



Range Improvement Task Force • Report 74

Range Livestock Costs and Returns for New Mexico 2001



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

Range Livestock Costs and Returns for New Mexico, 2001

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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.

Drought conditions persisted throughout New Mexico during 2001, resulting in an increase in culling rates. Cull cows provide income for the year in which they are sold but reduce current and future calf sales due to the reduction in the breeding herd. Cash flow in a year in which cull sales increased will increase the bottom line for that year, as occurred in 2001 in New Mexico. These are not long-term projected gains but rather influxes to cash flow for the year.

This study considers 15 individual cost and return estimates for representative model cow-calf ranches distributed among five New Mexico regions. The five regions are county-specific (each county is wholly contained in one region). They are: Central Mountain, Northeast, Northwest, Southeast, and Southwest. Three individual budgets, for three ranches of differing size, were developed for each region. Sizes of the model ranches reflect common ranch sizes within

each region and range from small in the Central Mountain and Southwest regions to extra-large in the Northeast, Northwest and Southeast regions. Throughout the analysis, number of mother cows is reported and a one-to-twenty bull ratio assumed.

RANCHING REGIONS

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

Central Mountain

This region comprises Taos, Rio Arriba, Sandoval, Santa Fe, San Miguel, Bernalillo, Torrance, Lincoln, and Otero counties. Representative ranches modeled in 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.

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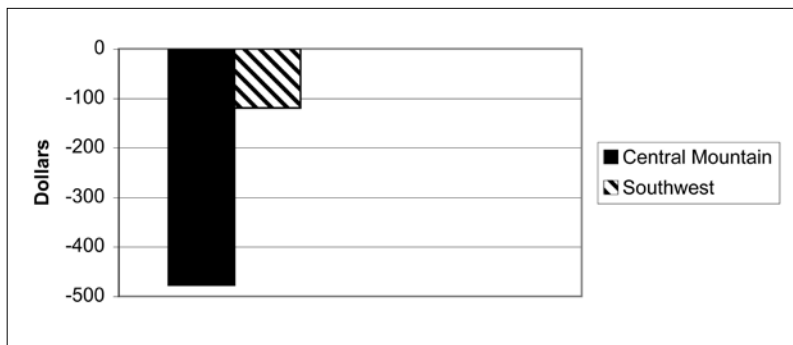


Figure 1. Economic returns for small New Mexico ranches, 2001

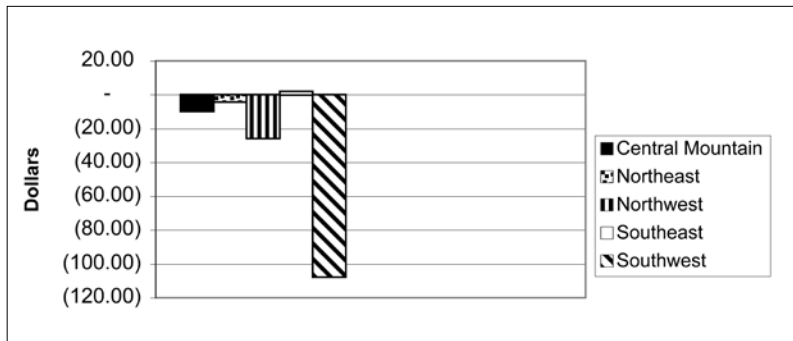


Figure 2. Economic returns for medium-sized New Mexico ranches, 2001

Small Ranch

The small representative ranch had 40 mature cows. A 25% culling rate was applied due to drought conditions. Calf crop percentages were 80%. Gross returns per cow were approximately \$404 with total costs approaching \$880 per cow, resulting in a loss of \$47+6 per cow (Figure 1). An intensifying drought in this portion of New Mexico has caused a continued reduction in cattle numbers, impacting the economic profile of this representative ranch

Medium Ranch

The medium representative ranch had 140 mature cows. A 25% culling rate was applied due to drought. Calf crop was 85%. Gross returns per cow were approximately \$408 with total costs approaching \$420 per cow, resulting in a loss of \$10 per cow (Figure 2). Break-even calf prices were \$99 per hundred weight (cwt).

Large Ranch

The large representative ranch had 245 mature cows. A 25% culling rate was applied and an 84% calf crop percentage was used in the representative ranch model. Gross returns per cow were approximately \$409 with total costs approaching \$420 per cow, resulting in a loss of \$12 per cow (Figure 3). A continued drought caused a rise in supplemental feeding costs and forced a reduction in cow numbers.

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 140 mature cows. A 25% culling rate was applied. Calf crop was 83%. Gross returns per cow were approximately \$501 with total costs approaching \$505 per cow, resulting in a loss of \$4 per cow (Figure 2). Returns per cow fell greatly despite an increase in calf prices, due to supplemental feeding costs and because more than normal culling rates resulting in fewer calves being marketed.

Large Ranch

The large representative ranch had 245 mature cows. A 25% culling rate was applied. Calf crop was 84%. Gross returns per cow were approximately \$510 with total costs approaching \$455 per cow, resulting in a profit of \$54 per cow (Figure 3). Returns per cow fell greatly despite an increase in calf prices, due to supplemental feeding costs and a reduction in the overall number of calves sold.

Extra-Large Ranch

The extra-large representative ranch had 385 mature cows. A 25% culling rate was applied. Calf crop was 84%. Gross returns per cow were approximately \$434 with total costs approaching \$400 per cow, resulting in a profit of \$34 per cow (Figure 4). Break-even calf prices were \$89 per hundred weight (cwt) with 2001 calf prices averaging \$104/cwt.

Northwest Region

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

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

Medium Ranch

The medium representative ranch had 140 mature cows. A 25% culling rate was applied. Calf crop was 82%. Gross returns per cow were approximately \$500 with total costs approaching \$525 per cow, resulting in a loss of greater than \$25 per cow (Figure 2). This economic return was \$50 less than what was realized in 2000. This difference was due to two primary factors: reduced number of calves sold and increased feeding costs.

Large Ranch

The large representative ranch had 245 mature cows. A 25% culling rate was applied. Calf crop was 82%. Gross returns per cow were approximately \$440 with total costs

approximately \$410 per cow, resulting in a profit of \$27 per cow. A significant reduction in economic viability for this representative model was apparent when compared to the values established in 2000.

Extra-Large Ranch

The extra-large representative ranch had 350 mature cows. A culling rate was applied. Calf crop percentage was 85%. Gross returns per cow were approximately \$435 with total costs approaching \$425 per cow, resulting in a profit of \$10 per cow (Figure 4). Break-even calf prices were \$100 per hundred weight (cwt) with 2001 prices averaging \$101/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 2001, resulting in further reductions in cow numbers for the southeast region of New Mexico. Continuing drought conditions resulted in more supplemental feeding.

Terrain in this region ranges from prairies to rough areas. Elevations vary from 3,000 to over 6,000 ft., 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

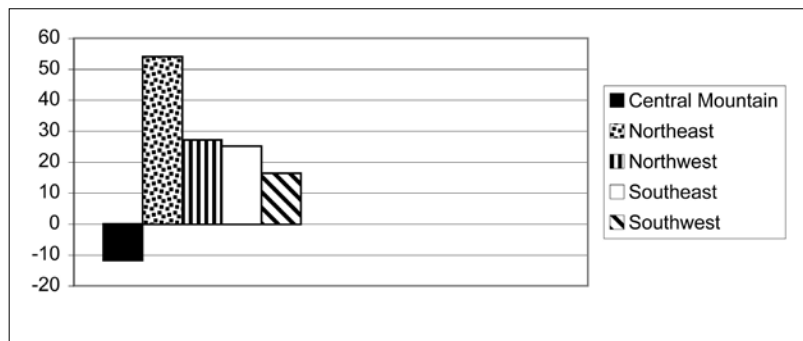


Figure 3. Economic returns for large New Mexico ranches, 2001

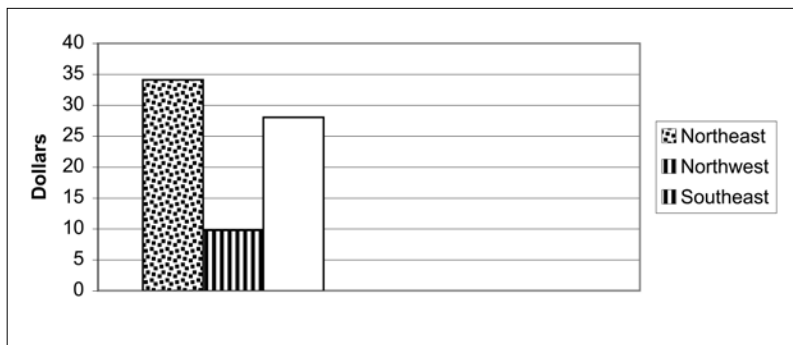


Figure 4. Economic returns for extra-large New Mexico ranches, 2001

stocking rates will range from 3 to 17 AU per section.

Medium Ranch

The medium representative ranch had 140 mature cows. A 25% culling rate was applied. Calf crop was 82%. Gross returns per cow were approximately \$465 with total costs approaching \$463 per cow, resulting in a profit of about \$2 per cow (Figure 2). Total costs per cow increased by about \$90 per cow unit while gross returns increased by \$50, resulting in a reduced return for 2001 relative to 2000.

Large Ranch

The large representative ranch had 280 mature cows. A 25% culling rate was applied. Calf crop was 82%. Gross returns per cow were approximately \$460 with total costs approaching \$434 per cow (Figure 3), resulting in a profit of \$25 per cow. Increasing costs coupled with reduction in number of calves marketed resulted in a decrease of approximately \$35 of profit per cow relative to 2000.

Extra-Large Ranch

The extra-large representative ranch had 385 mature cows. A 25% culling rate was applied. Calf crop was 82%. Gross returns per cow were approximately \$460 with total costs approaching \$432 per cow, resulting in a profit of \$28 per cow (Figure 4).

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 from three size classes were modeled for the Southwest region: a small, a medium and a large ranch.

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 56 mature cows. A 25% culling rate was applied. Calf crop was 83%. Gross returns per cow were approximately \$462 with total costs approaching \$580 per cow, resulting in a loss of \$118 per cow (Figure 1). The combination of increasing costs and a reduction in the number of calves marketed resulted in significant economic and financial losses.

Medium Ranch

The medium representative ranch had 140 mature cows. A 25% culling rate was applied. Calf crop was 82%. Gross returns per cow were approximately \$450 with total costs approaching \$560 per cow, resulting in a loss of \$107 per cow (Figure 2). As in the small representative ranch increasing costs coupled with a reduction in the number of calves marketed resulted in significant economic and financial losses.

Large Ranch

The large representative ranch had 300 mature cows. A 25% culling rate was applied. Calf crop was 82%. Gross returns per cow were approximately \$440 with total costs approaching \$425 per cow, resulting in a profit of \$16 per cow (Figure 3).

SUMMARY

Livestock production throughout New Mexico in 2001 resulted in mostly negative returns for small and medium representative models. The large and extra-large ranch models showed mixed results relative to 2000. Each representative ranch, regardless of size class, showed reduced profitability relative to 2000. Precipitation levels were below normal for much of the state, forcing livestock producers to make a decision as to whether to increase supplemental feeding rates or to reduce the herd size. The majority of producers chose to reduce herd size by 10% from the previous year. Supplemental feeding rates were also increased to offset reductions in aggregate forage production during the year. These factors created a difficult year for livestock producers throughout New Mexico as costs of doing business increased, grass supplies were reduced, and calf crop percentages were slightly reduced in most instances relative to 2000. The primary bright spot for production during 2001 was an average increase in prices received for livestock throughout the year. Figure 5 provides aggregate beef cattle prices for New Mexico for 2001. These values are representative of all classes of beef cattle throughout the state.

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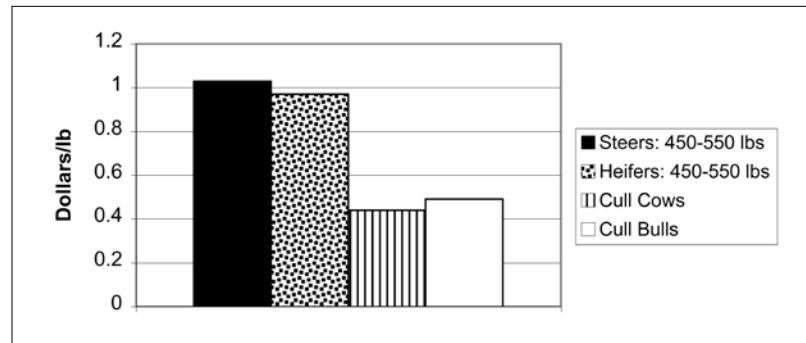


Figure 5. Beef Cattle Prices for New Mexico, 2001

APPENDIX A

**CENTRAL MOUNTAIN REGION
SMALL RANCH INVESTMENTS 2001**

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	\$900	3.9%	\$90,000	\$90,000			
34	AU Values ¹	\$3,000	3.9%	\$101,250	\$101,250			
Subtotal				\$191,250				
Number	Buildings, Improvements	Price Per Unit						
0.5	Miles of pipeline	\$2,000	3.9%	\$1,000	\$100	25	100	\$61
1	Wells	\$13,000	3.9%	\$13,000	\$1,300	25	100	\$792
10	Miles of Fence	\$2,500	3.9%	\$25,000	\$2,500	25	100	\$1,523
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
Subtotal				\$54,000				\$3,205
Number	Machinery & Vehicles	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$28,000	6.5%	\$28,000	\$5,600	7	50	\$2,224
0	3/4 ton pickup 4WD	\$30,000	6.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	6.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$4,500	6.5%	\$4,500	\$900	7	100	\$715
1	Horse tack	\$3,500	6.5%	\$3,500	\$700	10	100	\$435
1	Misc. equipment	\$1,500	6.5%	\$1,500	\$300	10	100	\$186
Subtotal				\$37,500				\$3,560
Head	Purchased Livestock	Price Per Unit	Interest Rate³	Price	Salvage/Cull			
3	Horses	\$1,500	6.5%	\$4,500	\$1,710	10	100	\$499
1	Bulls	\$2,000	6.5%	\$2,500	\$950	4	100	\$514
5	Total AUUs							\$1,013
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
25	Cows	\$1,100	6.5%	\$27,500	\$10,450			\$1,410
4	Replacement Heifers	\$1,000	6.5%	\$3,750	\$1,425			\$192
28	Total AUUs							\$1,602
Subtotal				\$31,250	\$11,875			\$1,602
Total				<u>\$321,000</u>				<u>\$8,367</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
SMALL COW/CALF BUDGET 2001**

BREED HERD SIZE 33 COW to BULL 20 CALF CROP PERCENT¹ 80%
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 4.875

VALUE OF PRODUCTION					VALUE PER COW	
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE		NEW VALUE
STEER CALVES	13	515	\$1.01	\$6,762	\$208.06	
HEIFER CALVES	8	495	\$0.96	\$3,861	\$118.80	
CULL COWS	5	900	\$0.44	\$1,931	\$59.40	
CULL BULLS	1	1200	\$0.49	\$588	\$18.09	
TOTAL	27			\$13,141	\$404.35	

VARIABLE COSTS					VALUE PER COW	
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST		NEW VALUE
HAY	TON	12.00	\$150	\$1,800	\$55.38	
STATE	AUY	0.0%	\$25.08	\$0	\$0.00	
FEDERAL LEASE	AUY	50.0%	\$16.20	\$527	\$16.20	
PRIVATE(Owned)	AUY	50.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$96.00	\$0	\$0.00	
SALT & MINERAL	TON	2.00	\$245	\$490	\$15.08	
PROTEIN SUPP	TON	7.00	\$300	\$2,100	\$64.62	
OTHER		0.00	\$0	\$0	\$0.00	
TOTAL				\$4,917	\$151.28	

2. OTHER VARIABLE COSTS					VALUE PER COW	
				COST		NEW VALUE
VET AND MEDICINE				\$390	\$12.00	
LIVESTOCK HAULING				\$142	\$4.36	
HIRED LABOR				\$0	\$0.00	
OPERATING COSTS-EQUIP & MACH				\$515	\$15.85	
OPERATING COSTS-VEHICLE				\$1,030	\$31.69	
RANCH MAINTENANCE				\$1,030	\$31.69	
BEEF CHECKOFF				\$21	\$0.65	
PURCHASED LIVESTOCK				\$1,400	\$43.08	
TOTAL				\$4,528	\$139.32	

3. INTEREST ON VARIABLE COSTS					VALUE PER COW	
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				6.5%		
NUMBER OF MONTHS BORROWED				6		
				\$307	\$9.44	
TOTAL				\$9,751	\$300.04	

TOTAL \$3,390 \$104.31

OWNERSHIP COSTS					VALUE PER COW		NEW VALUE
Annual Capital Recovery ⁴ (At Replacement Value):				Represents 65% Asset Ownership ⁵			
CASH COSTS							
Taxes & Insurance				\$3,560	\$109.55		
Overhead				\$2,100	\$64.62		
				\$5,660	\$174.17		
NON CASH COSTS							
Purchased Livestock				\$1,410	\$43.37		
Machinery & Equipment				\$3,560	\$109.55		
Housing & Improvements				\$3,205	\$98.62		
Interest on Retained Livestock ⁴				\$1,602	\$49.29		
Management & Operation Labor (6% of gross returns)				\$3,390	\$104.31		
				\$13,167	\$405.14		
TOTAL FIXED COSTS				\$18,827	\$579.30		
TOTAL CASH AND VARIABLE COSTS				\$15,412	\$474.21		
TOTAL COSTS				\$28,579	\$879.34		
RETURN ABOVE TOTAL CASH COSTS				(\$2,270)	(\$69.86)		

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$74.27	\$117.38
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$74.27	\$217.66

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 2001 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.

**CENTRAL MOUNTAIN REGION
MEDIUM RANCH INVESTMENTS 2001**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
750	Acres of private land	\$200	3.9%	\$150,000	\$150,000			\$116.25
189	AU Values ¹	\$3,000	3.9%	\$567,000	\$567,000			
Subtotal				\$717,000				
Number	Buildings, Improvements	Price Per Unit						
2	Miles of pipeline	\$2,000	3.9%	\$4,000	\$400	25	100	\$244
1	Wells	\$13,000	3.9%	\$13,000	\$1,300	25	100	\$792
18	Miles of Fence	\$4,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
Subtotal				\$104,000				\$6,366
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	3/4 ton pickup 4WD	\$30,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$6,500	7.5%	\$6,500	\$1,300	7	100	\$1,079
1	Horse tack	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
1	Misc. equipment	\$2,500	7.5%	\$2,500	\$500	10	100	\$329
Subtotal				\$44,000				\$4,673
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
6	Horses	\$2,500	6.5%	\$15,000	\$5,700	10	100	\$1,664
7	Bulls	\$2,000	6.5%	\$14,000	\$5,320	4	100	\$2,880
30	Cows	\$1,100.00	6.5%	\$33,000	\$12,540	8	100	\$4,175
54	Total AUUs							
Subtotal				\$29,000				\$4,544
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
140	Cows	\$1,100	6.5%	\$154,000	\$58,520			\$7,894
21	Replacement Heifers	\$1,000	6.5%	\$21,000	\$7,980			\$1,076
156	Total AUUs							
Subtotal				\$175,000	\$66,500			\$8,970
Total				\$1,069,000				\$20,009

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
MEDIUM COW/CALF BUDGET 2001**

BREED HERD SIZE	140	COW to BULL	20	CALF CROP PERCENT ¹	83%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	21

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	58	515	\$1.02	\$30,520	\$218.00
HEIFER CALVES	37	495	\$0.96	\$17,630	\$125.93
CULL COWS	21	900	\$0.44	\$8,316	\$59.40
CULL BULLS	1	1200	\$0.49	\$588	\$4.20
TOTAL	117			\$57,054	\$407.53

VARIABLE COSTS

					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
1. FEED COSTS					
HAY	TON	39.00	\$140	\$5,460	\$39.00
STATE	AUY	30.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$2,268	\$16.20
PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	4.00	\$230	\$920	\$6.57
PROTEIN SUPP	TON	12.00	\$350	\$4,200	\$30.00
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$12,848	\$91.77

					VALUE PER COW
				COST	
2. OTHER VARIABLE COSTS					
VET AND MEDICINE				\$1,680	\$12.00
LIVESTOCK HAULING				\$615	\$4.40
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,030	\$7.36
OPERATING COSTS-VEHICLE				\$1,545	\$11.04
RANCH MAINTENANCE				\$1,800	\$12.86
BEEF CHECKOFF				\$95	\$0.68
PURCHASED LIVESTOCK				\$3,000	\$21.43
TOTAL				\$9,766	\$69.75

					VALUE PER COW
3. INTEREST ON VARIABLE COSTS					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	
				\$848	\$6.06
TOTAL				\$23,462	\$167.58
TOTAL				\$33,592	\$239.95

OWNERSHIP COSTS				
	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW	
CASH COSTS				
Taxes & Insurance		\$4,849	\$4.849	\$34.63
Overhead		\$2,100	\$2.100	\$15.00
Total		\$6,949	\$6.949	\$49.63
NON CASH COSTS				
Purchased Livestock		\$4,544	\$4.544	\$32.45
Machinery & Equipment		\$4,673	\$4.673	\$33.38
Housing & Improvements		\$6,366	\$6.366	\$45.47
Interest on Retained Livestock ⁶		\$8,970	\$8.970	\$64.07
Management & Operation Labor (6% of gross returns)		\$3,423	\$3.423	\$24.45
Total		\$27,976	\$27.976	\$199.83
TOTAL FIXED COSTS		\$34,925	\$34.925	\$249.46
TOTAL CASH AND VARIABLE COSTS		\$30,410	\$30.410	\$217.22
TOTAL COSTS		\$58,386	\$58.386	\$417.04
RETURN ABOVE TOTAL CASH COSTS		\$26,644	\$26.644	\$190.31
RETURN ABOVE TOTAL COSTS		(\$1,332)	(\$1.332)	(\$9.52)

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$39.98	\$51.82
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$39.98	\$99.50

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 2001 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 2001**

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	\$200	3.9%	\$2,000,000	\$2,000,000			\$1,550.00
331	AU Values ¹	\$3,000	3.9%	\$992,250	\$992,250			
Subtotal				\$2,992,250				
Number	Buildings, Improvements	Price Per Unit						
4	Miles of pipeline	\$2,000	3.9%	\$8,000	\$800	25	100	\$487
2	Wells	\$13,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
40	Miles of Fence	\$4,000	3.9%	\$160,000	\$16,000	25	100	\$9,745
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
Subtotal				\$209,000				\$14,195
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$6,500	7.5%	\$6,500	\$1,300	10	100	\$855
1	Misc. equipment	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
Subtotal				\$90,000				\$11,001
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
12	Bulls	\$2,000	6.5%	\$24,500	\$9,310	4	100	\$5,039
53	Cows	\$1,100.00	6.5%	\$58,300	\$22,154	8	100	\$7,377
94	Total AUUs							
Subtotal				\$49,500				\$7,813
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
245	Cows	\$1,100	6.5%	\$269,500	\$102,410			\$13,814
37	Replacement Heifers	\$1,000	6.5%	\$36,750	\$13,965			\$1,884
273	Total AUUs							
Subtotal				\$306,250	\$116,375			\$15,698
Total				<u>\$3,647,000</u>				<u>\$40,894</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)

**CENTRAL REGION
LARGE COW/CALF BUDGET 2001**

BREED HERD SIZE	245	COW to BULL	20	CALF CROP PERCENT ¹	84%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	37

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	103	515	\$1.01	\$53,523	\$218.46
HEIFER CALVES	66	495	\$0.96	\$31,434	\$128.30
CULL COWS	37	900	\$0.44	\$14,553	\$59.40
CULL BULLS	1	1200	\$0.49	\$588	\$2.40
TOTAL	207			\$100,099	\$408.57

VARIABLE COSTS						VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST		
1. FEED COSTS						
HAY	TON	52.00	\$140	\$7,280		\$29.71
STATE	AUY	20.0%	\$25.08	\$0		\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$3,969		\$16.20
PRIVATE(Owned)	AUY	40.0%	\$0.00	\$0		\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0		\$0.00
SALT & MINERAL	TON	6.00	\$230	\$1,380		\$5.63
PROTEIN SUPP	TON	19.00	\$350	\$6,650		\$27.14
OTHER		0.00	\$0	\$0		\$0.00
TOTAL				\$19,279		\$78.69
2. OTHER VARIABLE COSTS						
VET AND MEDICINE				\$3,063		\$12.50
LIVESTOCK HAULING				\$1,086		\$4.43
HIRED LABOR				\$0		\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,600		\$6.53
OPERATING COSTS-VEHICLE				\$2,075		\$8.47
RANCH MAINTENANCE				\$2,700		\$11.02
BEEF CHECKOFF				\$169		\$0.69
PURCHASED LIVESTOCK				\$3,500		\$14.29
TOTAL				\$14,192		\$57.93
3. INTEREST ON VARIABLE COSTS						
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.5%		
NUMBER OF MONTHS BORROWED				6		
						VALUE PER COW
						\$5.12
TOTAL				\$34,726		\$141.74
				\$65,372		\$266.83

OWNERSHIP COSTS				VALUE PER COW
	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵		
CASH COSTS				
Taxes & Insurance		\$11,320		\$46.20
Overhead		\$2,200		\$8.98
Total		\$13,520		\$55.18
NON CASH COSTS				
Purchased Livestock		\$7,813		\$31.89
Machinery & Equipment		\$11,001		\$44.90
Housing & Improvements		\$14,195		\$57.94
Interest on Retained Livestock ⁶		\$15,698		\$64.07
Management & Operation Labor (6% of gross returns)		\$6,006		\$24.51
Total		\$54,713		\$223.32
TOTAL FIXED COSTS		\$68,232		\$278.50
TOTAL CASH AND VARIABLE COSTS		\$48,246		\$196.92
TOTAL COSTS		\$102,959		\$420.24
RETURN ABOVE TOTAL CASH COSTS		\$51,853		\$211.64
RETURN ABOVE TOTAL COSTS		(\$2,860)		(\$11.67)

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$33.41	\$46.42
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$33.41	\$99.07

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 2001 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 2001**

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	\$85	3.9%	\$595,000	\$595,000			
200	AU Values ¹	\$2,500	3.9%	\$500,000	\$500,000			
Subtotal				\$1,095,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
6	Wells	\$12,000	3.9%	\$72,000	\$7,200	25	100	\$4,385
50	Miles of Fence	\$4,000	3.9%	\$200,000	\$20,000	25	100	\$12,181
1	Corrals/Working Facilities	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Subtotal				\$322,000				\$19,443
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	1 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$6,500	7.5%	\$6,500	\$1,300	7	100	\$1,079
1	Horse tack	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
1	Misc. equipment	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
Subtotal				\$45,000				\$4,688
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
6	Horses	\$2,500	6.5%	\$15,000	\$5,700	10	100	\$1,664
7	Bulls	\$2,000	6.5%	\$14,000	\$5,320	4	100	\$2,880
40	Cows	\$1,100.00	6.5%	\$44,000	\$16,720	8	100	\$5,567
66	Total AUys							
Subtotal				\$29,000				\$4,544
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
140	Cows	\$1,100	6.5%	\$154,000	\$58,520			\$7,894
21	Replacement Heifers	\$1,000	6.5%	\$21,000	\$7,980			\$1,076
156	Total AUys							
Subtotal				\$175,000	\$66,500			\$8,970
Total				\$1,666,000				\$33,101

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
MEDIUM COW/CALF BUDGET 2001**

BREED HERD SIZE 140 COW to BULL 20 CALF CROP PERCENT¹ 83%
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 21

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	58	550	\$1.06	\$33,872	\$241.95
HEIFER CALVES	37	515	\$1.01	\$19,298	\$137.84
CULL COWS	37	900	\$0.49	\$16,317	\$116.55
CULL BULLS	1	1200	\$0.54	\$648	\$4.63
TOTAL	133			\$70,135	\$500.96

VARIABLE COSTS						VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST		
1. FEED COSTS						
HAY	TON	24.00	\$140	\$3,360		\$24.00
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	\$2,268		\$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	\$230	\$690		\$4.93
PROTEIN SUPP	TON	10.00	\$350	\$3,500		\$25.00
OTHER		0.00	\$0	\$0		\$0.00
TOTAL				\$9,818		\$70.13
2. OTHER VARIABLE COSTS						
VET AND MEDICINE				\$1,750		\$12.50
LIVESTOCK HAULING				\$666		\$4.76
HIRED LABOR				\$0		\$0.00
OPERATING COSTS-EQUIP & MACH				\$1,350		\$9.64
OPERATING COSTS-VEHICLE				\$3,000		\$21.43
RANCH MAINTENANCE				\$2,100		\$15.00
BEEF CHECKOFF				\$95		\$0.68
PURCHASED LIVESTOCK				\$2,500		\$17.86
TOTAL				\$11,461		\$81.87
3. INTEREST ON VARIABLE COSTS						
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.5%		
NUMBER OF MONTHS BORROWED				6		VALUE PER COW
						HIGH
						\$798
						\$5.70
TOTAL				\$22,077		\$157.69
TOTAL				\$48,058		\$343.27

OWNERSHIP COSTS				VALUE PER COW
Annual Capital Recovery ⁴ (At Replacement Value):			Represents 65% Asset Ownership	VALUE PER COW
CASH COSTS				
Taxes & Insurance			\$4,688	\$33.49
Overhead			\$2,100	\$15.00
Total			\$6,788	\$48.49
NON CASH COSTS				
Purchased Livestock			\$4,544	\$32.45
Machinery & Equipment			\$4,688	\$33.49
Housing & Improvements			\$19,443	\$138.88
Interest on Retained Livestock			\$8,970	\$64.07
Management & Operation Labor (6% of gross returns)			\$4,208	\$30.06
Total			\$41,853	\$298.95
TOTAL FIXED COSTS			\$48,641	\$347.44
TOTAL CASH AND VARIABLE COSTS			\$28,865	\$206.18
TOTAL COSTS			\$70,718	\$505.13
RETURN ABOVE TOTAL CASH COSTS			\$41,270	\$294.78
RETURN ABOVE TOTAL COSTS			(\$583)	(\$4.17)

BREAKEVEN CALCULATIONS	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$35.68	\$46.65
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$35.68	\$114.29

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 2001 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
LARGE RANCH INVESTMENTS 2001**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
12000	Acres of private land	\$85	3.9%	\$1,020,000	\$1,020,000			
350	AU Values ¹	\$2,500	3.9%	\$875,000	\$875,000			
Subtotal				\$1,895,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
8	Wells	\$12,000	3.9%	\$96,000	\$9,600	25	100	\$5,847
70	Miles of Fence	\$4,000	3.9%	\$280,000	\$28,000	25	100	\$17,053
1	Corrals/Working Facilities	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Subtotal				\$430,000				\$26,021
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
1	Misc. equipment	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
Subtotal				\$86,000				\$8,753
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
9	Horses	\$2,500	6.5%	\$22,500	\$8,550	10	100	\$2,496
12	Bulls	\$2,000	6.5%	\$24,500	\$9,310	4	100	\$5,039
70	Cows	\$1,100.00	6.5%	\$77,000	\$29,260	8	100	\$9,743
114	Total AUUs							
Subtotal				\$47,000				\$7,535
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
245	Cows	\$1,100	6.5%	\$269,500	\$102,410			\$13,814
37	Replacement Heifers	\$1,000	6.5%	\$36,750	\$13,965			\$1,884
273	Total AUUs							
Subtotal				\$306,250	\$116,375			\$15,698
Total				<u>\$2,764,250</u>				<u>\$50,471</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)

**NORTHEAST REGION
LARGE COW/CALF BUDGET 2001**

BREED HERD SIZE	245	COW to BULL	20	CALF CROP PERCENT ¹	84%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	36.75

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	103	550	\$1.06	\$59,991	\$244.86
HEIFER CALVES	66	515	\$1.01	\$34,408	\$140.44
CULL COWS	60	1000	\$0.49	\$29,400	\$120.00
CULL BULLS	1	1400	\$0.54	\$756	\$3.09
TOTAL	230			\$124,555	\$508.39

VARIABLE COSTS

1. FEED COSTS					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
HAY	TON	34.00	\$140	\$4,760	\$19.43
STATE	AUY	20.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$3,969	\$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	\$230	\$920	\$3.76
PROTEIN SUPP	TON	18.00	\$350	\$6,300	\$25.71
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$15,949	\$65.10

2. OTHER VARIABLE COSTS					VALUE PER COW
				COST	
VET AND MEDICINE				\$3,063	\$12.50
LIVESTOCK HAULING				\$1,208	\$4.93
HIRED LABOR				\$3,000	\$12.24
OPERATING COSTS-EQUIP & MACH				\$2,200	\$8.98
OPERATING COSTS-VEHICLE				\$2,900	\$11.84
RANCH MAINTENANCE				\$2,450	\$10.00
BEEF CHECKOFF				\$169	\$0.69
PURCHASED LIVESTOCK				\$2,750	\$11.22
TOTAL				\$17,739	\$72.41

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

INTEREST COSTS	\$1,263	\$5.16
TOTAL VARIABLE COSTS	\$34,952	\$142.66
RETURN ABOVE VARIABLE COSTS	\$89,603	\$365.73

OWNERSHIP COSTS

Annual Capital Recovery ⁴ (At Replacement Value):		Represents 65% Asset Ownership	VALUE PER COW
CASH COSTS			TOTAL
Taxes & Insurance		\$8,753	\$35.73
Overhead		\$2,100	\$8.57
Total		\$10,853	\$44.30
NON CASH COSTS			
Purchased Livestock		\$7,535	\$30.76
Machinery & Equipment		\$8,753	\$35.73
Housing & Improvements		\$26,021	\$106.21
Interest on Retained Livestock ⁵		\$15,698	\$64.07
Management & Operation Labor (6% of gross returns)		\$7,473	\$30.50
TOTAL NON CASH COSTS		\$65,480	\$267.26
TOTAL FIXED COSTS		\$76,333	\$311.56
TOTAL CASH AND VARIABLE COSTS		\$45,804	\$186.96
TOTAL COSTS		\$111,284	\$454.22
RETURN ABOVE TOTAL CASH COSTS		\$78,750	\$321.43
RETURN ABOVE TOTAL COSTS		\$13,270	\$54.16

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$31.89	\$41.80
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$31.89	\$101.55

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 2001 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 2001**

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	\$85	3.9%	\$1,275,000	\$1,275,000			
500	AU Values ¹	\$2,500	3.9%	\$1,250,000	\$1,250,000			
Subtotal				\$2,525,000				
Number	Buildings, Improvements	Price Per Unit						
16	Miles of pipeline	\$2,000	3.9%	\$32,000	\$3,200	25	100	\$1,949
10	Wells	\$12,000	3.9%	\$120,000	\$12,000	25	100	\$7,308
95	Miles of Fence	\$4,000	3.9%	\$380,000	\$38,000	25	100	\$23,143
2	Corrals/Working Facilities	\$12,000	3.9%	\$24,000	\$2,400	30	100	\$1,328
1	Barns & Shop	\$18,000	3.9%	\$18,000	\$1,800	30	100	\$996
Subtotal				\$574,000				\$34,724
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	7.5%	\$60,000	\$12,000	7	50	\$4,981
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$6,500	7.5%	\$19,500	\$3,900	7	100	\$3,238
1	Horse tack	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
1	Misc. equipment	\$7,000	7.5%	\$7,000	\$1,400	10	100	\$921
Subtotal				\$129,500				\$13,416
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
19	Bulls	\$2,000	6.5%	\$38,500	\$14,630	4	100	\$7,919
90	Cows	\$1,100.00	6.5%	\$99,000	\$37,620	8	100	\$12,526
153	Total AUUs							
Subtotal				\$71,000				\$11,524
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
385	Cows	\$1,100	6.5%	\$423,500	\$160,930			\$21,707
58	Replacement Heifers	\$1,000	6.5%	\$57,750	\$21,945			\$2,960
428	Total AUUs							
Subtotal				\$481,250	\$182,875			\$24,668
Total				\$3,780,750				\$72,807

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 2001**

BREED HERD SIZE	385	COW to BULL	20	CALF CROP PERCENT ¹	84%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	57.75

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	162	550	\$1.06	\$94,271	\$244.86
HEIFER CALVES	104	515	\$1.01	\$54,070	\$140.44
CULL COWS	80	1000	\$0.49	\$39,200	\$101.82
CULL BULLS	1	1200	\$0.54	\$648	\$1.68
TOTAL	347			\$188,189	\$488.80

VARIABLE COSTS					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
1. FEED COSTS					
HAY	TON	51.00	\$140	\$7,140	\$18.55
STATE	AUY	30.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	7.0%	\$16.20	\$6,237	\$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	\$230	\$1,610	\$4.18
PROTEIN SUPP	TON	18.00	\$350	\$6,300	\$16.36
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$21,287	\$55.29

2. OTHER VARIABLE COSTS					VALUE PER COW
				COST	
VET AND MEDICINE				\$4,813	\$12.50
LIVESTOCK HAULING				\$1,820	\$4.73
HIRED LABOR				\$8,000	\$20.78
OPERATING COSTS-EQUIP & MACH				\$3,500	\$9.09
OPERATING COSTS-VEHICLE				\$4,000	\$10.39
RANCH MAINTENANCE				\$3,350	\$8.70
BEEF CHECKOFF				\$266	\$0.69
LIVESTOCK PURCHASES				\$5,000	\$12.99
TOTAL				\$30,748	\$79.87

3. INTEREST ON VARIABLE COSTS					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	
				\$1,951	\$5.07
TOTAL				\$53,986	\$140.22
				\$134,202	\$348.58

OWNERSHIP COSTS					VALUE PER COW
	Annual Capital Recovery ⁴ (At Replacement Value):		Represents 65% Asset Ownership ⁵		
CASH COSTS					
Taxes & Insurance				\$13,416	\$34.85
Overhead				\$2,100	\$5.45
Total				\$15,516	\$40.30
NON CASH COSTS					
Purchased Livestock				\$11,524	\$29.93
Machinery & Equipment				\$13,416	\$34.85
Housing & Improvements				\$34,724	\$90.19
Interest on Retained Livestock ⁶				\$24,668	\$64.07
Management & Operation Labor (6% of gross returns)				\$8,052	\$20.91
Total				\$92,384	\$239.96
TOTAL FIXED COSTS				\$107,900	\$280.26
TOTAL CASH AND VARIABLE COSTS				\$69,502	\$180.53
TOTAL COSTS				\$161,886	\$420.48
RETURN ABOVE TOTAL CASH COSTS				\$118,686	\$308.28
RETURN ABOVE TOTAL COSTS				\$26,302	\$68.32

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$31.35	\$40.36
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$31.35	\$94.00

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 2001 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 2001**

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	\$80	3.9%	\$320,000	\$320,000			
200	AU Values ¹	\$2,400	3.9%	\$480,000	\$480,000			
Subtotal				\$800,000				
Number	Buildings, Improvements	Price Per Unit						
10	Miles of pipeline	\$2,000	3.9%	\$20,000	\$2,000	25	100	\$1,218
3	Wells	\$11,000	3.9%	\$33,000	\$3,300	25	100	\$2,010
40	Miles of Fence	\$4,000	3.9%	\$160,000	\$16,000	25	100	\$9,745
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Subtotal				\$238,000				\$14,355
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	3/4 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
1	Gooseneck trailer	\$6,500	7.5%	\$6,500	\$1,300	7	100	\$1,079
1	Horse tack	\$4,000	7.5%	\$4,000	\$800	10	100	\$526
1	Misc. equipment	\$4,500	7.5%	\$4,500	\$900	10	100	\$592
Subtotal				\$50,000				\$5,518
Head	Purchased Livestock	Price Per Unit	Interest Rate ⁴	Price	Salvage/Cull			
8	Horses	\$2,500	6.5%	\$20,000	\$7,600	10	100	\$2,219
7	Bulls	\$2,000	6.5%	\$14,000	\$5,320	4	100	\$2,880
40	Cows	\$1,100.00	6.5%	\$44,000	\$16,720	8	100	\$5,567
69	Total AUUs							
Subtotal				\$34,000				\$5,098
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
140	Cows	\$1,100	6.5%	\$154,000	\$58,520			\$7,894
21	Replacement Heifers	\$1,000	6.5%	\$21,000	\$7,980			\$1,076
156	Total AUUs							
Subtotal				\$175,000	\$66,500			\$8,970
Total				\$1,297,000				\$28,844

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
MEDIUM COW/CALF BUDGET 2001**

BREED HERD SIZE 140 COW to BULL 20 CALF CROP PERCENT¹ 82%
CULL RATE 15% REPLACEMENT HEIFERS KEPT 21

VALUE OF PRODUCTION					
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	VALUE PER COW
STEER CALVES	57	510	\$1.01	\$29,567	\$211.19
HEIFER CALVES	36	485	\$0.96	\$16,948	\$121.06
CULL COWS	57	900	\$0.44	\$22,572	\$161.23
CULL BULLS	1	1200	\$0.49	\$588	\$4.20
TOTAL	152			\$69,675	\$497.68

VARIABLE COSTS

1. FEED COSTS					
	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	35.00	\$140.00	\$4,900	\$35.00
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	35.0%	\$16.20	\$2,268	\$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	\$230.00	\$575	\$4.11
PROTEIN SUPP	TON	11.00	\$350.00	\$3,850	\$27.50
OTHER		0.00	\$0.00	\$0	\$0.00
TOTAL				\$11,593	\$82.81

2. OTHER VARIABLE COSTS				
			COST	VALUE PER COW
VET AND MEDICINE			\$1,750	\$12.50
LIVESTOCK HAULING			\$797	\$5.69
HIRED LABOR			\$1,500	\$10.71
OPERATING COSTS-EQUIP & MACH			\$2,500	\$17.86
OPERATING COSTS-VEHICLE			\$3,100	\$22.14
RANCH MAINTENANCE			\$2,200	\$15.71
BEEF CHECKOFF			\$94	\$0.67
OTHER			\$3,000	\$21.43
TOTAL			\$14,941	\$106.72

3. INTEREST ON VARIABLE COSTS				
				VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED				
X INTEREST RATE PER MONTH				
ANNUAL INTEREST RATE			7.5%	
NUMBER OF MONTHS BORROWED			6	
TOTAL				\$995
				\$7.11
TOTAL				\$27,529
				\$196.63
				\$42,146
				\$301.04

OWNERSHIP COSTS

Annual Capital Recovery ⁴ (At Replacement Value):		Represents 65% Asset Ownership ⁵	VALUE PER COW
CASH COSTS			
Taxes & Insurance		\$5,518	\$39.42
Overhead		\$2,100	\$15.00
Total		\$7,618	\$54.42
NON CASH COSTS			
Purchased Livestock		\$5,098	\$36.42
Machinery & Equipment		\$5,518	\$39.42
Housing & Improvements		\$14,355	\$102.54
Interest on Retained Livestock ⁶		\$8,970	\$64.07
Management & Operation Labor (6% of gross returns)		\$4,180	\$29.86
Total		\$38,122	\$272.30
TOTAL FIXED COSTS		\$45,741	\$326.72
TOTAL CASH AND VARIABLE COSTS		\$35,147	\$251.05
TOTAL COSTS		\$73,269	\$523.35
RETURN ABOVE TOTAL CASH COSTS		\$34,528	\$246.63
RETURN ABOVE TOTAL COSTS		(\$3,595)	(\$25.68)

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$48.20	\$61.54
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$48.20	\$128.29

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 2001 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 2001**

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	\$80	3.9%	\$480,000	\$480,000			
350	AU Values ¹	\$2,400	3.9%	\$840,000	\$840,000			
Subtotal				\$1,320,000				
Number	Buildings, Improvements	Price Per Unit						
13	Miles of pipeline	\$2,000	3.9%	\$26,000	\$2,600	25	100	\$1,583
5	Wells	\$11,000	3.9%	\$55,000	\$5,500	25	100	\$3,350
65	Miles of Fence	\$4,000	3.9%	\$260,000	\$26,000	25	100	\$15,835
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Subtotal				\$366,000				\$22,151
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	3/4 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$5,000	7.5%	\$5,000	\$1,000	10	100	\$658
1	Misc. equipment	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
Subtotal				\$54,000				\$6,096
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
12	Bulls	\$2,000	6.5%	\$24,500	\$9,310	4	100	\$5,039
90	Cows	\$1,100.00	6.5%	\$99,000	\$37,620	8	100	\$12,526
140	Total AUYS							
Subtotal				\$49,500				\$7,813
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
245	Cows	\$1,100	6.5%	\$269,500	\$102,410			\$13,814
37	Replacement Heifers	\$1,000	6.5%	\$36,750	\$13,965			\$1,884
273	Total AUYS							
Subtotal				\$306,250	\$116,375			\$15,698
Total				<u>\$2,095,750</u>				<u>\$43,945</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)

**NORTHWEST REGION
LARGE COW/CALF BUDGET 2001**

BREED HERD SIZE	245	COW to BULL	20	CALF CROP PERCENT ¹	82%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	37

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	100	510	\$1.01	\$51,742	\$211.19
HEIFER CALVES	64	485	\$0.96	\$29,659	\$121.06
CULL COWS	65	900	\$0.44	\$25,740	\$105.06
CULL BULLS	1	1200	\$0.49	\$588	\$2.40
TOTAL	230			\$107,729	\$439.71

VARIABLE COSTS					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
1. FEED COSTS					
HAY	TON	42.00	\$140.00	\$5,880	\$24.00
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	35.0%	\$16.20	\$3,969	\$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	\$230.00	\$920	\$3.76
PROTEIN SUPP	TON	12.00	\$350.00	\$4,200	\$17.14
OTHER		0.00	\$0.00	\$0	\$0.00
				\$14,969	\$61.10
2. OTHER VARIABLE COSTS					
VET AND MEDICINE				\$3,063	\$12.50
LIVESTOCK HAULING				\$1,208	\$4.93
HIRED LABOR				\$3,000	\$12.24
OPERATING COSTS-EQUIP & MACH				\$3,000	\$12.24
OPERATING COSTS-VEHICLE				\$4,000	\$16.33
RANCH MAINTENANCE				\$2,650	\$10.82
BEEF CHECKOFF				\$164	\$0.67
OTHER				\$3,500	\$14.29
TOTAL				\$20,585	\$84.02
3. INTEREST ON VARIABLE COSTS					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	
					VALUE PER COW
				\$1,333	\$5.44
TOTAL				\$36,887	\$150.56
				\$70,841	\$289.15

OWNERSHIP COSTS		Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW
CASH COSTS				
Taxes & Insurance			\$6,096	\$24.88
Overhead			\$2,100	\$8.57
Total			\$8,196	\$33.45
NON CASH COSTS				
Purchased Livestock			\$7,813	\$31.89
Machinery & Equipment			\$6,096	\$24.88
Housing & Improvements			\$22,151	\$90.41
Interest on Retained Livestock ⁴			\$15,698	\$64.07
Management & Operation Labor (6% of gross returns)			\$4,250	\$17.35
Total			\$56,008	\$228.60
TOTAL FIXED COSTS			\$64,204	\$262.06
TOTAL CASH AND VARIABLE COSTS			\$45,083	\$184.01
TOTAL COSTS			\$101,091	\$412.62
RETURN ABOVE TOTAL CASH COSTS			\$62,645	\$255.69
RETURN ABOVE TOTAL COSTS			\$6,637	\$27.09

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$36.91	\$45.11
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$36.91	\$101.14

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 2001 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 2001**

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	\$80	3.9%	\$640,000	\$640,000			
500	AU Values ¹	\$2,400	3.9%	\$1,200,000	\$1,200,000			
Subtotal				\$1,840,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
7	Wells	\$11,000	3.9%	\$77,000	\$7,700	25	100	\$4,690
100	Miles of Fence	\$4,000	3.9%	\$400,000	\$40,000	25	100	\$24,361
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Subtotal				\$548,000				\$33,180
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	7.5%	\$60,000	\$12,000	7	50	\$4,981
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
3	Gooseneck trailer	\$6,500	7.5%	\$19,500	\$3,900	7	100	\$3,238
1	Horse tack	\$6,500	7.5%	\$6,500	\$1,300	10	100	\$855
1	Misc. equipment	\$7,000	7.5%	\$7,000	\$1,400	10	100	\$921
Subtotal				\$130,000				\$13,482
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
18	Bulls	\$2,000	6.5%	\$35,000	\$13,300	4	100	\$7,199
100	Cows	\$1,100.00	6.5%	\$110,000	\$41,800	8	100	\$13,918
163	Total AUUs							
Subtotal				\$67,500				\$10,804
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
350	Cows	\$1,100	6.5%	\$385,000	\$146,300			\$19,734
53	Replacement Heifers	\$1,000	6.5%	\$52,500	\$19,950			\$2,691
389	Total AUUs							
Subtotal				\$437,500	\$166,250			\$22,425
Total				\$3,023,000				\$69,086

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 2001**

BREED HERD SIZE 350 COW TO BULL 20 CALF CROP PERCENT¹ 85%
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 52.5

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	149	510	\$1.01	\$76,621	\$218.92
HEIFER CALVES	96	485	\$0.96	\$44,814	\$128.04
CULL COWS	75	900	\$0.44	\$29,700	\$84.86
CULL BULLS	1	1200	\$0.49	\$588	\$1.68
TOTAL	321			\$151,723	\$433.49

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	47.00	\$140	\$6,580	\$18.80
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	35.0%	\$16.20	\$5,670	\$16.20
PRIVATE(Owned)	AUY	20.0%	\$0.00	\$0	\$0.00
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
SALT & MINERAL	TON	6.00	\$230	\$1,380	\$3.94
PROTEIN SUPP	TON	13.00	\$350	\$4,550	\$13.00
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$18,180	\$51.94

2. OTHER VARIABLE COSTS	COST	VALUE PER COW
VET AND MEDICINE	\$4,375	\$12.50
LIVESTOCK HAULING	\$1,685	\$4.82
HIRED LABOR	\$3,500	\$10.00
OPERATING COSTS-EQUIP & MACH	\$3,750	\$10.71
OPERATING COSTS-VEHICLE	\$4,100	\$11.71
RANCH MAINTENANCE	\$3,300	\$9.43
BEEF CHECKOFF	\$245	\$0.70
OTHER	\$3,000	\$8.57
TOTAL	\$23,955	\$68.44

3. INTEREST ON VARIABLE COSTS	VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED	
X INTEREST RATE PER MONTH	
ANNUAL INTEREST RATE	7.5%
NUMBER OF MONTHS BORROWED	6
	\$1,580
	\$4.51
TOTAL	\$43,715
	\$124.90
TOTAL	\$108,008
	\$308.59

OWNERSHIP COSTS

CASH COSTS	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW
Taxes & Insurance		\$13,482	\$38.52
Overhead		\$2,100	\$6.00
Total		\$15,582	\$44.52
NON CASH COSTS			
Purchased Livestock		\$10,804	\$30.87
Machinery & Equipment		\$13,482	\$38.52
Housing & Improvements		\$33,180	\$94.80
Interest on Retained Livestock ⁶		\$22,425	\$64.07
Management & Operation Labor (6% of gross returns)		\$9,103	\$26.01
Total		\$88,994	\$254.27

TOTAL FIXED COSTS	\$104,576	\$298.79
TOTAL CASH AND VARIABLE COSTS	\$59,297	\$169.42
TOTAL COSTS	\$148,291	\$423.69
RETURN ABOVE TOTAL CASH COSTS	\$92,426	\$264.07
RETURN ABOVE TOTAL COSTS	\$3,432	\$9.81

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$29.54	\$40.06
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$29.54	\$100.19

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 2001 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 2001**

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 ¹	\$2,450	3.9%	\$490,000	\$490,000			
Subtotal				\$750,000				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
4	Wells	\$11,000	3.9%	\$44,000	\$4,400	25	100	\$2,680
22	Miles of Fence	\$4,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Subtotal				\$164,000				\$9,865
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	1 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$6,500	7.5%	\$6,500	\$1,300	7	100	\$1,079
1	Horse tack	\$3,000	7.5%	\$3,000	\$600	10	100	\$395
1	Misc. equipment	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
Subtotal				\$43,000				\$4,425
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
4	Horses	\$2,500	6.5%	\$10,000	\$3,800	10	100	\$1,109
7	Bulls	\$2,000	6.5%	\$14,000	\$5,320	4	100	\$2,880
40	Cows	\$1,100.00	6.5%	\$44,000	\$16,720	8	100	\$5,567
64	Total AUys							
Subtotal				\$24,000				\$3,989
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
140	Cows	\$1,100	6.5%	\$154,000	\$58,520			\$7,894
21	Replacement Heifers	\$1,000	6.5%	\$21,000	\$7,980			\$1,076
156	Total AUys							
Subtotal				\$175,000	\$66,500			\$8,970
Total				\$1,156,000				\$23,260

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 2001**

BREED HERD SIZE 140 COW to BULL 20 CALF CROP PERCENT¹ 82%
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 21

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	57	510	\$0.99	\$28,981	\$207.01
HEIFER CALVES	36	485	\$0.94	\$16,595	\$118.53
CULL COWS	50	900	\$0.42	\$18,900	\$135.00
CULL BULLS	1	1200	\$0.47	\$564	\$4.03
TOTAL	145			\$65,040	\$464.57

VARIABLE COSTS

					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
1. FEED COSTS					
HAY	TON	25.00	\$140	\$3,500	\$25.00
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	25.0%	\$16.20	\$2,268	\$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	3.00	\$230	\$690	\$4.93
PROTEIN SUPP	TON	15.00	\$350	\$5,250	\$37.50
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$11,708	\$83.63
2. OTHER VARIABLE COSTS					
				COST	
VET AND MEDICINE				\$1,750	\$12.50
LIVESTOCK HAULING				\$760	\$5.43
HIRED LABOR				\$1,500	\$10.71
OPERATING COSTS-EQUIP & MACH				\$1,650	\$11.79
OPERATING COSTS-VEHICLE				\$3,450	\$24.64
RANCH MAINTENANCE				\$2,200	\$15.71
BEEF CHECKOFF				\$94	\$0.67
PURCHASED LIVESTOCK				\$3,000	\$21.43
TOTAL				\$14,404	\$102.89
3. INTEREST ON VARIABLE COSTS					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
				\$979	\$6.99
TOTAL				\$27,091	\$193.51

OWNERSHIP COSTS

		Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW
CASH COSTS				
Taxes & Insurance			\$4,425	\$31.61
Overhead			\$2,100	\$15.00
Total			\$6,525	\$46.61
NON CASH COSTS				
Purchased Livestock			\$3,989	\$28.49
Machinery & Equipment			\$4,425	\$31.61
Housing & Improvements			\$9,865	\$70.47
Interest on Retained Livestock ⁶			\$8,970	\$64.07
Management & Operation Labor (6% of gross returns)			\$3,902	\$27.87
Total			\$31,152	\$222.51
TOTAL FIXED COSTS			\$37,676	\$269.12
TOTAL CASH AND VARIABLE COSTS			\$33,616	\$240.12
TOTAL COSTS			\$64,768	\$462.63
RETURN ABOVE TOTAL CASH COSTS			\$31,424	\$224.46
RETURN ABOVE TOTAL COSTS			\$272	\$1.95

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$47.43	\$58.86
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$47.43	\$113.40

1) Calf crop is defined as the actual number of calves sold divided by the total number of cows (assuming all cows were exposed).
 2) Prices represent 2001 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 2001**

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 ¹	\$2,450	3.9%	\$980,000	\$980,000			
Subtotal				\$1,370,000				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
6	Wells	\$11,000	3.9%	\$66,000	\$6,600	25	100	\$4,020
75	Miles of Fence	\$4,000	3.9%	\$300,000	\$30,000	25	100	\$18,271
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Subtotal				\$412,000				\$24,969
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
0	Dozer/Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$4,000	7.5%	\$4,000	\$800	10	100	\$526
1	Misc. equipment	\$4,500	7.5%	\$4,500	\$900	10	100	\$592
Subtotal				\$83,500				\$8,424
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
8	Horses	\$2,500	6.5%	\$20,000	\$7,600	10	100	\$2,219
14	Bulls	\$1,500	6.5%	\$21,000	\$7,980	4	100	\$4,319
80	Cows	\$1,100.00	6.5%	\$88,000	\$33,440	8	100	\$11,134
128	Total AUys							
Subtotal				\$41,000				\$6,538
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
280	Cows	\$1,100	6.5%	\$308,000	\$117,040			\$15,787
42	Replacement Heifers	\$1,000	6.5%	\$42,000	\$15,960			\$2,153
312	Total AUys							
Subtotal				\$350,000	\$133,000			\$17,940
Total				<u>\$2,256,500</u>				<u>\$51,333</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 2001**

BREED HERD SIZE **280** COW to BULL **20** CALF CROP PERCENT¹ **82%**
 CULL RATE **15%** REPLACEMENT HEIFERS KEPT **42**

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	115	510	\$0.99	\$57,963	\$207.01
HEIFER CALVES	73	485	\$0.92	\$32,483	\$116.01
CULL COWS	100	900	\$0.42	\$37,800	\$135.00
CULL BULLS	1	1200	\$0.47	\$564	\$2.01
TOTAL	289			\$128,810	\$460.04

VARIABLE COSTS

1. FEED COSTS					VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST	
HAY	TON	48.00	\$140	\$6,720	\$24.00
STATE	AUY	45.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	25.0%	\$16.20	\$4,536	\$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	6.00	\$230	\$1,380	\$4.93
PROTEIN SUPP	TON	20.00	\$350	\$7,000	\$25.00
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$19,636	\$70.13

2. OTHER VARIABLE COSTS					VALUE PER COW
				COST	
VET AND MEDICINE				\$3,500	\$12.50
LIVESTOCK HAULING				\$1,515	\$5.41
HIRED LABOR				\$6,000	\$21.43
OPERATING COSTS-EQUIP & MACH				\$2,300	\$8.21
OPERATING COSTS-VEHICLE				\$4,000	\$14.29
RANCH MAINTENANCE				\$2,350	\$8.39
BEEF CHECKOFF				\$188	\$0.67
LIVESTOCK PURCHASES				\$4,500	\$16.07
TOTAL				\$24,353	\$86.97

3. INTEREST ON VARIABLE COSTS					VALUE PER COW
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	
				\$1,650	\$5.89
TOTAL				\$45,638	\$162.99
TOTAL				\$83,172	\$297.04

OWNERSHIP COSTS

Annual Capital Recovery ⁴ (At Replacement Value):		Represents 65% Asset Ownership ⁵	VALUE PER COW
CASH COSTS			
Taxes & Insurance		\$8,424	\$30.09
Overhead		\$2,100	\$7.50
Total		\$10,524	\$37.59
NON CASH COSTS			
Purchased Livestock		\$6,538	\$23.35
Machinery & Equipment		\$8,424	\$30.09
Housing & Improvements		\$24,969	\$89.18
Interest on Retained Livestock ⁶		\$17,940	\$64.07
Management & Operation Labor (6% of gross returns)		\$7,729	\$27.60
Total		\$65,600	\$234.29
TOTAL FIXED COSTS		\$76,124	\$271.87
TOTAL CASH AND VARIABLE COSTS		\$56,162	\$200.58
TOTAL COSTS		\$121,762	\$434.87
RETURN ABOVE TOTAL CASH COSTS		\$72,648	\$259.46
RETURN ABOVE TOTAL COSTS		\$7,048	\$25.17

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$39.95	\$49.17
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$39.95	\$106.60

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 2001 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 2001**

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 ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
Subtotal				\$1,997,500				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
Subtotal				\$590,000				\$35,754
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	6.5%	\$60,000	\$12,000	7	50	\$4,766
1	1 ton pickup 4WD	\$32,000	6.5%	\$32,000	\$6,400	7	50	\$2,542
1	Tractor	\$5,000	6.5%	\$5,000	\$1,000	7	100	\$794
3	Gooseneck trailer	\$6,500	6.5%	\$19,500	\$3,900	7	100	\$3,098
1	Horse tack	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
1	Misc. equipment	\$6,000	6.5%	\$6,000	\$1,200	10	100	\$746
Subtotal				\$128,500				\$12,691
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
12	Horses	\$2,500	6.5%	\$30,000	\$11,400	10	100	\$3,328
19	Bulls	\$2,000	6.5%	\$38,500	\$14,630	4	100	\$7,919
110	Cows	\$1,100.00	6.5%	\$121,000	\$45,980	8	100	\$15,310
177	Total AUUs							
Subtotal				\$68,500				\$11,247
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
385	Cows	\$1,100	6.5%	\$423,500	\$160,930			\$21,707
58	Replacement Heifers	\$1,000	6.5%	\$57,750	\$21,945			\$2,960
428	Total AUUs							
Subtotal				\$481,250	\$182,875			\$24,668
Total				<u>\$3,265,750</u>				<u>\$73,113</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
EX-LARGE COW/CALF BUDGET 2001**

BREED HERD SIZE	385	COW to BULL	20	CALF CROP PERCENT ¹	82%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	57.75

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	158	510	\$0.99	\$79,698	\$207.01
HEIFER CALVES	100	485	\$0.92	\$44,665	\$116.01
CULL COWS	138	900	\$0.42	\$51,975	\$135.00
CULL BULLS	1	1200	\$0.47	\$564	\$1.46
TOTAL	396			\$176,902	\$459.49

VARIABLE COSTS						VALUE PER COW
	UNITS	QUANTITY/PERCENT	PRICE	COST		
1. FEED COSTS						
HAY	TON	55.00	\$140	\$7,700		\$20.00
STATE	AUY	45.0%	\$25.08	\$0		\$0.00
FEDERAL LEASE	AUY	25.0%	\$16.20	\$6,237		\$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	9.00	\$245	\$2,205		\$5.73
PROTEIN SUPP	TON	33.00	\$300	\$9,900		\$25.71
OTHER		0.00	\$0	\$0		\$0.00
TOTAL				\$26,042		\$67.64
2. OTHER VARIABLE COSTS						
VET AND MEDICINE				\$4,620		\$12.00
LIVESTOCK HAULING				\$2,081		\$5.41
HIRED LABOR				\$6,500		\$16.88
OPERATING COSTS-EQUIP & MACH				\$3,500		\$9.09
OPERATING COSTS-VEHICLE				\$3,600		\$9.35
RANCH MAINTENANCE				\$3,200		\$8.31
BEEF CHECKOFF				\$258		\$0.67
OTHER				\$4,500		\$11.69
TOTAL				\$28,259		\$73.40
3. INTEREST ON VARIABLE COSTS						
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.5%		
NUMBER OF MONTHS BORROWED				6		
						VALUE PER COW
				\$2,036		\$5.29
TOTAL				\$56,338		\$146.33
				\$120,564		\$313.15

OWNERSHIP COSTS				VALUE PER COW
	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵		
CASH COSTS				
Taxes & Insurance		\$12,691		\$32.96
Overhead		\$2,100		\$5.45
Total		\$14,791		\$38.42
NON CASH COSTS				
Purchased Livestock		\$11,247		\$29.21
Machinery & Equipment		\$12,691		\$32.96
Housing & Improvements		\$35,754		\$92.87
Interest on Retained Livestock ⁶		\$24,668		\$64.07
Management & Operation Labor (6% of gross returns)		\$10,614		\$27.57
Total		\$94,974		\$246.69
TOTAL FIXED COSTS		\$109,766		\$285.11
TOTAL CASH AND VARIABLE COSTS		\$71,129		\$184.75
TOTAL COSTS		\$166,103		\$431.44
RETURN ABOVE TOTAL CASH COSTS		\$105,773		\$274.74
RETURN ABOVE TOTAL COSTS		\$10,799		\$28.05

BREAK-EVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$35.87	\$45.29
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$35.87	\$105.76

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 2001 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 2001**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return ¹	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
1500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
56	AU Values	\$2,400	3.9%	\$134,400	\$134,400			
Subtotal				\$246,900				
Number	Buildings, Improvements	Price Per Unit						
5	Miles of pipeline	\$2,000	3.9%	\$10,000	\$1,000	25	100	\$609
1	Wells	\$12,000	3.9%	\$12,000	\$1,200	25	100	\$731
15	Miles of Fence	\$4,000	3.9%	\$60,000	\$6,000	25	100	\$3,654
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Subtotal				\$107,000				\$6,377
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ²	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
0	3/4 ton pickup 4WD	\$32,000	7.5%	\$0	\$0	7	50	\$0
0	Dozer/Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$6,500	7.5%	\$6,500	\$1,300	7	100	\$1,079
1	Horse tack	\$4,000	7.5%	\$4,000	\$800	10	100	\$526
1	Misc. equipment	\$3,500	7.5%	\$3,500	\$700	10	100	\$460
Subtotal				\$44,000				\$4,556
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	Horses	\$2,500	6.5%	\$5,000	\$1,900	10	100	\$555
4	Bulls	\$2,000	6.5%	\$7,467	\$2,837	4	100	\$1,536
12	Cows	\$1,100.00	6.5%	\$13,200	\$5,016	8	100	\$1,670
22	Total AUYS							
Subtotal				\$12,467				\$2,090
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
56	Cows	\$1,100	6.5%	\$61,600	\$23,408			\$3,157
8	Replacement Heifers	\$1,000	6.5%	\$8,400	\$3,192			\$431
62	Total AUYS							
Subtotal				\$70,000	\$26,600			\$3,588
Total				<u>\$480,367</u>				<u>\$14,521</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 2001**

BREED HERD SIZE	56	COW to BULL	15	CALF CROP PERCENT ¹	83%
CULL RATE	15%			REPLACEMENT HEIFERS KEPT	8.4

VALUE OF PRODUCTION

ANIMALS SOLD	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	VALUE PER COW
STEER CALVES	23	500	\$0.98	\$11,388	\$203.35
HEIFER CALVES	15	475	\$0.93	\$6,556	\$117.06
CULL COWS	20	900	\$0.41	\$7,380	\$131.79
CULL BULLS	1	1200	\$0.46	\$552	\$9.86
TOTAL	59			\$25,875	\$462.06

VARIABLE COSTS

1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY	TON	17.00	\$140	\$2,380	\$42.50
STATE	AUY	25.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	65.0%	\$16.20	\$907	\$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	\$230	\$230	\$4.11
PROTEIN SUPP	TON	4.00	\$350	\$1,400	\$25.00
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$4,917	\$87.81

2. OTHER VARIABLE COSTS

	COST	VALUE PER COW
VET AND MEDICINE	\$700	\$12.50
LIVESTOCK HAULING	\$310	\$5.54
HIRED LABOR	\$0	\$0.00
OPERATING COSTS-EQUIP & MACH	\$550	\$9.82
OPERATING COSTS-VEHICLE	\$825	\$14.73
RANCH MAINTENANCE	\$50	\$0.89
BEEF CHECKOFF	\$38	\$0.68
OTHER	\$0	\$0.00
TOTAL	\$2,473	\$44.17

3. INTEREST ON VARIABLE COSTS

SUM OF VARIABLE COSTS X MONTHS BORROWED		
X INTEREST RATE PER MONTH		
ANNUAL INTEREST RATE	7.5%	
NUMBER OF MONTHS BORROWED	6	VALUE PER COW
		\$277
		\$4.95
TOTAL		\$7,668
		\$136.92
TOTAL		\$18,208
		\$325.14

OWNERSHIP COSTS

	Annual Capital Recovery ⁴ (At Replacement Value):	Represents 65% Asset Ownership ⁵	VALUE PER COW
CASH COSTS			
Taxes & Insurance		\$4,556	\$81.37
Overhead		\$2,100	\$37.50
Total		\$6,656	\$118.87
NON CASH COSTS			
Purchased Livestock		\$2,090	\$37.33
Machinery & Equipment		\$4,556	\$81.37
Housing & Improvements		\$6,377	\$113.88
Interest on Retained Livestock ⁶		\$3,588	\$64.07
Management & Operation Labor (6% of gross returns)		\$1,553	\$27.72
Total		\$18,164	\$324.37
TOTAL FIXED COSTS		\$24,821	\$443.23
TOTAL CASH AND VARIABLE COSTS		\$14,324	\$255.79
TOTAL COSTS		\$32,489	\$580.15
RETURN ABOVE TOTAL CASH COSTS		\$11,551	\$206.27
RETURN ABOVE TOTAL C		(\$6,613)	(\$118.10)

BREAKEVEN CALCULATIONS

	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$33.84	\$63.22
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$33.84	\$143.38

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 2001 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 2001**

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful Life	Livestock Share	Annual Capital Recovery
3500	Acres of private land	\$75	3.9%	\$262,500	\$262,500			
140	AU Values ¹	\$2,400	3.9%	\$336,000	\$336,000			
Subtotal				\$598,500				
Number	Buildings, Improvements	Price Per Unit						
12	Miles of pipeline	\$2,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
4	Wells	\$12,000	3.9%	\$48,000	\$4,800	25	100	\$2,923
45	Miles of Fence	\$4,000	3.9%	\$180,000	\$18,000	25	100	\$10,963
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Subtotal				\$277,000				\$16,731
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
1	3/4 ton pickup 4WD	\$30,000	7.5%	\$30,000	\$6,000	7	50	\$2,491
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
0	Dozer/Tractor	\$5,000	7.5%	\$0	\$0	7	100	\$0
2	Gooseneck trailer	\$6,500	7.5%	\$13,000	\$2,600	7	100	\$2,159
1	Horse tack	\$6,000	7.5%	\$6,000	\$1,200	10	100	\$789
1	Misc. equipment	\$4,500	7.5%	\$4,500	\$900	10	100	\$592
Subtotal				\$85,500				\$8,687
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
8	Horses	\$2,500	6.5%	\$20,000	\$7,600	10	100	\$2,219
9	Bulls	\$2,000	6.5%	\$18,667	\$7,093	4	100	\$3,839
30	Cows	\$1,100.00	6.5%	\$33,000	\$12,540	8	100	\$4,175
59	Total AUys							
Subtotal				\$38,667				\$6,058
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
140	Cows	\$1,100	6.5%	\$154,000	\$58,520			\$7,894
21	Replacement Heifers	\$1,000	6.5%	\$21,000	\$7,980			\$1,076
156	Total AUys							
Subtotal				\$175,000	\$66,500			\$8,970
Total				\$1,174,667				\$34,388

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 2001**

BREED HERD SIZE 140 COW to BULL 15 CALF CROP PERCENT¹ 82%
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 21

VALUE OF PRODUCTION					VALUE PER COW
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	
STEER CALVES	57	500	\$0.98	\$28,126	\$200.90
HEIFER CALVES	36	475	\$0.93	\$16,080	\$114.86
CULL COWS	50	900	\$0.41	\$18,450	\$131.79
CULL BULLS	1	1200	\$0.46	\$552	\$3.94
TOTAL	145			\$63,208	\$451.48

VARIABLE COSTS					VALUE PER COW
1. FEED COSTS	UNITS	QUANTITY/PERCENT	PRICE	COST	
HAY	TON	30.00	\$140	\$4,200	\$30.00
STATE	AUY	30.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	60.0%	\$16.20	\$2,268	\$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	\$230	\$460	\$3.29
PROTEIN SUPP	TON	8.00	\$350	\$2,800	\$20.00
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$9,728	\$69.49
2. OTHER VARIABLE COSTS				COST	VALUE PER COW
VET AND MEDICINE				\$1,750	\$12.50
LIVESTOCK HAULING				\$760	\$5.43
HIRED LABOR				\$0	\$0.00
OPERATING COSTS-EQUIP & MACH				\$2,350	\$16.79
OPERATING COSTS-VEHICLE				\$3,000	\$21.43
RANCH MAINTENANCE				\$2,200	\$15.71
BEEF CHECKOFF				\$94	\$0.67
PURCHASED LIVESTOCK				\$2,500	\$17.86
TOTAL				\$12,654	\$90.39
3. INTEREST ON VARIABLE COSTS					
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE				7.5%	
NUMBER OF MONTHS BORROWED				6	VALUE PER COW
					\$839
					\$6.00
TOTAL				\$23,221	\$165.87
TOTAL				\$39,986	\$285.62

OWNERSHIP COSTS					VALUE PER COW
CASH COSTS	Annual Capital Recovery ³ (At Replacement Value):			Represents 65% Asset Ownership ⁵	
Taxes & Insurance				\$8,687	\$62.05
Overhead				\$2,100	\$15.00
Total				\$10,787	\$77.05
NON CASH COSTS					
Purchased Livestock				\$6,058	\$43.27
Machinery & Equipment				\$8,687	\$62.05
Housing & Improvements				\$16,731	\$119.50
Interest on Retained Livestock ⁶				\$8,970	\$64.07
Management & Operation Labor (6% of gross returns)				\$3,792	\$27.09
Total				\$44,238	\$315.99
TOTAL FIXED COSTS				\$55,025	\$393.04
TOTAL CASH AND VARIABLE COSTS				\$34,008	\$242.92
TOTAL COSTS				\$78,247	\$558.90
RETURN ABOVE TOTAL CASH COSTS				\$29,199	\$208.57
RETURN ABOVE TOTAL COSTS				(\$15,039)	(\$107.42)

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$41.49	\$60.77
REQUIRED AVERAGE CALF PRICES TOTAL COSTS(cwt)	\$41.49	\$139.81

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 2001 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 2001**

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	\$75	3.9%	\$450,000	\$450,000			
300	AU Values ¹	\$2,400	3.9%	\$720,000	\$720,000			
Subtotal				\$1,170,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
2	Wells	\$12,000	3.9%	\$24,000	\$2,400	25	100	\$1,462
85	Miles of Fence	\$4,000	3.9%	\$340,000	\$34,000	25	100	\$20,707
1	Corrals/Working Facilities	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
1	Barns & Shop	\$15,000	3.9%	\$15,000	\$1,500	30	100	\$830
Subtotal				\$425,000				\$25,744
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$30,000	7.5%	\$60,000	\$12,000	7	50	\$4,981
1	1 ton pickup 4WD	\$32,000	7.5%	\$32,000	\$6,400	7	50	\$2,657
1	Tractor	\$5,000	7.5%	\$5,000	\$1,000	7	100	\$830
2	Gooseneck trailer	\$4,500	7.5%	\$9,000	\$1,800	7	100	\$1,494
1	Horse tack	\$8,000	7.5%	\$8,000	\$1,600	10	100	\$1,052
1	Misc. equipment	\$6,500	7.5%	\$6,500	\$1,300	10	100	\$855
Subtotal				\$120,500				\$11,870
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
20	Bulls	\$2,000	6.5%	\$40,000	\$15,200	4	100	\$8,227
34	Cows	\$1,100.00	6.5%	\$37,400	\$14,212	8	100	\$4,732
80	Total AUUs							
Subtotal				\$65,000				\$11,001
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
300	Cows	\$1,100	6.5%	\$330,000	\$125,400			\$16,915
45	Replacement Heifers	\$1,000	6.5%	\$45,000	\$17,100			\$2,307
334	Total AUUs							
Subtotal				\$375,000	\$142,500			\$19,221
Total				<u>\$2,155,500</u>				<u>\$56,836</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
LARGE COW/CALF BUDGET 2001**

BREED HERD SIZE 300 COW to BULL 15 CALF CROP PERCENT¹ 82%
 CULL RATE 15% REPLACEMENT HEIFERS KEPT 45

VALUE OF PRODUCTION				VALUE PER COW	
	QUANTITY	WEIGHT/LBS.	PRICE ²	VALUE	NEW VALUE
STEER CALVES	123	500	\$0.98	\$60,270	\$200.90
HEIFER CALVES	78	475	\$0.93	\$34,457	\$114.86
CULL COWS	100	900	\$0.41	\$36,900	\$123.00
CULL BULLS	1	1200	\$0.46	\$552	\$1.84
TOTAL	302			\$132,179	\$440.60

VARIABLE COSTS				VALUE PER COW	
	UNITS	QUANTITY/PERCENT	PRICE	COST	NEW VALUE
1. FEED COSTS					
HAY	TON	52.00	\$140	\$7,280	\$24.27
STATE	AUY	40.0%	\$25.08	\$0	\$0.00
FEDERAL LEASE	AUY	40.0%	\$16.20	\$4,860	\$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	\$230	\$1,380	\$4.60
PROTEIN SUPP	TON	14.00	\$350	\$4,900	\$16.33
OTHER		0.00	\$0	\$0	\$0.00
TOTAL				\$18,420	\$61.40

2. OTHER VARIABLE COSTS				VALUE PER COW	
				COST	NEW VALUE
VET AND MEDICINE				\$3,750	\$12.50
LIVESTOCK HAULING				\$1,586	\$5.29
HIRED LABOR				\$1,500	\$5.00
OPERATING COSTS-EQUIP & MACH				\$1,200	\$4.00
OPERATING COSTS-VEHICLE				\$3,500	\$11.67
RANCH MAINTENANCE				\$1,500	\$5.00
BEEF CHECKOFF				\$201	\$0.67
LIVESTOCK PURCHASES				\$4,500	\$15.00
TOTAL				\$17,737	\$59.12

3. INTEREST ON VARIABLE COSTS				VALUE PER COW	
SUM OF VARIABLE COSTS X MONTHS BORROWED					
X INTEREST RATE PER MONTH					
ANNUAL INTEREST RATE			7.5%		
NUMBER OF MONTHS BORROWED			6		
				\$1,356	\$4.52
TOTAL				\$37,512	\$125.04
				\$94,666	\$315.55

OWNERSHIP COSTS				VALUE PER COW	
	Annual Capital Recovery ⁴ (At Replacement Value):		Represents 65% Asset Ownership ⁵	VALUE PER COW	NEW VALUE
CASH COSTS					
Taxes & Insurance				\$11,870	\$39.57
Overhead				\$2,100	\$7.00
Total				\$13,970	\$46.57
NON CASH COSTS					
Purchased Livestock				\$11,001	\$36.67
Machinery & Equipment				\$11,870	\$39.57
Housing & Improvements				\$25,744	\$85.81
Interest on Retained Livestock ⁶				\$19,221	\$64.07
Management & Operation Labor (6% of gross returns)				\$7,931	\$26.44
Total				\$75,767	\$252.56
TOTAL FIXED COSTS				\$89,737	\$299.12
TOTAL CASH AND VARIABLE COSTS				\$51,482	\$171.61
TOTAL COSTS				\$127,249	\$424.16
RETURN ABOVE TOTAL CASH COSTS				\$80,696	\$268.99
RETURN ABOVE TOTAL C				\$4,929	\$16.43

BREAKEYEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$31.28	\$42.93
REQUIRED AVERAGE CALF PRICES CASH COST (cwt)	\$31.28	\$106.11

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 2001 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.

NOTES

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