra-Large Ranch

The extra-large representative ranch had 495 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 85%. Gross returns per cow were approximately \$425 with total costs approaching \$330 per

cow, resulting in a profit of \$95 per cow (Figure 4). Break-even calf prices were \$73 per hundred weight (cwt) with 2000 calf prices averaging \$103/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 AU per section. This variance is due to terrain, precipitation, and forage availability across the region.

**Medium Ranch**

The medium representative ranch had 160 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 83%. Gross returns per cow were approximately \$423 with total costs approaching \$395 per cow, resulting in a profit of greater than \$29 per cow (Figure 2). The increase in prices received in 2000 relative to in 1999 increased returns by approximately \$3 per cow unit.

**Large Ranch**

The large representative ranch had 280 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 83%. Gross returns per cow were approximately \$385 with total costs approaching \$320 per cow, resulting in a profit of \$67 per cow (Figure 3). Total costs per cow increased by about \$50 per cow unit while gross returns also increased by approximately \$60, resulting in an increased return in 2000 relative to in 1999.

**Extra-Large Ranch**

The extra-large representative ranch had 400 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 85%. Gross returns per cow were approximately \$380 with total costs approaching \$340 per cow, resulting in a profit of \$42 per cow (Figure 4). Break-even calf prices were \$80 per hundred weight (cwt) with 2000 prices averaging \$97/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, 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 AU per section.

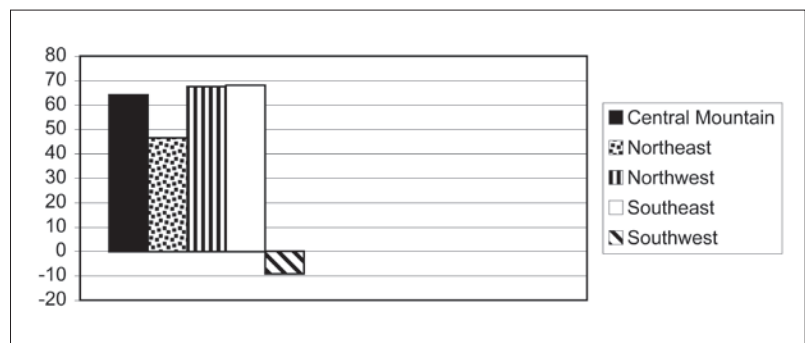


Figure 3. Economic returns for large New Mexico ranches, 2000

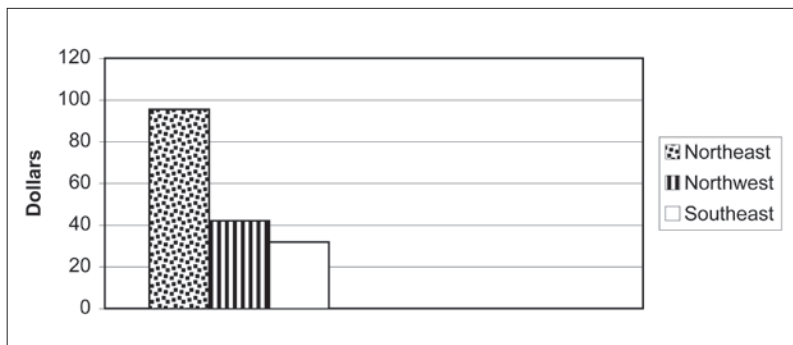


Figure 4. Economic returns for extra-large New Mexico ranches, 2000

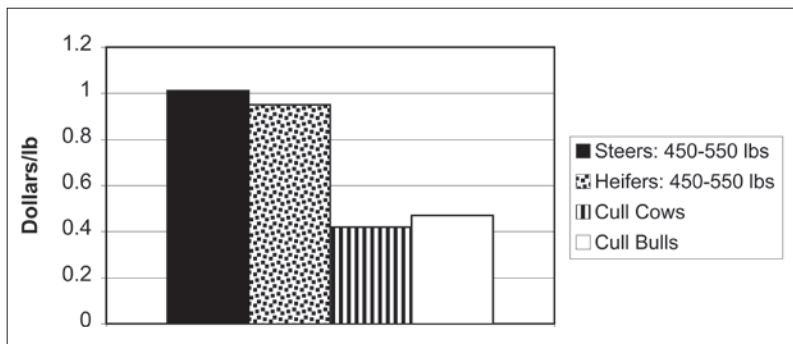


Figure 5. Beef Cattle Prices for New Mexico, 2000

### Medium Ranch

The medium representative ranch had 160 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 83%. Gross returns per cow were approximately \$412 with total costs approaching \$340 per cow, resulting in a profit of greater than \$70 per cow (Figure 2). Total costs per cow increased by about \$50 per cow unit while gross returns increased by \$60, resulting in an increased return for 2000 relative to 1999.

### Large Ranch

The large representative ranch had 320 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 83%. Gross returns per cow were approximately \$370 with total costs approaching \$302 per cow, resulting in a profit of \$68 per cow (Figure 3). Break-even calf prices were \$73 per hundred weight (cwt) with 2000 prices averaging \$96/cwt.

### Extra-Large Ranch

The extra-large representative ranch had 440 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 81%. Gross returns per cow were approximately \$350 with total costs approaching \$320 per cow, resulting in a profit of \$32 per cow (Figure 4). Break-even calf prices were \$79 per hundred weight (cwt) with 2000 prices averaging \$96/cwt for calves.

### 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 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 36 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 82%. Gross returns per cow were approximately \$375 with total costs approaching \$455 per cow, resulting in a loss of \$77 per cow (Figure 1). Break-even calf prices were \$113 per hundred weight (cwt) with 2000 prices averaging \$95/cwt. The combination of increasing costs with stagnant cattle prices resulted in significant economic and financial losses.

### Medium Ranch

The medium representative ranch had 160 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 82%. Gross returns per cow were approximately \$395 with total costs approaching \$420 per cow, resulting in a loss of \$22 per cow (Figure 2). Break-even calf prices were \$104 per

hundred weight (cwt) with 2000 prices averaging \$95/cwt. The combination of increasing costs with stagnant cattle prices resulted in significant economic and financial losses.

### Large Ranch

The large representative ranch had 320 mature cows. A fifteen percent culling rate was applied. Calf crop percentage was 82%. Gross returns per cow were approximately \$350 with total costs approaching \$365 per cow, resulting in a loss of \$9 per cow (Figure 3). Increased supplemental feeding costs coupled with reductions in cow numbers resulted in reduced economic performance for 2000 relative to 1999.

### SUMMARY

Range livestock production throughout New Mexico in 2000 resulted in mostly positive returns. Each region other than the Southwest reported a profit for medium, large and extra-large ranching operations. Precipitation levels were below normal for much of the state, forcing livestock producers to decide whether to increase supplemental feeding rates or reduce herd size. The majority of producers chose to reduce herd size by an additional 10% over the previous year's numbers. Supplemental feeding rates were also increased to offset reductions in aggregate forage production during the year. These factors created a difficult year for range livestock producers throughout New Mexico as costs of doing business increased, grass supplies were reduced and calf crop percentages remained stable relative to 1999. The primary bright spot for production during 2000 was an average of 17% increase in calf prices. Figure 5 provides aggregate beef cattle prices for New Mexico for 2000. These values are representative of all classes of beef cattle throughout the state.

### REFERENCES

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## **APPENDIX A**

**CENTRAL REGION  
SMALL COW/CALF BUDGET 2000**

BREED HERD SIZE 40 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 84%  
CULL RATE 15% REPLACEMENT HEIFERS KEPT 6

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	
STEER CALVES	17	515	\$1.01	\$8,739	\$218.46
HEIFER CALVES	11	495	\$0.94	\$5,025	\$125.63
CULL COWS	6	900	\$0.41	\$2,214	\$55.35
CULL BULLS	1	1200	\$0.46	\$552	\$13.80
<b>TOTAL</b>	<b>35</b>			<b>\$16,530</b>	<b>\$413.24</b>

VARIABLE COSTS					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
<b>1. FEED COSTS</b>					
HAY	TON	11.00	\$135	\$1,485	\$37.13
STATE	AUY	0.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	50.0%	\$16.20	\$648	\$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	\$140	\$280	\$7.00
PROTEIN SUPP	TON	7.00	\$330	\$2,310	\$57.75
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$4,723</b>	<b>\$118.08</b>
<b>2. OTHER VARIABLE COSTS</b>					
VET AND MEDICINE				\$380	\$9.50
LIVESTOCK HAULING				\$104	\$2.60
HIRED LABOK				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$453	\$11.33
OPERATING COSTS-VEHICLE				\$906	\$22.66
RANCH MAINTENANCE				\$906	\$22.66
BEEF CHECKOFF				\$28	\$0.69
PURCHASED LIVESTOCK				\$1,300	\$32.50
<b>TOTAL</b>				<b>\$4,077</b>	<b>\$101.94</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.0%	
NUMBER OF MONTHS BORROWED				6	
					VALUE PER COW
				\$308	\$7.70
<b>TOTAL</b>				<b>\$9,108</b>	<b>\$227.71</b>
<b>TOTAL</b>				<b>\$7,421</b>	<b>\$185.53</b>

OWNERSHIP COSTS		Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW
<b>CASH COSTS</b>			
Annual Capital Recovery <sup>4</sup> (At Replacement Value):			
Taxes & Insurance		\$3,239	\$80.96
Overhead		\$2,100	\$52.50
		<b>\$5,339</b>	<b>\$133.46</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$1,518	\$37.95
Machinery & Equipment		\$3,239	\$80.96
Housing & Improvements		\$3,072	\$76.80
Interest on Retained Livestock <sup>6</sup>		\$1,725	\$43.13
Management & Operation Labor (6% of gross returns)		\$7,421	\$185.53
		<b>\$16,975</b>	<b>\$424.37</b>
<b>TOTAL FIXED COSTS</b>		<b>\$22,313</b>	<b>\$557.84</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$14,447</b>	<b>\$361.18</b>
<b>TOTAL COSTS</b>		<b>\$31,422</b>	<b>\$785.55</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$2,083</b>	<b>\$52.07</b>

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$53.68	\$85.14
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$53.68	\$185.18

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 2000 price projections from Cattle Fax, Doane's 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  
SMALL RANCH INVESTMENTS 2000**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
100	Acres of private land	\$1,000	3.9%	\$100,000	\$100,000			
34	AU Values <sup>1</sup>	\$3,000	3.9%	\$101,250	\$101,250			
<b>Subtotal</b>				\$201,250				
Number	Buildings, Improvements	Price Per Unit						
0.5	Miles of pipeline	\$1,900	3.9%	\$950	\$95	25	100	\$58
1	Wells	\$9,500	3.9%	\$9,500	\$950	25	100	\$579
10	Miles of Fence	\$2,800	3.9%	\$28,000	\$2,800	25	100	\$1,705
1	Corrals/Working Facilities	\$4,800	3.9%	\$4,800	\$480	30	100	\$266
1	Barns & Shop	\$8,400	3.9%	\$8,400	\$840	30	100	\$465
<b>Subtotal</b>				\$51,650				\$3,072
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$25,000	7.0%	\$25,000	\$5,000	7	50	\$2,031
0	3/4 ton pickup 4WD	\$25,000	7.0%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$3,500	7.0%	\$3,500	\$700	7	100	\$569
1	Horse tack	\$3,000	7.0%	\$3,000	\$600	10	100	\$384
1	Misc. equipment	\$2,000	7.0%	\$2,000	\$400	10	100	\$256
<b>Subtotal</b>				\$33,500				\$3,239
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
3	Horses	\$1,800	7.0%	\$5,400	\$2,052	10	100	\$620
1	Bulls	\$2,000	7.0%	\$2,500	\$950	4	100	\$524
5	<b>Total AUUs</b>							
<b>Subtotal</b>				\$7,900				\$1,144
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
25	Cows	\$1,100	7.0%	\$27,500	\$10,450			\$1,518
4	Replacement Heifers	\$1,000	7.0%	\$3,750	\$1,425			\$207
28	<b>Total AUUs</b>							
<b>Subtotal</b>				\$31,250	\$11,875			\$1,725
<b>Total</b>				<u>\$325,550</u>				<u>\$8,036</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 6.50% was used.

3) A rate of 6.50% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**CENTRAL REGION  
MEDIUM COW/CALF BUDGET 2000**

BREED HERD SIZE 160 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 85%  
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 24

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	68	515	\$1.01	\$35,370	\$221.06
HEIFER CALVES	44	495	\$0.94	\$20,473	\$127.96
CULL COWS	24	900	\$0.41	\$8,856	\$55.35
CULL BULLS	1	1200	\$0.46	\$552	\$3.45
<b>TOTAL</b>	<b>137</b>			<b>\$65,251</b>	<b>\$407.82</b>

**VARIABLE COSTS**

1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	37.00	\$135	\$4,995	\$31.22
STATE	AUY	30.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$2,592	\$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	\$140	\$560	\$3.50
PROTEIN SUPP	TON	11.00	\$330	\$3,630	\$22.69
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$11,777</b>	<b>\$73.61</b>

2. OTHER VARIABLE COSTS					
				COST	VALUE PER COW
VET AND MEDICINE				\$1,520	\$9.50
LIVESTOCK HAULING				\$411	\$2.57
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$906	\$5.67
OPERATING COSTS-VEHICLE				\$1,360	\$8.50
RANCH MAINTENANCE				\$1,584	\$9.90
BEEF CHECKOFF				\$112	\$0.70
PURCHASED LIVESTOCK				\$3,200	\$20.00
<b>TOTAL</b>				<b>\$9,093</b>	<b>\$56.83</b>

3. INTEREST ON VARIABLE COSTS					
					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.0%	
NUMBER OF MONTHS BORROWED				6	
					\$730
					\$4.57
<b>TOTAL</b>					<b>\$21,600</b>
					<b>\$135.00</b>
<b>TOTAL</b>					<b>\$43,651</b>
					<b>\$272.82</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		\$3,552	\$22.20
Overhead		\$2,100	\$13.13
<b>Total</b>		<b>\$5,652</b>	<b>\$35.33</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$4,595	\$28.72
Machinery & Equipment		\$3,355	\$20.97
Housing & Improvements		\$4,726	\$29.54
Interest on Retained Livestock <sup>6</sup>		\$11,040	\$69.00
Management & Operation Labor (6% of gross returns)		\$3,915	\$24.47
<b>Total</b>		<b>\$27,631</b>	<b>\$172.69</b>
<b>TOTAL FIXED COSTS</b>		<b>\$33,283</b>	<b>\$208.02</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$27,253</b>	<b>\$170.33</b>
<b>TOTAL COSTS</b>		<b>\$54,884</b>	<b>\$343.02</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$37,998</b>	<b>\$237.49</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$10,368</b>	<b>\$64.80</b>

BREAKEYEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$31.45	\$39.68	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$31.45	\$79.91	

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 2000 price projections from Cattle Fax, Doane's 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 2000**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
750	Acres of private land	\$200	3.9%	\$150,000	\$150,000			\$116.25
216	AU Values <sup>1</sup>	\$3,000	3.9%	\$648,000	\$648,000			
<b>Subtotal</b>				<b>\$798,000</b>				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
2	Miles of pipeline	\$1,900	3.9%	\$3,800	\$380	25	100	\$231
1	Wells	\$9,500	3.9%	\$9,500	\$950	25	100	\$579
18	Miles of Fence	\$2,800	3.9%	\$50,400	\$5,040	25	100	\$3,070
1	Corrals/Working Facilities	\$4,800	3.9%	\$4,800	\$480	30	100	\$266
1	Barns & Shop	\$8,400	3.9%	\$8,400	\$840	30	100	\$465
<b>Subtotal</b>				<b>\$76,900</b>				<b>\$4,726</b>
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
1	3/4 ton pickup 4WD	\$25,000	7.0%	\$25,000	\$5,000	7	50	\$2,031
0	3/4 ton pickup 4WD	\$25,000	7.0%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$3,500	7.0%	\$3,500	\$700	7	100	\$569
1	Horse tack	\$3,000	7.0%	\$3,000	\$600	10	100	\$384
1	Misc. equipment	\$2,000	7.0%	\$2,000	\$400	10	100	\$256
<b>Subtotal</b>				<b>\$33,500</b>				<b>\$3,355</b>
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
6	Horses	\$1,800	7.0%	\$10,800	\$4,104	10	100	\$1,241
8	Bulls	\$2,000	7.0%	\$16,000	\$6,080	4	100	\$3,354
30	Cows	\$1,100.00	7.0%	\$33,000	\$12,540	8	100	\$4,304
<b>55</b>	<b>Total AUys</b>							<b>\$4,595</b>
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>			<b>Interest on Investment</b>
160	Cows	\$1,100	7.0%	\$176,000	\$66,880			\$9,715
24	Replacement Heifers	\$1,000	7.0%	\$24,000	\$9,120			\$1,325
<b>178</b>	<b>Total AUys</b>							<b>\$11,040</b>
<b>Subtotal</b>				<b>\$200,000</b>	<b>\$76,000</b>			<b>\$11,040</b>
<b>Total</b>				<b>\$1,135,200</b>				<b>\$19,121</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**CENTRAL REGION  
LARGE COW/CALF BUDGET 2000**

BREED HERD SIZE		280	COW to BULL		20	CALF CROP PERCENT <sup>1</sup>		85%
CULL RATE		15%				REPLACEMENT HEIFERS KEPT		42
<b>VALUE OF PRODUCTION</b>								
		<b>QUANTITY</b>	<b>WEIGHT/LBS.</b>	<b>PRICE<sup>2</sup></b>	<b>VALUE</b>	<b>VALUE PER COW</b>		
STEER CALVES		119	515	\$1.01	\$61,898	\$221.06		
HEIFER CALVES		77	495	\$0.94	\$35,828	\$127.96		
CULL COWS		42	900	\$0.41	\$15,498	\$55.35		
CULL BULLS		1	1200	\$0.46	\$552	\$1.97		
<b>TOTAL</b>		<b>239</b>			<b>\$113,776</b>	<b>\$406.34</b>		
<b>VARIABLE COSTS</b>								
<b>1. FEED COSTS</b>								
	<b>UNITS</b>	<b>QUANTITY/PERCENT</b>	<b>PRICE</b>	<b>COST</b>	<b>VALUE PER COW</b>			
HAY	TON	50.00	\$135	\$6,750	\$24.11			
STATE	AUY	20.0%	\$25.08	\$0	\$0.00			
FEDERAL LEASE	AUY	40.0%	\$16.20	\$4,536	\$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	\$140	\$840	\$3.00			
PROTEIN SUPP	TON	18.00	\$330	\$5,940	\$21.21			
OTHER		0.00	\$0	\$0	\$0.00			
<b>TOTAL</b>				<b>\$18,066</b>	<b>\$64.52</b>			
<b>2. OTHER VARIABLE COSTS</b>								
				<b>COST</b>	<b>VALUE PER COW</b>			
VET AND MEDICINE				\$2,660	\$9.50			
LIVESTOCK HAULING				\$717	\$2.56			
HIRED LABOR				\$0	\$0.00			
OPERATING COSTS-EQUIP & MACH				\$1,408	\$5.03			
OPERATING COSTS-VEHICLE				\$1,826	\$6.52			
RANCH MAINTENANCE				\$2,376	\$8.49			
BEEF CHECKOFF				\$196	\$0.70			
PURCHASED LIVESTOCK				\$3,800	\$13.57			
<b>TOTAL</b>				<b>\$12,983</b>	<b>\$46.37</b>			
<b>3. INTEREST ON VARIABLE COSTS</b>								
SUM OF VARIABLE COSTS X MONTHS BORROWED								
X INTEREST RATE PER MONTH								
ANNUAL INTEREST RATE					7.0%			
NUMBER OF MONTHS BORROWED					6	<b>VALUE PER COW</b>		
						\$1,087		
						\$3.88		
<b>TOTAL</b>					<b>\$32,136</b>	<b>\$114.77</b>		
<b>TOTAL</b>					<b>\$81,640</b>	<b>\$291.57</b>		
<b>OWNERSHIP COSTS</b>								
Annual Capital Recovery <sup>4</sup> (At Replacement Value):					Represents 65% Asset Ownership <sup>5</sup>		<b>VALUE PER COW</b>	
<b>CASH COSTS</b>								
Taxes & Insurance				\$8,531	\$30.47			
Overhead				\$2,200	\$7.86			
<b>Total</b>				<b>\$10,731</b>	<b>\$38.33</b>			
<b>NON CASH COSTS</b>								
Purchased Livestock				\$7,938	\$28.35			
Machinery & Equipment				\$8,174	\$29.19			
Housing & Improvements				\$10,721	\$38.29			
Interest on Retained Livestock <sup>6</sup>				\$19,320	\$69.00			
Management & Operation Labor (6% of gross returns)				\$6,827	\$24.38			
<b>Total</b>				<b>\$52,980</b>	<b>\$189.21</b>			
<b>TOTAL FIXED COSTS</b>				<b>\$63,711</b>	<b>\$227.54</b>			
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$42,867</b>	<b>\$153.10</b>			
<b>TOTAL COSTS</b>				<b>\$95,847</b>	<b>\$342.31</b>			
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$70,909</b>	<b>\$253.25</b>			
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$17,929</b>	<b>\$64.03</b>			
<b>BREAKEVEN CALCULATIONS</b>								
		<b>VARIABLE COSTS</b>	<b>TOTAL COSTS</b>					
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$26.74	\$35.67						
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$26.74	\$79.75						

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 2000 price projections from Cattle Fax, Doane's 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  
LARGE RANCH INVESTMENTS 2000**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
10000	Acres of private land	\$200	3.9%	\$2,000,000	\$2,000,000			\$1,550.00
378	AU Values <sup>1</sup>	\$3,000	3.9%	\$1,134,000	\$1,134,000			
<b>Subtotal</b>				\$3,134,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
4	Miles of pipeline	\$1,900	3.9%	\$7,600	\$760	25	100	\$463
2	Wells	\$9,500	3.9%	\$19,000	\$1,900	25	100	\$1,157
40	Miles of Fence	\$2,800	3.9%	\$112,000	\$11,200	25	100	\$6,821
1	Corrals/Working Facilities	\$4,800	3.9%	\$4,800	\$480	30	100	\$266
1	Barns & Shop	\$8,400	3.9%	\$8,400	\$840	30	100	\$465
<b>Subtotal</b>				\$151,800				\$10,721
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
1	3/4 ton pickup 4WD	\$25,000	7.0%	\$25,000	\$5,000	7	50	\$2,031
1	1 ton pickup 4WD	\$25,000	7.0%	\$25,000	\$5,000	7	50	\$2,031
1	Tractor	\$5,000	7.0%	\$5,000	\$1,000	7	100	\$812
2	Gooseneck trailer	\$3,500	7.0%	\$7,000	\$1,400	7	100	\$1,137
1	Horse tack	\$3,000	7.0%	\$3,000	\$600	10	100	\$384
1	Misc. equipment	\$1,800	7.0%	\$1,800	\$360	10	100	\$230
<b>Subtotal</b>				\$66,800				\$8,174
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
10	Horses	\$1,800	7.0%	\$18,000	\$6,840	10	100	\$2,068
14	Bulls	\$2,000	7.0%	\$28,000	\$10,640	4	100	\$5,870
53	Cows	\$1,100.00	7.0%	\$58,300	\$22,154	8	100	\$7,604
96	<b>Total AUUs</b>							
<b>Subtotal</b>				\$46,000				\$7,938
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>		<b>Interest on Investment</b>	
280	Cows	\$1,100	7.0%	\$308,000	\$117,040			\$17,002
42	Replacement Heifers	\$1,000	7.0%	\$42,000	\$15,960			\$2,318
312	<b>Total AUUs</b>							
<b>Subtotal</b>				\$350,000	\$133,000			\$19,320
<b>Total</b>				<b>\$3,748,600</b>				<b>\$38,216</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 7.00% was used.
- 3) A rate of 6.50% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**NORTHEAST REGION  
MEDIUM COW/CALF BUDGET 2000**

BREED HERD SIZE 160 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 83%  
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 24

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	66	550	\$1.06	\$38,711	\$241.95
HEIFER CALVES	42	515	\$0.99	\$21,618	\$135.11
CULL COWS	37	900	\$0.46	\$15,318	\$95.74
CULL BULLS	1	1200	\$0.51	\$612	\$3.83
<b>TOTAL</b>	<b>147</b>			<b>\$76,259</b>	<b>\$476.62</b>

**VARIABLE COSTS**

1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	20.00	\$135	\$2,700	\$16.88
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	\$2,592	\$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	\$140	\$420	\$2.63
PROTEIN SUPP	TON	8.00	\$330	\$2,640	\$16.50
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$8,352</b>	<b>\$52.20</b>

2. OTHER VARIABLE COSTS					
				COST	VALUE PER COW
VET AND MEDICINE				\$1,520	\$9.50
LIVESTOCK HAULING				\$440	\$2.75
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,188	\$7.43
OPERATING COSTS-VEHICLE				\$2,640	\$16.50
RANCH MAINTENANCE				\$1,848	\$11.55
BEEF CHECKOFF				\$109	\$0.68
PURCHASED LIVESTOCK				\$2,000	\$12.50
<b>TOTAL</b>				<b>\$9,745</b>	<b>\$60.91</b>

3. INTEREST ON VARIABLE COSTS					
					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.0%	
NUMBER OF MONTHS BORROWED				6	
					HIGH
				\$633	\$3.96
<b>TOTAL</b>				<b>\$18,731</b>	<b>\$117.07</b>
<b>TOTAL</b>				<b>\$57,528</b>	<b>\$359.55</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		\$8,330	\$52.06
Overhead		\$2,100	\$13.13
<b>Total</b>		<b>\$10,430</b>	<b>\$65.19</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$4,595	\$28.72
Machinery & Equipment		\$8,330	\$52.06
Housing & Improvements		\$14,312	\$89.45
Interest on Retained Livestock		\$11,040	\$69.00
Management & Operation Labor (6% of gross returns)		\$4,576	\$28.60
<b>Total</b>		<b>\$42,852</b>	<b>\$267.83</b>
<b>TOTAL FIXED COSTS</b>		<b>\$53,282</b>	<b>\$333.01</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$29,161</b>	<b>\$182.25</b>
<b>TOTAL COSTS</b>		<b>\$72,013</b>	<b>\$450.08</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$47,098</b>	<b>\$294.36</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$4,246</b>	<b>\$26.54</b>

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$26.49	\$41.24	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$26.49	\$101.83	

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 2000 price projections from Cattle Fax, Doane's 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 2000**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
7000	Acres of private land	\$90	3.9%	\$630,000	\$630,000			
200	AU Values <sup>1</sup>	\$2,700	3.9%	\$540,000	\$540,000			
<b>Subtotal</b>				\$1,170,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
6	Wells	\$10,500	3.9%	\$63,000	\$6,300	25	100	\$3,837
50	Miles of Fence	\$2,800	3.9%	\$140,000	\$14,000	25	100	\$8,526
1	Corrals/Working Facilities	\$4,800	3.9%	\$4,800	\$480	30	100	\$266
1	Barns & Shop	\$8,400	3.9%	\$8,400	\$840	30	100	\$465
<b>Subtotal</b>				\$236,200				\$14,312
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
1	3/4 ton pickup 4WD	\$25,000	7.0%	\$25,000	\$5,000	7	50	\$2,031
0	1 ton pickup 4WD	\$25,000	7.0%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$35,000	7.0%	\$35,000	\$7,000	7	100	\$5,685
1	Horse tack	\$3,000	7.0%	\$3,000	\$600	10	100	\$384
1	Misc. equipment	\$1,800	7.0%	\$1,800	\$360	10	100	\$230
<b>Subtotal</b>				\$64,800				\$8,330
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
6	Horses	\$1,800	7.0%	\$10,800	\$4,104	10	100	\$1,241
8	Bulls	\$2,000	7.0%	\$16,000	\$6,080	4	100	\$3,354
40	Cows	\$1,100.00	7.0%	\$44,000	\$16,720	8	100	\$5,739
<b>68</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$26,800				\$4,595
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>			<b>Interest on Investment</b>
160	Cows	\$1,100	7.0%	\$176,000	\$66,880			\$9,715
24	Replacement Heifers	\$1,000	7.0%	\$24,000	\$9,120			\$1,325
<b>178</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$200,000	\$76,000			\$11,040
<b>Total</b>				<u>\$1,697,800</u>				<u>\$33,682</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**NORTHEAST REGION  
LARGE COW/CALF BUDGET 2000**

BREED HERD SIZE 280 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 84%  
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 42

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	118	550	\$1.06	\$68,561	\$244.86
HEIFER CALVES	76	515	\$0.99	\$38,545	\$137.66
CULL COWS	37	1000	\$0.46	\$17,020	\$60.79
CULL BULLS	1	1400	\$0.51	\$714	\$2.55
<b>TOTAL</b>	<b>231</b>			<b>\$124,839</b>	<b>\$445.86</b>

VARIABLE COSTS						
1. FEED COSTS						
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	
HAY	TON	29.00	\$135	\$3,915	\$13.98	
STATE	AUY	20.0%	\$25.08	\$0	\$0.00	
FEDERAL LEASE	AUY	40.0%	\$16.20	\$4,536	\$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	\$140	\$560	\$2.00	
PROTEIN SUPP	TON	14.00	\$330	\$4,620	\$16.50	
OTHER		0.00	\$0	\$0	\$0.00	
<b>TOTAL</b>				<b>\$13,631</b>	<b>\$48.68</b>	

2. OTHER VARIABLE COSTS						
				COST	VALUE PER COW	
VET AND MEDICINE				\$2,660	\$9.50	
LIVESTOCK HAULING				\$694	\$2.48	
HIRED LABOR				\$15,000	\$53.57	
OPERATING COSTS-EQUIP & MACH				\$1,936	\$6.91	
OPERATING COSTS-VEHICLE				\$2,552	\$9.11	
RANCH MAINTENANCE				\$2,156	\$7.70	
BEEF CHECKOFF				\$193	\$0.69	
PURCHASED LIVESTOCK				\$4,000	\$14.29	
<b>TOTAL</b>				<b>\$29,191</b>	<b>\$104.25</b>	

3. INTEREST ON VARIABLE COSTS						
					VALUE PER COW	
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.0%		
NUMBER OF MONTHS BORROWED				6		
<b>INTEREST COSTS</b>				<b>\$1,499</b>	<b>\$5.35</b>	
<b>TOTAL VARIABLE COSTS</b>				<b>\$44,321</b>	<b>\$158.29</b>	
<b>RETURN ABOVE VARIABLE COSTS</b>				<b>\$80,519</b>	<b>\$287.57</b>	

OWNERSHIP COSTS						
	Annual Capital Recovery <sup>4</sup> (At Replacement Value):			Represents 65% Asset Ownership	VALUE PER COW	
<b>CASH COSTS</b>				<b>TOTAL</b>		
Taxes & Insurance				\$5,812	\$20.76	
Overhead				\$2,100	\$7.50	
<b>Total</b>				<b>\$7,912</b>	<b>\$28.26</b>	
<b>NON CASH COSTS</b>						
Purchased Livestock				\$7,731	\$27.61	
Machinery & Equipment				\$5,812	\$20.76	
Housing & Improvements				\$19,245	\$68.73	
Interest on Retained Livestock <sup>5</sup>				\$19,320	\$69.00	
Management & Operation Labor (6% of gross returns)				\$7,490	\$26.75	
<b>TOTAL NON CASH COSTS</b>				<b>\$59,598</b>	<b>\$212.85</b>	
<b>TOTAL FIXED COSTS</b>				<b>\$67,510</b>	<b>\$241.11</b>	
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$52,233</b>	<b>\$186.55</b>	
<b>TOTAL COSTS</b>				<b>\$111,831</b>	<b>\$399.40</b>	
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$72,607</b>	<b>\$259.31</b>	
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$13,009</b>	<b>\$46.46</b>	

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$35.39	\$41.70
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$35.39	\$89.29

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 2000 price projections from Cattle Fax, Doane's 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 2000**

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	\$90	3.9%	\$630,000	\$630,000			
200	AU Values <sup>1</sup>	\$2,700	3.9%	\$540,000	\$540,000			
<b>Subtotal</b>				\$1,170,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
6	Wells	\$10,500	3.9%	\$63,000	\$6,300	25	100	\$3,837
50	Miles of Fence	\$2,800	3.9%	\$140,000	\$14,000	25	100	\$8,526
1	Corrals/Working Facilities	\$4,800	3.9%	\$4,800	\$480	30	100	\$266
1	Barns & Shop	\$8,400	3.9%	\$8,400	\$840	30	100	\$465
<b>Subtotal</b>				\$236,200				\$14,312
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$25,000	7.0%	\$25,000	\$5,000	7	50	\$2,031
0	1 ton pickup 4WD	\$25,000	7.0%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$35,000	7.0%	\$35,000	\$7,000	7	100	\$5,685
1	Horse tack	\$3,000	7.0%	\$3,000	\$600	10	100	\$384
1	Misc. equipment	\$1,800	7.0%	\$1,800	\$360	10	100	\$230
<b>Subtotal</b>				\$64,800				\$8,330
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
6	Horses	\$1,800	7.0%	\$10,800	\$4,104	10	100	\$1,241
8	Bulls	\$2,000	7.0%	\$16,000	\$6,080	4	100	\$3,354
40	Cows	\$1,100.00	7.0%	\$44,000	\$16,720	8	100	\$5,739
<b>68</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$26,800				\$4,595
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
160	Cows	\$1,100	7.0%	\$176,000	\$66,880			\$9,715
24	Replacement Heifers	\$1,000	7.0%	\$24,000	\$9,120			\$1,325
<b>178</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$200,000	\$76,000			\$11,040
<b>Total</b>				<b>\$1,697,800</b>				<b>\$33,682</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**NORTHEAST REGION  
EX-LARGE COW/CALF BUDGET 2000**

BREED HERD SIZE **495**      COW to BULL **20**      CALF CROP PERCENT<sup>1</sup> **85%**  
 CULL RATE **15%**      REPLACEMENT HEIFERS KEPT **74.25**

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	210	550	\$1.06	\$122,649	\$247.78
HEIFER CALVES	136	515	\$0.99	\$69,403	\$140.21
CULL COWS	37	1000	\$0.46	\$17,020	\$34.38
CULL BULLS	1	1200	\$0.51	\$612	\$1.24
<b>TOTAL</b>	<b>385</b>			<b>\$209,684</b>	<b>\$423.60</b>

**VARIABLE COSTS**

1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	45.00	\$135	\$6,075	\$12.27
STATE	AUY	30.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	7.0%	\$16.20	\$8,019	\$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	\$140	\$980	\$1.98
PROTEIN SUPP	TON	17.00	\$330	\$5,610	\$11.33
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$20,684</b>	<b>\$41.79</b>

2. OTHER VARIABLE COSTS					
				COST	VALUE PER COW
VET AND MEDICINE				\$4,703	\$9.50
LIVESTOCK HAULING				\$1,154	\$2.33
HIRED LABOR				\$15,000	\$30.30
OPERATING COSTS-EQUIP & MACH				\$3,080	\$6.22
OPERATING COSTS-VEHICLE				\$3,520	\$7.11
RANCH MAINTENANCE				\$2,948	\$5.96
BEEF CHECKOFF				\$347	\$0.70
LIVESTOCK PURCHASES				\$7,000	\$14.14
<b>TOTAL</b>				<b>\$37,751</b>	<b>\$76.26</b>

3. INTEREST ON VARIABLE COSTS					
					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE			7.0%		
NUMBER OF MONTHS BORROWED			6		
				\$2,045	\$4.13
<b>TOTAL</b>				<b>\$60,480</b>	<b>\$122.18</b>
<b>TOTAL</b>				<b>\$149,204</b>	<b>\$301.42</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			\$9,061	\$18.30
Overhead			\$2,100	\$4.24
<b>Total</b>			<b>\$11,161</b>	<b>\$22.55</b>
<b>NON CASH COSTS</b>				
Purchased Livestock			\$13,065	\$26.39
Machinery & Equipment			\$9,061	\$18.30
Housing & Improvements			\$25,540	\$51.60
Interest on Retained Livestock <sup>6</sup>			\$34,155	\$69.00
Management & Operation Labor (6% of gross returns)			\$8,952	\$18.09
<b>Total</b>			<b>\$90,773</b>	<b>\$183.38</b>
<b>TOTAL FIXED COSTS</b>			<b>\$101,934</b>	<b>\$205.93</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>			<b>\$71,641</b>	<b>\$144.73</b>
<b>TOTAL COSTS</b>			<b>\$162,414</b>	<b>\$328.11</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>			<b>\$138,043</b>	<b>\$278.88</b>
<b>RETURN ABOVE TOTAL COSTS</b>			<b>\$47,270</b>	<b>\$95.49</b>

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$26.99	\$31.98	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$26.99	\$72.49	

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 2000 price projections from Cattle Fax, Doane's 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 2000**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
15000	Acres of private land	\$90	3.9%	\$1,350,000	\$1,350,000			
500	AU Values <sup>1</sup>	\$2,700	3.9%	\$1,350,000	\$1,350,000			
<b>Subtotal</b>				<b>\$2,700,000</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	\$10,500	3.9%	\$105,000	\$10,500	25	100	\$6,395
95	Miles of Fence	\$2,800	3.9%	\$266,000	\$26,600	25	100	\$16,200
2	Corrals/Working Facilities	\$4,800	3.9%	\$9,600	\$960	30	100	\$531
1	Barns & Shop	\$8,400	3.9%	\$8,400	\$840	30	100	\$465
<b>Subtotal</b>				<b>\$421,000</b>				<b>\$25,540</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$25,000	7.0%	\$50,000	\$10,000	7	50	\$4,061
1	1 ton pickup 4WD	\$25,000	7.0%	\$25,000	\$5,000	7	50	\$2,031
1	Tractor	\$4,000	7.0%	\$4,000	\$800	7	100	\$650
3	Gooseneck trailer	\$3,500	7.0%	\$10,500	\$2,100	7	100	\$1,706
1	Horse tack	\$3,000	7.0%	\$3,000	\$600	10	100	\$384
1	Misc. equipment	\$1,800	7.0%	\$1,800	\$360	10	100	\$230
<b>Subtotal</b>				<b>\$94,300</b>				<b>\$9,061</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
13	Horses	\$1,800	7.0%	\$23,400	\$8,892	10	100	\$2,688
25	Bulls	\$2,000	7.0%	\$49,500	\$18,810	4	100	\$10,377
90	Cows	\$1,100.00	7.0%	\$99,000	\$37,620	8	100	\$12,913
<b>160</b>	<b>Total AUYS</b>							<b>\$13,065</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
495	Cows	\$1,100	7.0%	\$544,500	\$206,910			\$30,056
74	Replacement Heifers	\$1,000	7.0%	\$74,250	\$28,215			\$4,099
<b>551</b>	<b>Total AUYS</b>							<b>\$34,155</b>
<b>Subtotal</b>				<b>\$618,750</b>	<b>\$235,125</b>			<b>\$34,155</b>
<b>Total</b>				<b>\$3,906,950</b>				<b>\$68,756</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**NORTHWEST REGION  
MEDIUM COW/CALF BUDGET 2000**

BREED HERD SIZE <b>160</b>	COW to BULL <b>20</b>	CALF CROP PERCENT <sup>1</sup> <b>83%</b>
CULL RATE <b>15%</b>		REPLACEMENT HEIFERS KEPT <b>24</b>

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	
STEER CALVES	66	510	\$1.01	\$34,203	\$213.77
HEIFER CALVES	42	485	\$0.94	\$19,330	\$120.81
CULL COWS	37	900	\$0.41	\$13,653	\$85.33
CULL BULLS	1	1200	\$0.46	\$552	\$3.45
<b>TOTAL</b>	<b>147</b>			<b>\$67,738</b>	<b>\$423.36</b>

**VARIABLE COSTS**

					VALUE PER COW	
1. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	
	HAY	TON	32.00	\$135.00	\$4,320	\$27.00
	STATE	AUY	45.0%	\$25.08	\$0	\$0.00
	FEDERAL LEASE	AUY	35.0%	\$16.20	\$2,592	\$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	\$133.00	\$333	\$2.08
	PROTEIN SUPP	TON	9.00	\$333.00	\$2,997	\$18.73
	OTHER		0.00	\$0.00	\$0	\$0.00
	<b>TOTAL</b>				<b>\$10,242</b>	<b>\$64.01</b>
2. OTHER VARIABLE COSTS					<b>COST</b>	
	VET AND MEDICINE			\$1,520	\$9.50	
	LIVESTOCK HAULING			\$440	\$2.75	
	HIRED LABOR			\$0	\$0.00	
	OPERATING COSTS-EQUIP & MACH			\$2,200	\$13.75	
	OPERATING COSTS-VEHICLE			\$2,728	\$17.05	
	RANCH MAINTENANCE			\$2,200	\$13.75	
	BEEF CHECKOFF			\$109	\$0.68	
	OTHER			\$2,500	\$15.63	
	<b>TOTAL</b>			<b>\$11,697</b>	<b>\$73.11</b>	
3. INTEREST ON VARIABLE COSTS						
	SUM OF VARIABLE COSTS X MONTHS BORROWED					
	X INTEREST RATE PER MONTH					
	ANNUAL INTEREST RATE			7.0%		
	NUMBER OF MONTHS BORROWED			6		VALUE PER COW
					\$768	HIGH
						\$4.80
	<b>TOTAL</b>				<b>\$22,707</b>	<b>\$141.92</b>
					<b>\$45,031</b>	<b>\$281.45</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		\$3,964	\$24.77
	Overhead		\$2,100	\$13.13
	<b>Total</b>		<b>\$6,064</b>	<b>\$37.90</b>
<b>NON CASH COSTS</b>				
	Purchased Livestock		\$5,008	\$31.30
	Machinery & Equipment		\$3,964	\$24.77
	Housing & Improvements		\$10,238	\$63.99
	Interest on Retained Livestock <sup>6</sup>		\$11,040	\$69.00
	Management & Operation Labor (6% of gross returns)		\$4,064	\$25.40
	<b>Total</b>		<b>\$34,314</b>	<b>\$214.46</b>
	<b>TOTAL FIXED COSTS</b>		<b>\$40,378</b>	<b>\$252.36</b>
	<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$28,770</b>	<b>\$179.81</b>
	<b>TOTAL COSTS</b>		<b>\$63,084</b>	<b>\$394.28</b>
	<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$38,968</b>	<b>\$243.55</b>
	<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$4,653</b>	<b>\$29.08</b>

**BREAKEVEN CALCULATIONS**

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$34.37	\$43.55
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$34.37	\$95.48

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 2000 price projections from Cattle Fax, Doane's 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 2000**

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	\$85	3.9%	\$340,000	\$340,000			
200	AU Values <sup>1</sup>	\$2,500	3.9%	\$500,000	\$500,000			
<b>Subtotal</b>				\$840,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
3	Wells	\$9,400	3.9%	\$28,200	\$2,820	25	100	\$1,717
40	Miles of Fence	\$2,700	3.9%	\$108,000	\$10,800	25	100	\$6,578
1	Corrals/Working Facilities	\$4,800	3.9%	\$4,800	\$480	30	100	\$266
1	Barns & Shop	\$8,300	3.9%	\$8,300	\$830	30	100	\$459
<b>Subtotal</b>				\$169,300				\$10,238
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$25,000	7.0%	\$25,000	\$5,000	7	50	\$2,031
0	3/4 ton pickup 4WD	\$25,000	7.0%	\$0	\$0	7	50	\$0
1	Tractor	\$5,000	7.0%	\$5,000	\$1,000	7	100	\$812
1	Gooseneck trailer	\$3,200	7.0%	\$3,200	\$640	7	100	\$520
1	Horse tack	\$2,700	7.0%	\$2,700	\$540	10	100	\$345
1	Misc. equipment	\$2,000	7.0%	\$2,000	\$400	10	100	\$256
<b>Subtotal</b>				\$37,900				\$3,964
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>4</sup>	Price	Salvage/Cull			
8	Horses	\$1,800	7.0%	\$14,400	\$5,472	10	100	\$1,654
8	Bulls	\$2,000	7.0%	\$16,000	\$6,080	4	100	\$3,354
40	Cows	\$1,100.00	7.0%	\$44,000	\$16,720	8	100	\$5,739
70	<b>Total AUYS</b>							
<b>Subtotal</b>				\$30,400				\$5,008
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
160	Cows	\$1,100	7.0%	\$176,000	\$66,880			\$9,715
24	Replacement Heifers	\$1,000	7.0%	\$24,000	\$9,120			\$1,325
178	<b>Total AUYS</b>							
<b>Subtotal</b>				\$200,000	\$76,000			\$11,040
<b>Total</b>				<u>\$1,277,600</u>				<u>\$25,241</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 6.50% was used.

3) A rate of 6.50% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**NORTHWEST REGION  
LARGE COW/CALF BUDGET 2000**

BREED HERD SIZE	280	COW TO BULL	20	CALF CROP PERCENT <sup>1</sup>	83%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	42
<b>VALUE OF PRODUCTION</b>					
	<u>QUANTITY</u>	<u>WEIGHT/LBS.</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>
STEER CALVES	116	510	\$1.01	\$59,855	\$213.77
HEIFER CALVES	74	485	\$0.94	\$33,828	\$120.81
CULL COWS	37	900	\$0.41	\$13,653	\$48.76
CULL BULLS	1	1200	\$0.46	\$552	\$1.97
<b>TOTAL</b>	<b>228</b>			<b>\$107,887</b>	<b>\$385.31</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	38.00	\$135.00	\$5,130	\$18.32
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	35.0%	\$16.20	\$4,536	\$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	\$133.00	\$532	\$1.90
PROTEIN SUPP	TON	9.00	\$328.00	\$2,952	\$10.54
OTHER		0.00	\$0.00	\$0	\$0.00
				\$13,150	\$46.96
<b>2. OTHER VARIABLE COSTS</b>					
				<u>COST</u>	
VET AND MEDICINE				\$2,660	\$9.50
LIVESTOCK HAULING				\$685	\$2.45
HIRED LABOR				\$5,000	\$17.86
OPERATING COSTS-EQUIP & MACH				\$2,640	\$9.43
OPERATING COSTS-VEHICLE				\$3,520	\$12.57
RANCH MAINTENANCE				\$2,332	\$8.33
BEEF CHECKOFF				\$190	\$0.68
OTHER				\$2,750	\$9.82
<b>TOTAL</b>				<b>\$19,778</b>	<b>\$70.63</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.0%	
NUMBER OF MONTHS BORROWED				6	<u>VALUE PER COW</u>
				\$1,152	\$4.12
<b>TOTAL</b>				<b>\$34,080</b>	<b>\$121.71</b>
				\$73,807	\$263.60
<b>OWNERSHIP COSTS</b>					
	<b>Annual Capital Recovery<sup>4</sup> (At Replacement Value):</b>			<b>Represents 65% Asset Ownership<sup>5</sup></b>	
<b>CASH COSTS</b>					
Taxes & Insurance				\$2,970	\$10.61
Overhead				\$2,100	\$7.50
<b>Total</b>				<b>\$5,070</b>	<b>\$18.11</b>
<b>NON CASH COSTS</b>					
Purchased Livestock				\$7,708	\$27.53
Machinery & Equipment				\$2,970	\$10.61
Housing & Improvements				\$15,422	\$55.08
Interest on Retained Livestock <sup>6</sup>				\$19,320	\$69.00
Management & Operation Labor (6% of gross returns)				\$4,428	\$15.82
<b>Total</b>				<b>\$49,849</b>	<b>\$178.03</b>
<b>TOTAL FIXED COSTS</b>				<b>\$54,919</b>	<b>\$196.14</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$39,150</b>	<b>\$139.82</b>
<b>TOTAL COSTS</b>				<b>\$88,999</b>	<b>\$317.85</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$68,737</b>	<b>\$245.49</b>
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$18,888</b>	<b>\$67.46</b>
<b>BREAKEVEN CALCULATIONS</b>					
	<b>VARIABLE COSTS</b>	<b>TOTAL COSTS</b>			
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$29.48	\$33.86			
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$29.48	\$76.98			

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 2000 price projections from Cattle Fax, Doane's 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 2000**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
6000	Acres of private land	\$85	3.9%	\$510,000	\$510,000			
350	AU Values <sup>1</sup>	\$2,500	3.9%	\$875,000	\$875,000			
<b>Subtotal</b>				\$1,385,000				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
13	Miles of pipeline	\$2,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
5	Wells	\$9,300	3.9%	\$46,500	\$4,650	25	100	\$2,832
65	Miles of Fence	\$2,600	3.9%	\$169,000	\$16,900	25	100	\$10,293
1	Corrals/Working Facilities	\$4,700	3.9%	\$4,700	\$470	30	100	\$260
1	Barns & Shop	\$8,200	3.9%	\$8,200	\$820	30	100	\$454
<b>Subtotal</b>				\$254,400				\$15,422
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
1	3/4 ton pickup 4WD	\$17,000	7.0%	\$17,000	\$3,400	7	50	\$1,381
0	3/4 ton pickup 4WD	\$17,000	7.0%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$3,200	7.0%	\$6,400	\$1,280	7	100	\$1,040
1	Horse tack	\$2,700	7.0%	\$2,700	\$540	10	100	\$345
1	Misc. equipment	\$1,600	7.0%	\$1,600	\$320	10	100	\$205
<b>Subtotal</b>				\$27,700				\$2,970
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
10	Horses	\$1,600	7.0%	\$16,000	\$6,080	10	100	\$1,838
14	Bulls	\$2,000	7.0%	\$28,000	\$10,640	4	100	\$5,870
90	Cows	\$1,100.00	7.0%	\$99,000	\$37,620	8	100	\$12,913
<b>143</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$44,000				\$7,708
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>			<b>Interest on Investment</b>
280	Cows	\$1,100	7.0%	\$308,000	\$117,040			\$17,002
42	Replacement Heifers	\$1,000	7.0%	\$42,000	\$15,960			\$2,318
<b>312</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$350,000	\$133,000			\$19,320
<b>Total</b>				<b>\$2,061,100</b>				<b>\$37,712</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**NORTHWEST REGION  
EX-LARGE COW/CALF BUDGET 2000**

BREED HERD SIZE 400 COW TO BULL 20 CALF CROP PERCENT<sup>1</sup> 85%  
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 60

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	170	510	\$1.01	\$87,567	\$218.92
HEIFER CALVES	110	485	\$0.94	\$50,149	\$125.37
CULL COWS	37	900	\$0.41	\$13,653	\$34.13
CULL BULLS	1	1200	\$0.46	\$552	\$1.38
<b>TOTAL</b>	<b>318</b>			<b>\$151,921</b>	<b>\$379.80</b>

**VARIABLE COSTS**

1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	42.00	\$135	\$5,670	\$14.18
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	35.0%	\$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	6.00	\$133	\$798	\$2.00
PROTEIN SUPP	TON	10.00	\$328	\$3,280	\$8.20
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$16,228</b>	<b>\$40.57</b>

2. OTHER VARIABLE COSTS					
				COST	VALUE PER COW
VET AND MEDICINE				\$3,800	\$9.50
LIVESTOCK HAULING				\$954	\$2.39
HIRED LABOR				\$7,500	\$18.75
OPERATING COSTS-EQUIP & MACH				\$3,300	\$8.25
OPERATING COSTS-VEHICLE				\$5,342	\$13.35
RANCH MAINTENANCE				\$2,904	\$7.26
BEEF CHECKOFF				\$280	\$0.70
OTHER				\$1,500	\$3.75
<b>TOTAL</b>				<b>\$25,580</b>	<b>\$63.95</b>

3. INTEREST ON VARIABLE COSTS					
					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.0%	
NUMBER OF MONTHS BORROWED				6	
					\$1,463
					\$3.66
<b>TOTAL</b>					<b>\$43,271</b>
					<b>\$108.18</b>
<b>TOTAL</b>					<b>\$108,650</b>
					<b>\$271.63</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		\$9,149		\$22.87
Overhead		\$2,100		\$5.25
<b>Total</b>		<b>\$11,249</b>		<b>\$28.12</b>
<b>NON CASH COSTS</b>				
Purchased Livestock		\$11,074		\$27.68
Machinery & Equipment		\$9,149		\$22.87
Housing & Improvements		\$23,623		\$59.06
Interest on Retained Livestock <sup>6</sup>		\$27,600		\$69.00
Management & Operation Labor (6% of gross returns)		\$9,115		\$22.79
<b>Total</b>		<b>\$80,561</b>		<b>\$201.40</b>
<b>TOTAL FIXED COSTS</b>		<b>\$91,810</b>		<b>\$229.53</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$54,520</b>		<b>\$136.30</b>
<b>TOTAL COSTS</b>		<b>\$135,081</b>		<b>\$337.70</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$97,401</b>		<b>\$243.50</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>\$16,840</b>		<b>\$42.10</b>

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$25.58	\$32.23
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$25.58	\$79.86

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 2000 price projections from Cattle Fax, Doane's 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 2000**

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	\$85	3.9%	\$680,000	\$680,000			
500	AU Values <sup>1</sup>	\$2,400	3.9%	\$1,200,000	\$1,200,000			
<b>Subtotal</b>				\$1,880,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
7	Wells	\$9,400	3.9%	\$65,800	\$6,580	25	100	\$4,007
100	Miles of Fence	\$2,700	3.9%	\$270,000	\$27,000	25	100	\$16,444
2	Corrals/Working Facilities	\$4,700	3.9%	\$9,400	\$940	30	100	\$520
1	Barns & Shop	\$8,300	3.9%	\$8,300	\$830	30	100	\$459
<b>Subtotal</b>				\$389,500				\$23,623
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$25,000	7.0%	\$50,000	\$10,000	7	50	\$4,061
1	1 ton pickup 4WD	\$25,000	7.0%	\$25,000	\$5,000	7	50	\$2,031
1	Tractor	\$5,000	7.0%	\$5,000	\$1,000	7	100	\$812
3	Gooseneck trailer	\$3,400	7.0%	\$10,200	\$2,040	7	100	\$1,657
1	Horse tack	\$2,800	7.0%	\$2,800	\$560	10	100	\$358
1	Misc. equipment	\$1,800	7.0%	\$1,800	\$360	10	100	\$230
<b>Subtotal</b>				\$94,800				\$9,149
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
13	Horses	\$1,800	7.0%	\$23,400	\$8,892	10	100	\$2,688
20	Bulls	\$2,000	7.0%	\$40,000	\$15,200	4	100	\$8,386
100	Cows	\$1,100.00	7.0%	\$110,000	\$41,800	8	100	\$14,347
<b>166</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$63,400				\$11,074
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
400	Cows	\$1,100	7.0%	\$440,000	\$167,200			\$24,288
60	Replacement Heifers	\$1,000	7.0%	\$60,000	\$22,800			\$3,312
<b>445</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$500,000	\$190,000			\$27,600
<b>Total</b>				<b>\$2,927,700</b>				<b>\$60,372</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**SOUTHEAST REGION  
MEDIUM COW/CALF BUDGET 2000**

BREED HERD SIZE 160 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 83%  
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 24

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	66	510	\$0.99	\$33,525	\$209.53
HEIFER CALVES	42	485	\$0.92	\$18,919	\$118.24
CULL COWS	37	900	\$0.39	\$12,987	\$81.17
CULL BULLS	1	1200	\$0.44	\$528	\$3.30
TOTAL	147			\$65,959	\$412.25

**VARIABLE COSTS**

1. FEED COSTS						
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW	
HAY	TON	20.00	\$135	\$2,700	\$16.88	
STATE	AUY	45.0%	\$25.08	\$0	\$0.00	
FEDERAL LEASE	AUY	25.0%	\$16.20	\$2,592	\$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	2.50	\$135	\$338	\$2.11	
PROTEIN SUPP	TON	12.00	\$325	\$3,900	\$24.38	
OTHER		0.00	\$0	\$0	\$0.00	
TOTAL				\$9,530	\$59.56	

2. OTHER VARIABLE COSTS						
				COST	VALUE PER COW	
VET AND MEDICINE				\$1,440	\$9.00	
LIVESTOCK HAULING				\$367	\$2.29	
HIRED LABOR				\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH				\$1,403	\$8.77	
OPERATING COSTS-VEHICLE				\$2,933	\$18.33	
RANCH MAINTENANCE				\$1,700	\$10.63	
BEEF CHECKOFF				\$109	\$0.68	
PURCHASED LIVESTOCK				\$3,000	\$18.75	
TOTAL				\$10,951	\$68.44	

3. INTEREST ON VARIABLE COSTS						
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.0%		
NUMBER OF MONTHS BORROWED				6	VALUE PER COW	
				\$717	\$4.48	
TOTAL				\$21,197	\$132.48	
TOTAL				\$44,762	\$279.76	

**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			\$2,438	\$15.24
Overhead			\$2,100	\$13.13
Total			\$4,538	\$28.36
<b>NON CASH COSTS</b>				
Purchased Livestock			\$4,089	\$25.56
Machinery & Equipment			\$2,438	\$15.24
Housing & Improvements			\$6,757	\$42.23
Interest on Retained Livestock <sup>6</sup>			\$11,040	\$69.00
Management & Operation Labor (6% of gross returns)			\$3,958	\$24.73
Total			\$28,282	\$176.76
TOTAL FIXED COSTS			\$32,820	\$205.12
TOTAL CASH AND VARIABLE COSTS			\$25,735	\$160.84
TOTAL COSTS			\$54,017	\$337.61
RETURN ABOVE TOTAL CASH COSTS			\$40,224	\$251.40
RETURN ABOVE TOTAL COSTS			\$11,942	\$74.64

BREAKEVEN CALCULATIONS			
	VARIABLE COSTS	TOTAL COSTS	
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$32.08	\$38.95	
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$32.08	\$81.76	

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 2000 price projections from Cattle Fax, Doane's 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 2000**

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>	\$2,250	3.9%	\$450,000	\$450,000			
<b>Subtotal</b>				\$710,000				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$1,800	3.9%	\$9,000	\$900	25	100	\$548
4	Wells	\$8,900	3.9%	\$35,600	\$3,560	25	100	\$2,168
22	Miles of Fence	\$2,500	3.9%	\$55,000	\$5,500	25	100	\$3,350
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>Subtotal</b>				\$112,100				\$6,757
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$17,000	7.0%	\$17,000	\$3,400	7	50	\$1,381
0	1 ton pickup 4WD	\$18,000	7.0%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$3,200	7.0%	\$3,200	\$640	7	100	\$520
1	Horse tack	\$2,600	7.0%	\$2,600	\$520	10	100	\$333
1	Misc. equipment	\$1,600	7.0%	\$1,600	\$320	10	100	\$205
<b>Subtotal</b>				\$24,400				\$2,438
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
4	Horses	\$1,600	7.0%	\$6,400	\$2,432	10	100	\$735
8	Bulls	\$2,000	7.0%	\$16,000	\$6,080	4	100	\$3,354
40	Cows	\$1,100.00	7.0%	\$44,000	\$16,720	8	100	\$5,739
<b>65</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$22,400				\$4,089
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
160	Cows	\$1,100	7.0%	\$176,000	\$66,880			\$9,715
24	Replacement Heifers	\$1,000	7.0%	\$24,000	\$9,120			\$1,325
<b>178</b>	<b>Total AUYS</b>							
<b>Subtotal</b>				\$200,000	\$76,000			\$11,040
<b>Total</b>				<u>\$1,068,900</u>				<u>\$20,235</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**SOUTHEAST REGION  
LARGE COW/CALF BUDGET 2000**

BREED HERD SIZE	320	COW to BULL	20	CALF CROP PERCENT <sup>1</sup>	83%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	48
<b>VALUE OF PRODUCTION</b>					
	<u>QUANTITY</u>	<u>WEIGHT/LBS.</u>	<u>PRICE<sup>2</sup></u>	<u>VALUE</u>	<u>VALUE PER COW</u>
STEER CALVES	133	510	\$0.99	\$67,051	\$209.53
HEIFER CALVES	85	485	\$0.92	\$37,838	\$118.24
CULL COWS	37	900	\$0.39	\$12,987	\$40.58
CULL BULLS	1	1200	\$0.44	\$528	\$1.65
<b>TOTAL</b>	<b>256</b>			<b>\$118,403</b>	<b>\$370.01</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	40.00	\$135	\$5,400	\$16.88
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	25.0%	\$16.20	\$5,184	\$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	5.00	\$135	\$675	\$2.11
PROTEIN SUPP	TON	18.00	\$325	\$5,850	\$18.28
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$17,109</b>	<b>\$53.47</b>
<b>2. OTHER VARIABLE COSTS</b>					
				<u>COST</u>	<u>VALUE PER COW</u>
VET AND MEDICINE				\$2,880	\$9.00
LIVESTOCK HAULING				\$639	\$2.00
HIRED LABOR				\$1,500	\$4.69
OPERATING COSTS-EQUIP & MACH				\$1,955	\$6.11
OPERATING COSTS-VEHICLE				\$3,400	\$10.63
RANCH MAINTENANCE				\$1,998	\$6.24
BEEF CHECKOFF				\$218	\$0.68
LIVESTOCK PURCHASES				\$2,500	\$7.81
<b>TOTAL</b>				<b>\$15,089</b>	<b>\$47.15</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
				<u>ANNUAL INTEREST RATE</u>	<u>VALUE PER COW</u>
SUM OF VARIABLE COSTS X MONTHS BORROWED				7.0%	
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE					
NUMBER OF MONTHS BORROWED				6	
				\$1,127	\$3.52
<b>TOTAL</b>				<b>\$33,325</b>	<b>\$104.14</b>
<b>TOTAL</b>				<b>\$85,078</b>	<b>\$265.87</b>
<b>OWNERSHIP COSTS</b>					
		<u>Annual Capital Recovery<sup>4</sup> (At Replacement Value):</u>		<u>Represents 65% Asset Ownership<sup>5</sup></u>	<u>VALUE PER COW</u>
<b>CASH COSTS</b>					
Taxes & Insurance				\$4,420	\$13.81
Overhead				\$2,100	\$6.56
<b>Total</b>				<b>\$6,520</b>	<b>\$20.37</b>
<b>NON CASH COSTS</b>					
Purchased Livestock				\$6,502	\$20.32
Machinery & Equipment				\$4,420	\$13.81
Housing & Improvements				\$16,679	\$52.12
Interest on Retained Livestock <sup>6</sup>				\$22,080	\$69.00
Management & Operation Labor (6% of gross returns)				\$7,104	\$22.20
<b>Total</b>				<b>\$56,784</b>	<b>\$177.45</b>
<b>TOTAL FIXED COSTS</b>				<b>\$63,304</b>	<b>\$197.82</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$39,845</b>	<b>\$124.51</b>
<b>TOTAL COSTS</b>				<b>\$96,629</b>	<b>\$301.96</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$78,559</b>	<b>\$245.50</b>
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$21,775</b>	<b>\$68.05</b>
<b>BREAKEVEN CALCULATIONS</b>					
		<u>VARIABLE COSTS</u>	<u>TOTAL COSTS</u>		
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$25.22	\$30.15			
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$25.22	\$73.13			

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 2000 price projections from Cattle Fax, Doane's 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 2000**

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			
400	AU Values <sup>1</sup>	\$2,250	3.9%	\$900,000	\$900,000			
<b>Subtotal</b>				\$1,290,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$1,800	3.9%	\$21,600	\$2,160	25	100	\$1,316
6	Wells	\$8,900	3.9%	\$53,400	\$5,340	25	100	\$3,252
75	Miles of Fence	\$2,500	3.9%	\$187,500	\$18,750	25	100	\$11,419
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>Subtotal</b>				\$275,000				\$16,679
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$17,000	7.0%	\$17,000	\$3,400	7	50	\$1,381
1	1 ton pickup 4WD	\$18,000	7.0%	\$18,000	\$3,600	7	50	\$1,462
0	Dozer/Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$3,200	7.0%	\$6,400	\$1,280	7	100	\$1,040
1	Horse tack	\$2,600	7.0%	\$2,600	\$520	10	100	\$333
1	Misc. equipment	\$1,600	7.0%	\$1,600	\$320	10	100	\$205
<b>Subtotal</b>				\$45,600				\$4,420
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
8	Horses	\$1,600	7.0%	\$12,800	\$4,864	10	100	\$1,470
16	Bulls	\$1,500	7.0%	\$24,000	\$9,120	4	100	\$5,031
80	Cows	\$1,100.00	7.0%	\$88,000	\$33,440	8	100	\$11,478
130	<b>Total AUys</b>							
<b>Subtotal</b>				\$36,800				\$6,502
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
320	Cows	\$1,100	7.0%	\$352,000	\$133,760			\$19,430
48	Replacement Heifers	\$1,000	7.0%	\$48,000	\$18,240			\$2,650
356	<b>Total AUys</b>							
<b>Subtotal</b>				\$400,000	\$152,000			\$22,080
<b>Total</b>				<b>\$2,047,400</b>				<b>\$43,178</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**SOUTHEAST REGION  
EX-LARGE COW/CALF BUDGET 2000**

BREED HERD SIZE	440	COW to BULL	20	CALF CROP PERCENT <sup>1</sup>	81%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	66

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	178	510	\$0.99	\$89,973	\$204.48
HEIFER CALVES	112	485	\$0.92	\$50,064	\$113.78
CULL COWS	37	900	\$0.39	\$12,987	\$29.52
CULL BULLS	1	1200	\$0.44	\$528	\$1.20
<b>TOTAL</b>	<b>328</b>			<b>\$153,552</b>	<b>\$348.98</b>

**VARIABLE COSTS**

1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	50.00	\$135	\$6,750	\$15.34
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	25.0%	\$16.20	\$7,128	\$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	\$135	\$1,080	\$2.45
PROTEIN SUPP	TON	28.00	\$325	\$9,100	\$20.68
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$24,058</b>	<b>\$54.68</b>

2. OTHER VARIABLE COSTS					
				COST	VALUE PER COW
VET AND MEDICINE				\$3,960	\$9.00
LIVESTOCK HAULING				\$821	\$1.87
HIRED LABOR				\$5,000	\$11.36
OPERATING COSTS-EQUIP & MACH				\$2,975	\$6.76
OPERATING COSTS-VEHICLE				\$3,060	\$6.95
RANCH MAINTENANCE				\$2,720	\$6.18
BEEF CHECKOFF				\$290	\$0.66
OTHER				\$4,000	\$9.09
<b>TOTAL</b>				<b>\$22,826</b>	<b>\$51.88</b>

3. INTEREST ON VARIABLE COSTS					
					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.0%	
NUMBER OF MONTHS BORROWED				6	
				\$1,641	\$3.73
<b>TOTAL</b>				<b>\$48,525</b>	<b>\$110.28</b>
				<b>\$105,026</b>	<b>\$238.70</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				\$7,132	\$16.21
Overhead				\$2,100	\$4.77
<b>Total</b>				<b>\$9,232</b>	<b>\$20.98</b>
<b>NON CASH COSTS</b>					
Purchased Livestock				\$11,430	\$25.98
Machinery & Equipment				\$7,132	\$16.21
Housing & Improvements				\$23,670	\$53.79
Interest on Retained Livestock <sup>6</sup>				\$30,360	\$69.00
Management & Operation Labor (6% of gross returns)				\$9,213	\$20.94
<b>Total</b>				<b>\$81,805</b>	<b>\$185.92</b>
<b>TOTAL FIXED COSTS</b>				<b>\$91,037</b>	<b>\$206.90</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$57,758</b>	<b>\$131.27</b>
<b>TOTAL COSTS</b>				<b>\$139,563</b>	<b>\$317.19</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$95,794</b>	<b>\$217.71</b>
<b>RETURN ABOVE TOTAL COSTS</b>				<b>\$13,989</b>	<b>\$31.79</b>

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$27.37	\$32.57
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$27.37	\$78.71

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 2000 price projections from Cattle Fax, Doane's 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 2000**

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	\$65	3.9%	\$650,000	\$650,000			
550	AU Values <sup>1</sup>	\$2,250	3.9%	\$1,237,500	\$1,237,500			
<b>Subtotal</b>				\$1,887,500				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$1,800	3.9%	\$27,000	\$2,700	25	100	\$1,644
8	Wells	\$8,900	3.9%	\$71,200	\$7,120	25	100	\$4,336
110	Miles of Fence	\$2,500	3.9%	\$275,000	\$27,500	25	100	\$16,748
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>Subtotal</b>				\$390,200				\$23,670
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$17,000	7.0%	\$34,000	\$6,800	7	50	\$2,762
1	1 ton pickup 4WD	\$18,000	7.0%	\$18,000	\$3,600	7	50	\$1,462
1	Tractor	\$5,000	7.0%	\$5,000	\$1,000	7	100	\$812
3	Gooseneck trailer	\$3,200	7.0%	\$9,600	\$1,920	7	100	\$1,559
1	Horse tack	\$2,600	7.0%	\$2,600	\$520	10	100	\$333
1	Misc. equipment	\$1,600	7.0%	\$1,600	\$320	10	100	\$205
<b>Subtotal</b>				\$70,800				\$7,132
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
12	Horses	\$1,600	7.0%	\$19,200	\$7,296	10	100	\$2,206
22	Bulls	\$2,000	7.0%	\$44,000	\$16,720	4	100	\$9,224
110	Cows	\$1,100.00	7.0%	\$121,000	\$45,980	8	100	\$15,782
<b>180</b>	<b>Total AUUs</b>							
<b>Subtotal</b>				\$63,200				\$11,430
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
440	Cows	\$1,100	7.0%	\$484,000	\$183,920			\$26,717
66	Replacement Heifers	\$1,000	7.0%	\$66,000	\$25,080			\$3,643
<b>490</b>	<b>Total AUUs</b>							
<b>Subtotal</b>				\$550,000	\$209,000			\$30,360
<b>Total</b>				<u>\$2,961,700</u>				<u>\$61,162</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**SOUTHWEST REGION  
SMALL COW/CALF BUDGET 2000**

BREED HERD SIZE		64	COW to BULL		15	CALF CROP PERCENT <sup>1</sup>		82%
CULL RATE		15%				REPLACEMENT HEIFERS KEPT		9.6
<b>VALUE OF PRODUCTION</b>								
<b>ANIMALS SOLD</b>	<b>QUANTITY</b>	<b>WEIGHT/LBS.</b>	<b>PRICE<sup>2</sup></b>	<b>VALUE</b>	<b>VALUE PER COW</b>			
STEER CALVES	26	500	\$0.98	\$12,858	\$200.90			
HEIFER CALVES	17	475	\$0.91	\$7,193	\$112.39			
CULL COWS	10	900	\$0.38	\$3,420	\$53.44			
CULL BULLS	1	1200	\$0.43	\$516	\$8.06			
<b>TOTAL</b>	<b>54</b>			<b>\$23,986</b>	<b>\$374.79</b>			
<b>VARIABLE COSTS</b>								
<b>1. FEED COSTS</b>	<b>UNITS</b>	<b>QUANTITY/PERCENT</b>	<b>PRICE</b>	<b>COST</b>	<b>VALUE PER COW</b>			
HAY	TON	16.00	\$135	\$2,160	\$33.75			
STATE	AUY	25.0%	\$25.08	\$0	\$0.00			
FEDERAL LEASE	AUY	65.0%	\$16.20	\$1,037	\$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	\$125	\$125	\$1.95			
PROTEIN SUPP	TON	3.00	\$325	\$975	\$15.23			
OTHER		0.00	\$0	\$0	\$0.00			
<b>TOTAL</b>				<b>\$4,297</b>	<b>\$67.14</b>			
<b>2. OTHER VARIABLE COSTS</b>				<b>COST</b>				
VET AND MEDICINE				\$576	\$9.00			
LIVESTOCK HAULING				\$135	\$2.10			
HIRED LABOR				\$0	\$0.00			
OPERATING COSTS-EQUIP & MACH				\$550	\$8.59			
OPERATING COSTS-VEHICLE				\$795	\$12.42			
RANCH MAINTENANCE				\$300	\$4.69			
BEEF CHECKOFF				\$43	\$0.67			
OTHER				\$200	\$3.13			
<b>TOTAL</b>				<b>\$2,599</b>	<b>\$40.60</b>			
<b>3. INTEREST ON VARIABLE COSTS</b>								
SUM OF VARIABLE COSTS X MONTHS BORROWED								
X INTEREST RATE PER MONTH								
ANNUAL INTEREST RATE				7.0%				
NUMBER OF MONTHS BORROWED				6		<b>VALUE PER COW</b>		
						\$241	\$3.77	
<b>TOTAL</b>						<b>\$7,137</b>	<b>\$111.51</b>	
<b>TOTAL</b>						<b>\$16,850</b>	<b>\$263.27</b>	
<b>OWNERSHIP COSTS</b>								
<b>Annual Capital Recovery<sup>4</sup> (At Replacement Value):</b>				<b>Represents 65% Asset Ownership<sup>5</sup></b>		<b>VALUE PER COW</b>		
<b>CASH COSTS</b>								
Taxes & Insurance				\$2,451	\$38.29			
Overhead				\$2,100	\$32.81			
<b>Total</b>				<b>\$4,551</b>	<b>\$71.10</b>			
<b>NON CASH COSTS</b>								
Purchased Livestock				\$2,524	\$39.44			
Machinery & Equipment				\$2,451	\$38.29			
Housing & Improvements				\$6,432	\$100.51			
Interest on Retained Livestock <sup>6</sup>				\$4,416	\$69.00			
Management & Operation Labor (6% of gross returns)				\$1,439	\$22.49			
<b>Total</b>				<b>\$17,262</b>	<b>\$269.72</b>			
<b>TOTAL FIXED COSTS</b>				<b>\$21,813</b>	<b>\$340.83</b>			
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$11,687</b>	<b>\$182.61</b>			
<b>TOTAL COSTS</b>				<b>\$28,950</b>	<b>\$452.34</b>			
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$12,299</b>	<b>\$192.17</b>			
<b>RETURN ABOVE TOTAL COSTS</b>				<b>(\$4,963)</b>	<b>(\$77.55)</b>			
<b>BREAKEVEN CALCULATIONS</b>								
	<b>VARIABLE COSTS</b>	<b>TOTAL COSTS</b>						
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$27.90	\$45.68						
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$27.90	\$113.15						

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 2000 price projections from Cattle Fax, Doane's 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 2000**

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	\$60	3.9%	\$90,000	\$90,000			
64	AU Values	\$2,100	3.9%	\$134,400	\$134,400			
<b>Subtotal</b>				<b>\$224,400</b>				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
2	Wells	\$8,200	3.9%	\$16,400	\$1,640	25	100	\$999
25	Miles of Fence	\$2,700	3.9%	\$67,500	\$6,750	25	100	\$4,111
1	Corrals/Working Facilities	\$4,700	3.9%	\$4,700	\$470	30	100	\$260
1	Barns & Shop	\$8,200	3.9%	\$8,200	\$820	30	100	\$454
<b>Subtotal</b>				<b>\$106,800</b>				<b>\$6,432</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>2</sup>	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$17,000	7.0%	\$17,000	\$3,400	7	50	\$1,381
0	3/4 ton pickup 4WD	\$18,000	7.0%	\$0	\$0	7	50	\$0
0	Dozer/Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$3,200	7.0%	\$3,200	\$640	7	100	\$520
1	Horse tack	\$2,700	7.0%	\$2,700	\$540	10	100	\$345
1	Misc. equipment	\$1,600	7.0%	\$1,600	\$320	10	100	\$205
<b>Subtotal</b>				<b>\$24,500</b>				<b>\$2,451</b>
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
4	Horses	\$1,600	7.0%	\$6,400	\$2,432	10	100	\$735
4	Bulls	\$2,000	7.0%	\$8,533	\$3,243	4	100	\$1,789
12	Cows	\$1,100.00	7.0%	\$13,200	\$5,016	8	100	\$1,722
25	<b>Total AUYS</b>							
<b>Subtotal</b>				<b>\$14,933</b>				<b>\$2,524</b>
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
64	Cows	\$1,100	7.0%	\$70,400	\$26,752			\$3,886
10	Replacement Heifers	\$1,000	7.0%	\$9,600	\$3,648			\$530
71	<b>Total AUYS</b>							
<b>Subtotal</b>				<b>\$80,000</b>	<b>\$30,400</b>			<b>\$4,416</b>
<b>Total</b>				<b>\$450,633</b>				<b>\$13,299</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**SOUTHWEST REGION  
MEDIUM COW/CALF BUDGET 2000**

BREED HERD SIZE **160** COW to BULL **15** CALF CROP PERCENT<sup>1</sup> **82%**  
 CULL RATE **15%** REPLACEMENT HEIFERS KEPT **24**

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	66	500	\$0.98	\$32,144	\$200.90
HEIFER CALVES	42	475	\$0.91	\$17,982	\$112.39
CULL COWS	37	900	\$0.38	\$12,654	\$79.09
CULL BULLS	1	1200	\$0.43	\$516	\$3.23
<b>TOTAL</b>	<b>145</b>			<b>\$63,296</b>	<b>\$395.60</b>

**VARIABLE COSTS**

1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	28.00	\$130	\$3,640	\$22.75
STATE	AUY	30.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	60.0%	\$16.20	\$2,592	\$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	\$125	\$250	\$1.56
PROTEIN SUPP	TON	7.00	\$325	\$2,275	\$14.22
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$8,757</b>	<b>\$54.73</b>

2. OTHER VARIABLE COSTS					
				COST	VALUE PER COW
VET AND MEDICINE				\$1,440	\$9.00
LIVESTOCK HAULING				\$363	\$2.27
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,998	\$12.48
OPERATING COSTS-VEHICLE				\$2,720	\$17.00
RANCH MAINTENANCE				\$1,870	\$11.69
BEEF CHECKOFF				\$107	\$0.67
PURCHASED LIVESTOCK				\$2,000	\$12.50
<b>TOTAL</b>				<b>\$10,498</b>	<b>\$65.61</b>

3. INTEREST ON VARIABLE COSTS					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.0%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
				\$674	\$4.21
<b>TOTAL</b>				<b>\$19,929</b>	<b>\$124.55</b>
<b>TOTAL</b>				<b>\$43,367</b>	<b>\$271.04</b>

**OWNERSHIP COSTS**

Annual Capital Recovery <sup>3</sup> (At Replacement Value):		Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW
<b>CASH COSTS</b>			
Taxes & Insurance		\$4,432	\$27.70
Overhead		\$2,100	\$13.13
<b>Total</b>		<b>\$6,532</b>	<b>\$40.83</b>
<b>NON CASH COSTS</b>			
Purchased Livestock		\$5,943	\$37.14
Machinery & Equipment		\$4,432	\$27.70
Housing & Improvements		\$15,076	\$94.23
Interest on Retained Livestock <sup>6</sup>		\$11,040	\$69.00
Management & Operation Labor (6% of gross returns)		\$3,798	\$23.74
<b>Total</b>		<b>\$40,289</b>	<b>\$251.81</b>
<b>TOTAL FIXED COSTS</b>		<b>\$46,822</b>	<b>\$292.64</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>		<b>\$26,461</b>	<b>\$165.38</b>
<b>TOTAL COSTS</b>		<b>\$66,750</b>	<b>\$417.19</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>		<b>\$36,835</b>	<b>\$230.22</b>
<b>RETURN ABOVE TOTAL COSTS</b>		<b>(\$3,455)</b>	<b>(\$21.59)</b>

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$31.16	\$41.37
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$31.16	\$104.36

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 2000 price projections from Cattle Fax, Doane's 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 2000**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
3500	Acres of private land	\$65	3.9%	\$227,500	\$227,500			
160	AU Values <sup>1</sup>	\$2,100	3.9%	\$336,000	\$336,000			
<b>Subtotal</b>				\$563,500				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
4	Wells	\$9,200	3.9%	\$36,800	\$3,680	25	100	\$2,241
40	Miles of Fence	\$2,700	3.9%	\$108,000	\$10,800	25	100	\$6,578
1	Corrals/Working Facilities	\$4,700	3.9%	\$4,700	\$470	30	100	\$260
1	Barns & Shop	\$82,000	3.9%	\$82,000	\$8,200	30	100	\$4,536
<b>Subtotal</b>				\$255,500				\$15,076
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
1	3/4 ton pickup 4WD	\$17,000	7.0%	\$17,000	\$3,400	7	50	\$1,381
1	1 ton pickup 4WD	\$18,000	7.0%	\$18,000	\$3,600	7	50	\$1,462
0	Dozer/Tractor	\$5,000	7.0%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$3,200	7.0%	\$6,400	\$1,280	7	100	\$1,040
1	Horse tack	\$2,700	7.0%	\$2,700	\$540	10	100	\$345
1	Misc. equipment	\$1,600	7.0%	\$1,600	\$320	10	100	\$205
<b>Subtotal</b>				\$45,700				\$4,432
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
8	Horses	\$1,600	7.0%	\$12,800	\$4,864	10	100	\$1,470
11	Bulls	\$2,000	7.0%	\$21,333	\$8,107	4	100	\$4,472
30	Cows	\$1,100.00	7.0%	\$33,000	\$12,540	8	100	\$4,304
<b>61</b>	<b>Total AUYS</b>							<b>\$5,943</b>
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>			<b>Interest on Investment</b>
160	Cows	\$1,100	7.0%	\$176,000	\$66,880			\$9,715
24	Replacement Heifers	\$1,000	7.0%	\$24,000	\$9,120			\$1,325
<b>178</b>	<b>Total AUYS</b>							<b>\$11,040</b>
<b>Subtotal</b>				\$200,000	\$76,000			\$11,040
<b>Total</b>				<b>\$1,098,833</b>				<b>\$30,549</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

**SOUTHWEST REGION  
LARGE COW/CALF BUDGET 2000**

BREED HERD SIZE **320**      COW to BULL **15**      CALF CROP PERCENT<sup>1</sup> **82%**  
 CULL RATE **15%**      REPLACEMENT HEIFERS KEPT **48**

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES	131	500	\$0.98	\$64,288	\$200.90
HEIFER CALVES	83	475	\$0.91	\$35,963	\$112.39
CULL COWS	37	900	\$0.38	\$12,654	\$39.54
CULL BULLS	1	1200	\$0.43	\$516	\$1.61
<b>TOTAL</b>	<b>252</b>			<b>\$113,421</b>	<b>\$354.44</b>

VARIABLE COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
<b>1. FEED COSTS</b>					
HAY	TON	46.00	\$135	\$6,210	\$19.41
STATE	AUY	40.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$5,184	\$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	\$125	\$625	\$1.95
PROTEIN SUPP	TON	13.00	\$325	\$4,225	\$13.20
OTHER		0.00	\$0	\$0	\$0.00
<b>TOTAL</b>				<b>\$16,244</b>	<b>\$50.76</b>
<b>2. OTHER VARIABLE COSTS</b>					
VET AND MEDICINE				\$2,880	\$9.00
LIVESTOCK HAULING				\$631	\$1.97
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$3,060	\$9.56
OPERATING COSTS-VEHICLE				\$4,600	\$14.38
RANCH MAINTENANCE				\$2,338	\$7.30
BEEF CHECKOFF				\$214	\$0.67
LIVESTOCK PURCHASES				\$3,000	\$9.38
<b>TOTAL</b>				<b>\$16,723</b>	<b>\$52.26</b>
<b>3. INTEREST ON VARIABLE COSTS</b>					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.0%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
				\$1,154	\$3.61
<b>TOTAL</b>				<b>\$34,121</b>	<b>\$106.63</b>
				<b>\$79,300</b>	<b>\$247.81</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			\$7,132	\$22.29	
Overhead			\$2,100	\$6.56	
<b>Total</b>			<b>\$9,232</b>	<b>\$28.85</b>	
<b>NON CASH COSTS</b>					
Purchased Livestock			\$10,783	\$33.70	
Machinery & Equipment			\$7,132	\$22.29	
Housing & Improvements			\$26,074	\$81.48	
Interest on Retained Livestock <sup>6</sup>			\$22,080	\$69.00	
Management & Operation Labor (6% of gross returns)			\$6,805	\$21.27	
<b>Total</b>			<b>\$72,874</b>	<b>\$227.73</b>	
<b>TOTAL FIXED COSTS</b>			<b>\$82,106</b>	<b>\$256.58</b>	
<b>TOTAL CASH AND VARIABLE COSTS</b>			<b>\$43,353</b>	<b>\$135.48</b>	
<b>TOTAL COSTS</b>			<b>\$116,227</b>	<b>\$363.21</b>	
<b>RETURN ABOVE TOTAL CASH COSTS</b>			<b>\$70,068</b>	<b>\$218.96</b>	
<b>RETURN ABOVE TOTAL C<sub>1</sub></b>			<b>(\$2,806)</b>	<b>(\$8.77)</b>	

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$26.67	\$33.89
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$26.67	\$90.86

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 2000 price projections from Cattle Fax, Doane's 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 2000**

Number	Land Values	Price Per Unit	10 Yr Avg	Purchase	Salvage/Cull	Useful	Livestock	Annual Capital
			Rate of Return	Price	Value	Life	Share	Recovery
6000	Acres of private land	\$60	3.9%	\$360,000	\$360,000			
320	AU Values <sup>1</sup>	\$2,100	3.9%	\$672,000	\$672,000			
<b>Subtotal</b>				\$1,032,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
12	Wells	\$9,200	3.9%	\$110,400	\$11,040	25	100	\$6,724
100	Miles of Fence	\$2,700	3.9%	\$270,000	\$27,000	25	100	\$16,444
1	Corrals/Working Facilities	\$4,700	3.9%	\$4,700	\$470	30	100	\$260
1	Barns & Shop	\$8,200	3.9%	\$8,200	\$820	30	100	\$454
<b>Subtotal</b>				\$429,300				\$26,074
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$17,000	7.0%	\$34,000	\$6,800	7	50	\$2,762
1	1 ton pickup 4WD	\$18,000	7.0%	\$18,000	\$3,600	7	50	\$1,462
1	Tractor	\$5,000	7.0%	\$5,000	\$1,000	7	100	\$812
3	Gooseneck trailer	\$3,200	7.0%	\$9,600	\$1,920	7	100	\$1,559
1	Horse tack	\$2,600	7.0%	\$2,600	\$520	10	100	\$333
1	Misc. equipment	\$1,600	7.0%	\$1,600	\$320	10	100	\$205
<b>Subtotal</b>				\$70,800				\$7,132
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
10	Horses	\$1,600	7.0%	\$16,000	\$6,080	10	100	\$1,838
21	Bulls	\$2,000	7.0%	\$42,667	\$16,213	4	100	\$8,945
34	Cows	\$1,100.00	7.0%	\$37,400	\$14,212	8	100	\$4,878
82	<b>Total AUUs</b>							
<b>Subtotal</b>				\$58,667				\$10,783
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
320	Cows	\$1,100	7.0%	\$352,000	\$133,760			\$19,430
48	Replacement Heifers	\$1,000	7.0%	\$48,000	\$18,240			\$2,650
356	<b>Total AUUs</b>							
<b>Subtotal</b>				\$400,000	\$152,000			\$22,080
<b>Total</b>				<u>\$1,990,767</u>				<u>\$55,286</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% reflects a typical return on a low risk investment (30 yr. Treasury Bond)

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