

# Range Livestock Costs and Returns for New Mexico, 2002



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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 2002, 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 2002 in New Mexico. These are not long-term projected gains but rather influxes to cash flow for the year. Prices for all classes of beef cattle fell in 2002. This coupled with drought conditions continued to reduce profitability levels for New Mexico ranches.

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

#### RANCHING REGIONS

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

#### **Central Mountain**

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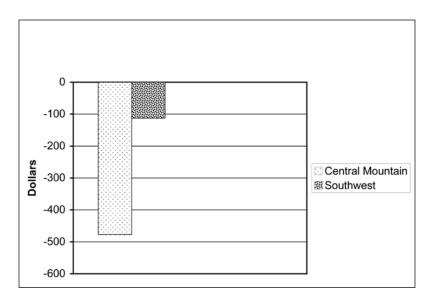


Figure 1. Economic returns for small New Mexico ranches, 2002

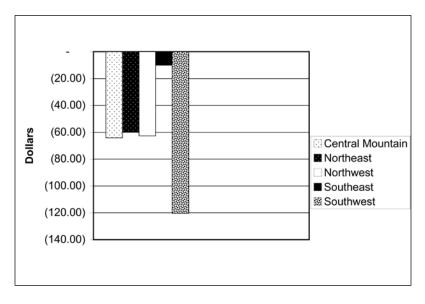


Figure 2. Economic returns for medium-sized New Mexico ranches, 2002

### **Small Ranch**

The small representative ranch had 33 mature cows. A 25% culling rate was applied in 2002 due to drought conditions. Calf crop percentage was 80%. Gross returns per cow were approximately \$363 with total costs approaching \$840 per cow, resulting in a loss of \$477 per cow (Figure 1). An intensifying drought in this portion of New Mexico has caused a continued reduction in cattle numbers, thus impacting the economic profile of this representative ranch.

#### Medium Ranch

The medium representative ranch had 130 mature cows. A 25% culling rate was applied due to drought. Calf crop percentage was 83%. Gross returns per cow were approximately \$365 with total costs approaching \$430 per cow, resulting in a loss of \$64 per cow (Figure 2). Break-even calf prices were \$102 per hundred weight (cwt).

### Large Ranch

The large representative ranch had 228 mature cows. A 25% culling rate and an 85% calf crop percentage were used in the representative ranch model. Gross returns per cow were approximately \$372 with total costs approaching \$412 per cow, resulting in a loss of \$48 per cow (Figure 3). Continued drought conditions forced mother cow numbers to be reduced, thus negatively impacting economic return.

### **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 has 130 mature cows. A 25% culling rate was applied. Calf crop percentage was 85%. Gross returns per cow were approximately \$455 with total costs approaching \$515 per cow, resulting in a loss of \$60 per cow (Figure 2). Despite increased market prices, returns per cow fell greatly due to costs of supplemental feeding. More than normal culling rates resulting in fewer calves being marketed.

### Large Ranch

The large representative ranch has 228 mature cows. A 25% culling rate was applied. Calf crop percentage was 84%. Gross returns per cow were approximately \$402 with total costs approaching \$440 per cow, resulting in a loss of \$38 per cow (Figure 3). Despite increased market prices, returns per cow fell greatly due to supplemental feeding costs and a reduction in the overall number of calves sold.

### Extra-Large Ranch

The extra-large representative ranch has 358 mature cows. A 25% culling rate was applied. Calf crop percentage was 84%. Gross returns per cow were approximately \$375 with total costs approaching \$395 per cow, resulting in a loss of \$19 per cow (Figure 4).

### **Northwest Region**

This region comprises Bernalillo, Catron, McKinley, Rio Arriba, Sandoval, and San Juan. Representative ranches modeled for the Northeast region were medium, large and extra-large in size. Drought conditions persisted throughout 2000, reducing cow numbers again over the 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 has 130 mature cows. A 25% culling rate was applied. Calf crop percentage was 83%. Gross returns per cow were approximately \$428 with total costs approaching \$490 per cow, resulting in a loss of greater than \$62 per cow (Figure 2). This economic return is \$40 less than in 2001. The difference is due to two primary factors: reduced number of calves sold and high feeding costs.

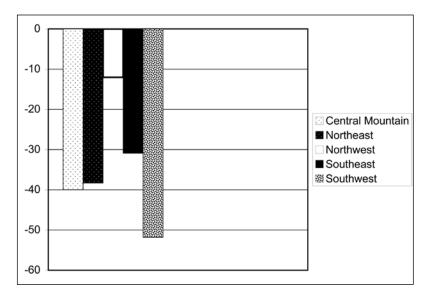


Figure 3. Economic returns for large New Mexico ranches, 2002

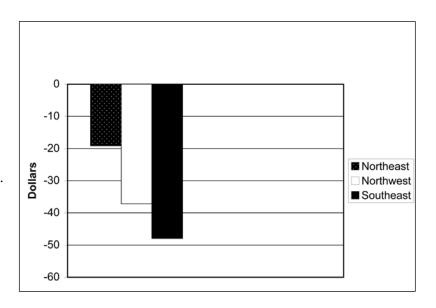


Figure 4. Economic returns for extra-large New Mexico ranches, 2002

### Large Ranch

The large representative ranch has 228 mature cows. A 25% culling rate was applied. Calf crop percentage was 83%. Gross returns per cow were approximately \$400 with total costs approximately \$390 per cow, resulting in a loss of \$12 per cow (Figure 3). A significant reduction in economic viability for this representative model was apparent when compared to the values established in 2001.

### Extra-Large Ranch

The extra-large representative ranch has 325 mature cows. A 25% culling rate was applied. Calf crop percentage was 83%. Gross returns per cow were approximately \$372 with total costs approaching \$410 per cow, resulting in a loss of \$37 per cow (Figure 4). Breakeven calf prices were \$99 per hundred weight (cwt) with 2002 prices averaging \$90 cwt.

### **Southeast Region**

The cost and return estimates in this region were based on data gathered in Chaves, Eddy, Lea, Lincoln, Otero, and Roosevelt counties. Representative ranches modeled for the Southeast region were medium, large and extra-large in size. Drought conditions worsened throughout 2000, resulting in further reductions in cow numbers for the southeast region of New Mexico. 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, with precipitation between 12 and 20 inches annually. Primary grass species are grama, tobosa, and galleta. Prevalent shrubs and trees are piñon, juniper and oak brush. Stuckey and Henderson (1969) estimate that due to the huge variability of soil type, forage, and precipitation levels stocking rates will range from 3 to 17 AUY per section.

### **Medium Ranch**

The medium representative ranch has 130 mature cows. A 25% culling rate was applied. Calf crop percentage was 82%. Gross returns per cow were approximately \$406 with total costs approaching \$416 per cow, resulting in a loss of about \$10 per cow (Figure 2).

#### Large Ranch

The large representative ranch has 260 mature cows. A 25% culling rate was applied. Calf crop percentage was 82%. Gross returns per cow were approximately \$360 with total costs of \$390 per cow, resulting in a loss of \$31 per cow (Figure 3). Increasing costs coupled with reduction in number of calves

marketed resulted in a decrease in profit of approximately \$35 per cow relative to 2001.

### Extra-Large Ranch

The extra-large representative ranch has 385 mature cows. A 25% culling rate was applied. Calf crop percentage was 82%. Gross returns per cow were approximately \$347 with total costs approaching \$396 per cow, resulting in a loss of \$48 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 ft. with precipitation between 9 and 16 inches annually. Black grama is the primary grass plant in this region, while creosote and mesquite compose the majority of brush species. Stuckey and Henderson (1969) estimate that due to the huge variability of soil type, forage and precipitation levels stocking rates will range from 5 to 14 AUY per section.

#### Small Ranch

The small representative ranch has 52 mature cows. A 25% culling rate was applied. Calf crop percentage was 82%. Gross returns per cow were approximately \$517 with total costs approaching \$630 per cow, resulting in a loss of \$112 per cow (Figure 1). The combination of increasing costs coupled with a reduction in the number of calves marketed resulted in significant economic and financial losses.

#### Medium Ranch

The medium representative ranch has 140 mature cows. A 25% culling rate was applied. Calf crop percentage was 82%. Gross returns per cow were approximately \$406 with total costs approaching \$527 per cow, resulting in a loss of \$120 per cow (Figure 2). As in the small representative ranch, the combination

of 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 has 325 mature cows. A 25% culling rate was applied. Calf crop percentage was 82%. Gross returns per cow were approximately \$340 with total costs approaching \$395 per cow, resulting in a loss of \$52 per cow (Figure 3).

#### **SUMMARY**

Livestock production throughout New Mexico in 2002 resulted in negative returns for all representative models regardless of their location or size. Each representative ranch showed reduced profitability levels relative to in 2001. Precipitation levels were below normal for much of the state, forcing livestock producers to make a decision between increasing supplemental feeding rates and reducing herd size. The majority of producers chose to reduce herd size by 10% from the previous year's numbers. Supplemental feeding rates were also higher than normal, that is, they were higher than in years when precipitation levels are closer to average. 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 sales fell due to the aggregate reduction in cow numbers. Livestock prices fell from the 2001 levels, primarily due to the increased number of cattle being sold prematurely due to continued drought conditions. Figure 5 provides aggregate beef cattle prices for New Mexico for 2002. These values are representative of all classes of beef cattle throughout the state.

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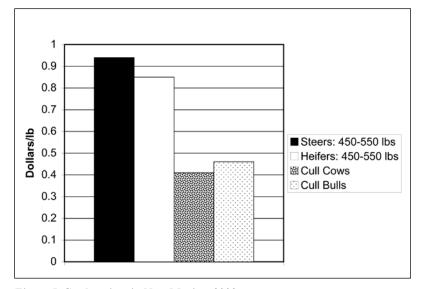


Figure 5. Cattle prices in New Mexico, 2002

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### **APPENDIX A**

### CENTRAL MOUNTAIN REGION SMALL RANCH INVESTMENTS 2002

			10 Yr Avg	Purchase	Salvage/Cull	Useful	Livestock	Annual Capital
Number	Land Values	Price Per Unit	Rate of Return	Price	Value	Life	Share	Recovery
100	Acres of private land	\$900	3.9%	\$90,000	\$90,000			
34	AU Values <sup>1</sup>	\$3,000	3.9%	\$101,250	\$101,250			
			Subtotal	\$191,250				
Number	<b>Buildings, Improvements</b>	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 Rate <sup>3</sup>	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 Rate <sup>3</sup>	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 AUYs	the construction of the co						
			Subtotal	\$7,000				\$1,013
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investmen
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 AUYs	A STATE OF THE PARTY OF T		,				+
			Subtotal	\$31,250	<b>\$1</b> 1,875			\$1,602
			Total	\$321,000				\$8,367

<sup>1)</sup> 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.

<sup>2)</sup> 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 2002

	BREED HERD SIZE CULL RATE	33 25%	COW to BULL	20	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFERS KEPT	80 8.12
		VALUE OF PROD	DUCTION			VALUE DED CON
		QUANTITY	WEIGHT/LBS.	PRICE2	VALUE	VALUE PER COV
STEER CALVES		13	515	\$0.94	\$6,293	\$193.64
HEIFER CALVES		5	495	\$0.88	\$2,124	\$65.34
CULL COWS		8	900	\$0.39	\$2,852	\$87.75
CULL BULLS		1	1200	\$0.44	\$528	\$16.25
	TOTAL	27			\$11,797	\$362.98
ARIABLE COSTS						
. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COV
	HAY	TON	13.00	\$150	\$1,950	\$60.00
	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	8.00	\$310	\$2,480	\$76.31
	OTHER	1011	0.00	\$0	<u>\$0</u>	\$0.00
	TOTAL				\$5,447	\$167.58
OTUED WAR DIE 6000TO					2007	
OTHER VARIABLE COSTS					COST	640.00
	VET AND MEDICINE				\$390	\$12.00
	LIVESTOCK HAULING				\$142	\$4.36
	HIRED LABOR				\$0	\$0.00
	OPERATING COSTS-EQUIP &				\$515	\$15.85
	OPERATING COSTS-VEHICLE	E			\$1,030	\$31.69
	RANCH MAINTENANCE		200		\$200	\$6.15
						\$0.55
	BEEF CHECKOFF PURCHASED LIVESTOCK		968		\$18 \$100	
3. INTEREST ON VARIABLE	PURCHASED LIVESTOCK TOTAL COSTS	MONTHS BODD	OWED		\$100 \$100 \$2,395	\$3.08 \$73.68
3. INTEREST ON VARIABLE	PURCHASED LIVESTOCK  TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE	тн	OWED		\$100 \$2,395 6.5%	\$3.08 \$73.68
. INTEREST ON VARIABLE	PURCHASED LIVESTOCK  TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON	тн	OWED		\$100 \$2,395	\$3.08
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	PURCHASED LIVESTOCK  TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE	тн	OWED		\$100 \$2,395 6.5% 6 \$255 \$8,096	\$3.08 \$73.68 VALUE PER COV \$7.84 \$249.11
OTAL	PURCHASED LIVESTOCK  TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE	тн	OWED		\$100 \$2,395 6.5% 6 \$255	\$3.08 \$73.68 VALUE PER CON \$7.84
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OTAL  OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance  Overhead	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$100 \$2,395 6.5% 6 \$255 \$8,096 \$3,701 Represents 65% Asset Ownership <sup>5</sup> \$3,560 \$2,100	\$3.08 \$73.68 VALUE PER CO' \$7.84 \$249.11 \$113.87 VALUE PER CO' \$109.55 \$64.62
OTAL  OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$100 \$2,395 6.5% 6 \$255 \$8,096 \$3,701 Represents 65% Asset Ownership <sup>5</sup> \$3,560 \$2,100	\$3.08 \$73.68 VALUE PER CO' \$7.84 \$249.11 \$113.87 VALUE PER CO' \$109.55 \$64.62
OTAL OWNERSHIP COSTS CASH COSTS Taxes & Insurance Overhead	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$100 \$2,395 \$.5% 6.5% 6 \$255 \$8,096 \$3,701 Represents 65% Asset Ownership <sup>5</sup> \$3,560 \$2,100 \$5,660	\$3.08 \$73.68 VALUE PER CO' \$7.84 \$249.11 \$113.87 VALUE PER CO' \$109.55 \$64.62 \$174.17
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OTAL  OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  ON CASH COSTS  Purchased Livestock Machinery & Equipme Housing & Improveme Interest on Retained L Management & Operal  OTAL FIXED COSTS	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$100 \$2,395 \$.5% 6 \$255 \$8,096 \$3,701 Represents 65% Asset Ownership <sup>5</sup> \$3,560 \$2,100 \$5,660 \$1,410 \$3,560 \$3,205 \$1,602 \$3,701 \$13,478 \$19,138	\$3.08 \$73.68 \$73.68 \$73.68 \$249.11 \$113.87 \$113.87 \$44.62 \$174.17 \$43.37 \$109.55 \$98.62 \$49.29 \$113.87 \$414.69 \$588.86
OTAL  DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  HON CASH COSTS  Purchased Livestock Machinery & Equipme Housing & Improveme Interest on Retained L Management & Operal  OTAL FIXED COSTS  OTAL CASH AND VARIABLE	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$100 \$2,395 \$2,395 \$6.5% 6 \$255 \$8,096 \$3,701 \$3,560 \$2,100 \$5,660 \$1,410 \$3,560 \$3,205 \$1,602 \$3,701 \$13,478 \$19,138 \$13,756	\$3.08 \$73.68 \$73.68 \$73.68 \$7.84 \$249.11 \$113.87 \$109.55 \$64.62 \$174.17 \$43.37 \$109.55 \$98.62 \$49.29 \$113.87 \$414.69 \$588.86 \$423.27
TOTAL  DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  NON CASH COSTS  Purchased Livestock Machinery & Equipme Housing & Improveme Interest on Retained L Management & Operal  TOTAL FIXED COSTS	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$100 \$2,395 \$.5% 6 \$255 \$8,096 \$3,701 Represents 65% Asset Ownership <sup>5</sup> \$3,560 \$2,100 \$5,660 \$1,410 \$3,560 \$3,205 \$1,602 \$3,701 \$13,478 \$19,138	\$3.08 \$73.68 \$73.68 \$73.68 \$249.11 \$113.87 \$113.87 \$41.09.55 \$64.62 \$174.17 \$43.37 \$109.55 \$98.62 \$49.29 \$113.87 \$414.69 \$588.86
OTAL  DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  ON CASH COSTS  Purchased Livestock Machinery & Equipme Housing & Improveme Interest on Retained L Management & Operal  OTAL FIXED COSTS  OTAL CASH AND VARIABL	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR  Annual Capital Recovery <sup>4</sup> (At ents ents Livestock <sup>6</sup> tion Labor (6% of gross returns)	TH OWED			\$100 \$2,395 \$2,395 \$6.5% 6 \$255 \$8,096 \$3,701 \$3,560 \$2,100 \$5,660 \$1,410 \$3,560 \$3,205 \$1,602 \$3,701 \$13,478 \$19,138 \$13,756	\$3.08 \$73.68 \$73.68 \$73.68 \$7.84 \$249.11 \$113.87 \$109.55 \$64.62 \$174.17 \$43.37 \$109.55 \$98.62 \$49.29 \$113.87 \$414.69 \$588.86 \$423.27
TOTAL  DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  NON CASH COSTS  Purchased Livestock Machinery & Equipme Housing & Improveme Interest on Retained L	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR  Annual Capital Recovery <sup>4</sup> (At ents ents Livestock <sup>6</sup> tion Labor (6% of gross returns)  LE COSTS SH COSTS	TH OWED			\$100 \$2,395 \$2,395 \$6.5% 6 \$255 \$8,096 \$3,701 Represents 65% Asset Ownership <sup>5</sup> \$3,560 \$2,100 \$5,660 \$1,410 \$3,560 \$3,205 \$1,602 \$3,701 \$19,438 \$19,438 \$13,756 \$27,234	\$3.08 \$73.68 \$73.68 \$73.68 \$7.84 \$249.11 \$113.87 \$109.55 \$64.62 \$174.17 \$43.37 \$109.55 \$98.62 \$49.29 \$113.87 \$414.69 \$588.86 \$423.27 \$837.97
OTAL  OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  ON CASH COSTS  Purchased Livestock Machinery & Equipme Housing & Improveme Interest on Retained L Management & Operal  OTAL FIXED COSTS  OTAL CASH AND VARIABL	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR  Annual Capital Recovery <sup>4</sup> (At ents ents Livestock <sup>6</sup> tion Labor (6% of gross returns)  LE COSTS SH COSTS	TH OWED  Replacement Va	ilue):		\$100 \$2,395 \$2,395 \$6.5% 6 \$255 \$8,096 \$3,701 Represents 65% Asset Ownership <sup>5</sup> \$3,560 \$2,100 \$5,660 \$1,410 \$3,560 \$3,205 \$1,602 \$3,701 \$19,438 \$19,438 \$13,756 \$27,234	\$3.08 \$73.68 \$73.68 \$73.68 \$73.68 \$249.11 \$113.87 \$109.55 \$64.62 \$174.17 \$43.37 \$109.55 \$98.62 \$49.29 \$113.87 \$414.69 \$588.86 \$423.27 \$837.97
TOTAL  DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  NON CASH COSTS  Purchased Livestock Machinery & Equipme Housing & Improveme Interest on Retained L Management & Operal  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE TOTAL COSTS RETURN ABOVE TOTAL CA	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR  Annual Capital Recovery <sup>6</sup> (At ent ents Livestock <sup>6</sup> tion Labor (6% of gross returns)  LE COSTS SH COSTS	VARIABLE COSTS	lue):		\$100 \$2,395 \$2,395 \$6.5% 6 \$255 \$8,096 \$3,701 Represents 65% Asset Ownership <sup>5</sup> \$3,560 \$2,100 \$5,660 \$1,410 \$3,560 \$3,205 \$1,602 \$3,701 \$19,438 \$19,438 \$13,756 \$27,234	\$3.08 \$73.68 \$73.68 \$73.68 \$7.84 \$249.11 \$113.87 \$109.55 \$64.62 \$174.17 \$43.37 \$109.55 \$98.62 \$49.29 \$113.87 \$414.69 \$588.86 \$423.27 \$837.97
TOTAL  DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  NON CASH COSTS  Purchased Livestock Machinery & Equipme Housing & Improveme Interest on Retained L Management & Operal  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE TOTAL COSTS RETURN ABOVE TOTAL CA	PURCHASED LIVESTOCK TOTAL  COSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR  Annual Capital Recovery <sup>4</sup> (At ents ents Livestock <sup>6</sup> tion Labor (6% of gross returns)  LE COSTS SH COSTS	TH OWED  Replacement Va	ilue):		\$100 \$2,395 \$2,395 \$6.5% 6 \$255 \$8,096 \$3,701 Represents 65% Asset Ownership <sup>5</sup> \$3,560 \$2,100 \$5,660 \$1,410 \$3,560 \$3,205 \$1,602 \$3,701 \$19,438 \$19,438 \$13,756 \$27,234	\$3.08 \$73.68 \$73.68 \$73.68 \$73.68 \$249.11 \$113.87 \$109.55 \$64.62 \$174.17 \$43.37 \$109.55 \$98.62 \$49.29 \$113.87 \$414.69 \$588.86 \$423.27 \$837.97

<sup>1)</sup> 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 2002 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 2002

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	Liic	Onare	\$116.25
176	AU Values <sup>1</sup>	\$3,000	3.9%	\$526,500	\$526,500			***************************************
			Subtotal	\$676,500				
Number	<b>Buildings, Improvements</b>	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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
6	Horses	\$2,500	6.5%	\$15,000	\$5,700	10	100	\$1,664
7	Bulls	\$2,000	6.5%	\$13,000	\$4,940	4	100	\$2,674
30	Cows	\$1,100.00	6.5%	\$33,000	\$12,540	8	100	\$4,175
53	Total AUYs					DOMESTICAL STREET	transcu-pro-supercess	
			Subtotal	\$28,000				\$4,338
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
130	Cows	\$1,100	6.5%	\$143,000	\$54,340			\$7,330
33	Replacement Heifers	\$1,000	6.5%	\$32,500	\$12,350			\$1,666
154	Total AUYs				***			
			Subtotal	\$175,500	\$66,690			\$8,996
			Total	\$1,028,000	_			\$20,035

<sup>1)</sup> 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.

production assets for New Mexico.

2) For intermediate assets an interest rate of 7.50% was used.

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

### **CENTRAL REGION** MEDIUM COW/CALF BUDGET 2002

	BREED HERD SIZE CULL RATE	130 25%	COW to BULL	20	CALF CROP PERCENI <sup>1</sup> REPLACEMENT HEIFERS KEPT	<b>8</b> 3
		VALUE OF PRO	DUCTION			
		OHANTITY	WEIGHT# DO	PDIOE?	VALUE	VALUE PER COV
STEER CALVES		QUANTITY 54	WEIGHT/LBS. 515	PRICE <sup>2</sup> \$0.94	<u>VALUE</u> \$26,117	\$200.90
HEIFER CALVES		21	495	\$0.88	\$9,344	\$71.87
CULL COWS		33	900	\$0.39	\$11,408	\$87.75
CULL BULLS		1	1200	\$0.44	\$528	\$4.06
	TOTAL	109			\$47,396	\$364.59
ARIABLE COSTS					TANKS OF THE PARTY	
						VALUE PER COV
I. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	045.00
	HAY STATE	TON	39.00	\$150	\$5,850	\$45.00
	FEDERAL LEASE	AUY AUY	30.0% 40.0%	\$25.08 \$16.20	\$0 \$2,106	\$0.00 \$16.20
	PRIVATE(Owned)	AUY	30.0%	\$0.00	\$2,100	\$0.00
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0 \$0	\$0.00
	SALT & MINERAL	TON	4.00	\$230	\$920	\$7.08
	PROTEIN SUPP	TON	11.00	\$350	\$3.850	\$29.62
	OTHER	1014	0.00	\$0	\$0	\$0.00
	TOTAL				\$12,726	\$97.89
	TOTAL				\$12,720	\$31.03
. OTHER VARIABLE COSTS					COST	
	VET AND MEDICINE				\$1,560	\$12.00
	LIVESTOCK HAULING				\$572	\$4.40
	HIRED LABOR				\$0	\$0.00
	OPERATING COSTS-EQUIP 8				\$800	\$6.15
	OPERATING COSTS-VEHICLE	E			\$1,600	\$12.31
	RANCH MAINTENANCE				\$500	\$3.85
	BEEF CHECKOFF				\$75	\$0.58
	PURCHASED LIVESTOCK				\$3,000	\$23.08
	TOTAL				\$8,107	\$62.36
3. INTEREST ON VARIABLE COS	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	тн	OWED		7.5% 6	VALUE PER COM
			***		\$781 \$21,614	\$6.01 \$166.26
	TOTAL				\$25,782	\$198.32
OWNERSHIP COSTS						
CASH COSTS	Annual Capital Recovery <sup>4</sup> (At	Replacement Va	ilue):		Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COV
Taxes & Insurance					\$4,837	\$37.21
Overhead					\$2,100	\$16.15
Total					\$6,937	\$53.36
ION CASH COSTS						
Purchased Livestock					\$4,338	\$33.37
Machinery & Equipment					\$4,673	\$35.94
Housing & Improvements	.4				\$6,366	\$48.97
Interest on Retained Livest					\$8,996	\$69.20
Management & Operation L	abor (6% of gross returns)				\$2,844	\$21.88
Total					\$27,217	\$209.36
OTAL FIXED COSTS					\$34,153	\$262.72
OTAL CASH AND VARIABLE CO	STS				\$28,551	\$219.62
OTAL COSTS					\$55,768	\$428.98
RETURN ABOVE TOTAL CASH C	OSTS				\$18,845	\$144.96
RETURN ABOVE TOTAL COSTS					(\$8,371)	(\$64.40)
BREAKEVEN CALCULATIONS	ı	VARIABLE	TOTAL			
	l	COSTS	COSTS			
REQUIRED AVG. C	ALF PRICES CASH COST (cwt)	\$39.67	\$52.40			
	LF PRICES TOTAL COSTS(cwt)	\$39.67	\$102.35			

<sup>1)</sup> Calf cop is defined as the actual number of calves sold divided by the total number of cows (assuming all cows were exposed).
2) Prices represent 2002 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 2002

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
307	AU Values <sup>1</sup>	\$3,000	3.9%	\$921,375	\$921,375			
			Subtotal	\$2,921,375				
Number	<b>Buildings, Improvements</b>	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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
11	Bulls	\$2,000	6.5%	\$22,750	\$8,645	4	100	\$4,679
53	Cows	\$1,100.00	6.5%	\$58,300	\$22,154	8	100	\$7,377
93	Total AUYs							
•••	704477070		Subtotal	\$47,750				\$7.453
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investmen
228	Cows	\$1,100	6.5%	\$250,250	\$95,095			\$12,827
57	Replacement Heifers	\$1,000	6.5%	\$56,875	\$21,613			\$2,915
270	Total AUYs							
			Subtotal	\$307,125	\$116,708			\$15,742
			Total	\$3,575,250				\$40,939

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 7.50% was used.

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

### **CENTRAL REGION** LARGE COW/CALF BUDGET 2002

	BREED HERD SIZE CULL RATE	228 25%	COW to BULL	20	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFERS KEPT	<b>85</b> % 5
		VALUE OF PRO	DUCTION			VALUE DED COM
		QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COW
STEER CALVES		97	515	\$0.94	\$46,806	\$205.74
HEIFER CALVES		40	495	\$0.88	\$17,342	\$76.23
CULL COWS		57	900	\$0.39	\$19,963	\$87.75
CULL BULLS		1	1200	\$0.44	\$528	\$2.32
	TOTAL	194			\$84,640	\$372.04
VARIABLE COSTS						
1. FEED COSTS		LIMITO	QUANTITY/PERCENT	DDICE	COST	VALUE PER COW
1. FEED COSTS	HAY	UNITS TON	39.00	PRICE \$150	COST \$5,850	\$25.71
	STATE	AUY	20.0%	\$25.08	\$0	\$0.00
	FEDERAL LEASE	AUY	40.0%	\$16.20	\$3,686	\$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	\$6.07
	PROTEIN SUPP	TON	12.00	\$350	\$4,200	\$18.46
	OTHER		0.00	\$0	<u>\$0</u>	\$0.00
	TOTAL				\$15,116	\$66.44
2. OTHER VARIABLE COSTS					COST	
. CHER PARADLE GOOTS	VET AND MEDICINE				\$2,844	\$12.50
	LIVESTOCK HAULING				\$1,020	\$4.49
	HIRED LABOR				\$0	\$0.00
	OPERATING COSTS-EQUIP &	MACH			\$1,600	\$7.03
	OPERATING COSTS-VEHICLE				\$2,075	\$9.12
	RANCH MAINTENANCE				\$1,000	\$4.40
	BEEF CHECKOFF				\$137	\$0.60
	PURCHASED LIVESTOCK				<u>\$2,000</u>	\$8.79
	TOTAL				\$10,676	\$46.93
3. INTEREST ON VARIABLE						
3. INTEREST ON VARIABLE	SUM OF VARIABLE COSTS X	MONTHS BOR	ROWED			
	X INTEREST RATE PER MONT					
	ANNUAL INTEREST RATE				7.5%	
	NUMBER OF MONTHS BORRO	OWED			6	VALUE PER COW
					\$967	\$4.25
					\$26,758	\$117.62
	TOTAL				\$57,881	\$254.42
OWNERSHIP COSTS						
CASH COSTS	Annual Capital Recovery (At	Replacement V	/alue):		Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW
Taxes & Insurance					\$11,298	\$49.66
Overhead					\$2,200	\$9.67
Total					\$13,498	\$59.33
NON CASH COSTS					,	
Purchased Livestock					\$7.453	\$32.76
Machinery & Equipme	ent				\$11,001	\$48.36
Housing & Improveme					\$14,195	\$62.40
Interest on Retained L					\$15,742	\$69.20
	tion Labor (6% of gross returns)				\$5,078	\$22.32
Total	and allow (contact grade rotation)				\$53,470	\$235.03
OTAL FIXED COSTS					\$66,968	\$294.37
TOTAL CASH AND VARIABL	E COSTS				\$40,257	\$176.95
TOTAL COSTS					\$93,727	\$411.99
RETURN ABOVE TOTAL CA	SH COSTS				\$44,383	\$195.09
RETURN ABOVE TOTAL CO	CONTRACTOR OF FACING A PROPER AND THE ARRANGE				(\$9,087)	(\$39.94)
BREAKEVEN CALCULATION	NS	VADIADIF	TOTAL			
		VARIABLE COSTS	TOTAL COSTS			
REQUIRED AVO	CALF PRICES CASH COST (cwt)	\$27.40	\$41.22			
	CALF PRICES TOTAL COSTS(cwt)	\$27.40	\$95.98			
	actual number of calues cold divided b					

<sup>1)</sup> Calif crop is defined as the actual number of claves sold divided by the total number of cows assuming all cows were exposed).

2) Prices represent 2002 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 2002

			10 Yr Avg	Purchase	Salvage/Cull		Livestock	Annual Capital
	Land Values	Price Per Unit	Rate of Return	Price	Value	Life	Share	Recovery
7000	Acres of private land	\$85	3.9%	\$595,000	\$595,000			
200	AU Values <sup>1</sup>	\$2,500	3.9%	\$500,000	\$500,000			
			Subtotal	\$1,095,000				
Number	<b>Buildings, Improvements</b>	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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
6	Horses	\$2,500	6.5%	\$15,000	\$5,700	10	100	\$1,664
7	Bulls	\$2,000	6.5%	\$13,000	\$4,940	4	100	\$2,674
40	Cows	\$1,100.00	6.5%	\$44,000	\$16,720	8	100	\$5,567
66	Total AUYs					Acceptance (Access		
			Subtotal	\$28,000				\$4,338
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investmen
130	Cows	\$1,100	6.5%	\$143,000	\$54,340			\$7,330
33	Replacement Heifers	\$1,000	6.5%	\$32,500	\$12,350			\$1,666
154	Total AUYs		Subtotal	\$175,500	\$66,690			\$8,996
			Total	\$1,665,500				\$33,127

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 7.50% was used.

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

### NORTHEAST REGION MEDIUM COW/CALF BUDGET 2002

	BREED HERD SIZE CULL RATE	130 25%	COW to BULL	20	CALF CROP PERCEN I 1 REPLACEMENT HEIFERS KEPT	<b>85</b> % 32.
		VALUE OF PROD	DUCTION			VALUE PER COW
		QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER CON
STEER CALVES		55	550	\$0.99	\$30,084	\$231.41
HEIFER CALVES		23	515	\$0.91	\$10,662	\$82.01
CULL COWS		45	900	\$0.44	\$17,820	\$137.08 \$4.52
CULL BULLS		1	1200	\$0.49	<u>\$588</u>	<u>\$4.52</u>
TO	OTAL	124			\$59,153	\$455.03
VARIABLE COSTS						
1. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
H/	AY	TON	24.00	\$150	\$3,600	\$27.69
BI	LM	AUY	0.0%	\$16.20	\$0	\$0.00
S1	TATE	AUY	17.0%	\$25.08	\$0	\$0.00
	EDERAL LEASE	AUY	30.0%	\$16.20	\$2,106	\$16.20
	RIVATE(Owned)	AUY	53.0%	\$0.00	\$0	\$0.00
	RIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	ALT & MINERAL	TON	3.00	\$230	\$690	\$5.31
	ROTEIN SUPP	TON	10.00	\$350	\$3,500	\$26.92
0	THER		0.00	<u>\$0</u>	<u>\$0</u>	\$0.00
TO	DTAL				\$9,896	\$76.12
2. OTHER VARIABLE COSTS					COST	
	ET AND MEDICINE			1	\$1,625	\$12.50
	VESTOCK HAULING				\$620	\$4.77
	RED LABOR				\$0	\$0.00
	PERATING COSTS-EQUIP &	MACH			\$500	\$3.85
	PERATING COSTS-VEHICLE				\$3,200	\$24.62
	ANCH MAINTENANCE				\$500	\$3.85
	EEF CHECKOFF				\$78	\$0.60
PI	URCHASED LIVESTOCK				\$2,000	<u>\$15.38</u>
TO	OTAL				\$8.523	\$65.56
3. INTEREST ON VARIABLE COSTS						
SI	UM OF VARIABLE COSTS X		ROWED			
	INTEREST RATE PER MON	тн			7.5%	
	NNUAL INTEREST RATE UMBER OF MONTHS BORRI	OWED			6	VALUE PER COW
	OMBER OF MORTHS BORK	OHLU		1		HIGH
					\$691	\$5.31
					\$19,110	\$147.00
To	OTAL				\$40,044	\$308.03
OWNERSHIP COSTS						
	nnual Capital Recovery (At	Replacement Va	alue):		Represents 65% Asset Ownership	VALUE PER COW
CASH COSTS Taxes & Insurance					TOTAL \$4,688	VALUE PER COW \$36.06
Overhead					\$2,100	\$16.15
Total					\$6,788	\$52.22
NON CASH COSTS					4-1,-00	
Purchased Livestock					\$4,338	\$33.37
Machinery & Equipment					\$4,688	\$36.06
Housing & Improvements					\$19,443	\$149.56
Interest on Retained Livestoc	k				\$8,996	\$69.20
Management & Operation Lab					\$3,549	\$27.30
Total					\$41,014	\$315.49
TOTAL FIXED COSTS					\$47,802	\$367.71
TOTAL CASH AND VARIABLE COST	rs				\$25,898	\$199.21
TOTAL COSTS					\$66,912	\$514.71
RETURN ABOVE TOTAL CASH COS	TS				\$33,256	\$255.81
RETURN ABOVE TOTAL COSTS					(\$7,759)	(\$59.68)
ALTERNATION AND ADMINISTRATION OF THE PARTY	OF LANDS OF STREET, ST					
A TOTAL SHOW HE REAL PROPERTY OF THE PROPERTY	1	VARIARIE	TOTAL			
ALTERNATION AND ADMINISTRATION OF THE PARTY		VARIABLE COSTS	TOTAL COSTS			
BREAKEVEN CALCULATIONS	PRICES CASH COST (cwt)					

<sup>1)</sup> Calf crop is defined as the actual number of calves sold divided by the total number of cow sarray.
2) Prices represent 2002 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 2002

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		Liic	Onare	110001019
350	AU Values <sup>1</sup>	\$2,500	3.9%	\$875,000	\$875,000			
			Subtotal	\$1,895,000				
Number	<b>Buildings, Improvements</b>	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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
9	Horses	\$2,500	6.5%	\$22,500	\$8,550	10	100	\$2,496
11	Bulls	\$2,000	6.5%	\$22,800	\$8,664	4	100	\$4,689
70	Cows	\$1,100.00	6.5%	\$77,000	\$29,260	8	100	\$9,743
113	Total AUYs					No. 10 Collections	SELVERSON ISSUEDING	
			Subtotal	\$45,300				\$7,186
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
228	Cows	\$1,100	6.5%	\$250,800	\$95,304			\$12,855
57	Replacement Heifers	\$1,000	6.5%	\$57,000	\$21,660			\$2,922
271	Total AUYs							
			Subtotal	\$307,800	\$116,964			\$15,777
			Total	\$2,764,100				\$50,551

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 6.50% was used.

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

### **NORTHEAST REGION** LARGE COW/CALF BUDGET 2002

	BREED HERD SIZE CULL RATE	228 25%	COW to BULL	20	CALF CROP PERCEN I <sup>1</sup> REPLACEMENT HEIFERS KEPT	849 5
		VALUE OF PROD	UCTION			VALUE PER COW
		QUANTITY	WEIGHT/LBS.	PRICE2	VALUE	VALUE PER CON
STEER CALVES		96	550	\$0.99	\$52,141	\$228.69
HEIFER CALVES		39	515	\$0.91	\$18,165	\$79.67
CULL COWS		47	1000	\$0.44	\$20,680	\$90.70
CULL BULLS		1	1400	\$0.49	\$686	\$3.01
TOTA	AL	183			\$91,672	\$402.07
VARIABLE COSTS		-				VALUE PER COW
1. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
HAY		TON	30.00	\$150	\$4,500	\$19.74
STA		AUY	20.0%	\$25.08	\$0	\$0.00
2177	RAL LEASE	AUY	40.0%	\$16.20	\$3,694	\$16.20
	ATE(Owned)	AUY	40.0%	\$0.00	\$0	\$0.00
	ATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	8 MINERAL	TON	4.00	\$230	\$920	\$4.04
OTH	TEIN SUPP Er	TON	12.00 0.00	\$350 \$0	\$4,200 \$0	\$18.42 \$0.00
тот					\$13,314	\$58.39
2. OTHER VARIABLE COSTS					COST	***
	AND MEDICINE				\$2,850	\$12.50
	STOCK HAULING				\$958	\$4.20
	D LABOR	****			\$0	\$0.00
	RATING COSTS-EQUIP & RATING COSTS-VEHICLE				\$2,200	\$9.65
	CH MAINTENANCE	8			\$3,400 \$500	\$14.91 \$2.19
	CHECKOFF				\$135	\$0.59
	CHASED LIVESTOCK			A CONTRACTOR OF THE PROPERTY O	\$2,000	\$8.77
TOTA					\$12,043	\$52.82
	OF VARIABLE COSTS X		OWED			
ANN	TEREST RATE PER MON' UAL INTEREST RATE BER OF MONTHS BORRI				7.5% 6	VALUE PER COW
INTEREST COSTS					\$951	\$4.17
TOTAL VARIABLE COSTS					\$26,307	\$115.38
RETURN ABOVE VARIABLE COSTS					\$65,365	\$286.69
OWNERSHIP COSTS						
CASH COSTS Anni	ual Capital Recovery <sup>4</sup> (At	Replacement Va	lue):		Represents 65% Asset Ownership TOTAL	VALUE PER COW
Taxes & Insurance					\$8,753	\$38.39
Overhead					\$2,100	\$9.21
Total					\$10,853	\$47.60
NON CASH COSTS						
Purchased Livestock					\$7,186	\$31.52
Machinery & Equipment					\$8,753	\$38.39
Housing & Improvements					\$26,021	\$114.13
Interest on Retained Livestock <sup>6</sup>					\$15,777	\$69.20
Management & Operation Labor	(6% of gross returns)				\$5,500	\$24.12
TOTAL NON CASH COSTS	13				\$63,237	\$277.35
TOTAL FIXED COSTS					\$74,090	\$324.95
TOTAL CASH AND VARIABLE COSTS					\$37,160	\$162.98
TOTAL COSTS					\$100,397	\$440.34
RETURN ABOVE TOTAL CASH COSTS	3				\$54,512	\$239.09
RETURN ABOVE TOTAL COSTS					(\$8,725)	(\$38.27)
BREAKEVEN CALCULATIONS	1	VARIABLE	TOTAL			
		COSTS	COSTS			
REQUIRED AVG. CALF PR	ICES CASH COST (cwt)	\$25.80	\$36.44			
REQUIRED AVG. CALF PRICE	ES TOTAL COSTS(cwt)	\$25.80	\$98.44			

<sup>1)</sup> Call 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 2002 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 2002

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		- Cinaro	, tooo rong
500	AU Values <sup>1</sup>	\$2,500	3.9%	\$1,250,000	\$1,250,000			
			Subtotal	\$2,525,000				
Number	<b>Buildings, Improvements</b>	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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
18	Bulls	\$2,000	6.5%	\$35,800	\$13,604	4	100	\$7,363
90	Cows	\$1,100.00	6.5%	\$99,000	\$37,620	8	100	\$12,526
151	Total AUYs	A TARRES		100			HE SALIDED SE	. dana
7777			Subtotal	\$68,300				\$10,969
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
358	Cows	\$1,100	6.5%	\$393,800	\$149,644			\$20,185
90	Replacement Heifers	\$1,000	6.5%	\$89,500	\$34,010			\$4,588
425	Total AUYs		Subtotal	\$483,300	\$183,654			\$24,773
			Total	\$3,780,100	12.0932000			\$72,912

<sup>1)</sup> 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.

production assets for New Mexico.

2) For intermediate assets an interest rate of 7.50% was used.

<sup>3)</sup> 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 2002**

	BREED HERD SIZE CULL RATE	358 25%	COW to BULL	20	CALF CROP PERCENI <sup>1</sup> REPLACEMENT HEIFERS KEPT	<b>84</b> 89
		VALUE OF PROD	DUCTION			VALUE PER COV
		QUANTITY	WEIGHT/LBS.	PRICE2	VALUE	VALUE PER CON
STEER CALVES		150	550	\$0.99	\$81,871	\$228.69
HEIFER CALVES		61	515	\$0.91	\$28,522	\$79.67
CULL COWS		53	1000	\$0.44	\$23,320	\$65.14
CULL BULLS		1	1200	\$0.49	\$588	<u>\$1.64</u>
CONTRACTOR AND ADDRESS OF THE PERSON NAMED IN COLUMN 2 AND ADDRESS	OTAL	265			\$134,301	\$375.14
VARIABLE COSTS						
I. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COV
HA	NY .	TON	40.00	\$150	\$6,000	\$16.76
ST	ATE	AUY	30.0%	\$25.08	\$0	\$0.00
FE	DERAL LEASE	AUY	7.0%	\$16.20	\$5,800	\$16.20
PR	RIVATE(Owned)	AUY	55.0%	\$0.00	\$0	\$0.00
	RIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	LT & MINERAL	TON	7.00	\$230	\$1,610	\$4.50
	ROTEIN SUPP THER	TON	13.00 0.00	\$350 \$0	\$4,550	\$12.71
			0.00	•	<u>\$0</u>	\$0.00
то	TAL				\$17,960	\$50.17
OTHER VARIABLE COSTS					COST	
VE	T AND MEDICINE				\$4,475	\$12.50
LIN	VESTOCK HAULING				\$1,392	\$3.89
	RED LABOR				\$0	\$0.00
	PERATING COSTS-EQUIP &				\$2,000	\$5.59
	PERATING COSTS-VEHICLE				\$4,500	\$12.57
	NCH MAINTENANCE		resolver		\$1,000	\$2.79
	EF CHECKOFF VESTOCK PURCHASES			Book Stoke Chil	\$211 \$3,000	\$0.59 \$8.38
	OTAL				\$16,579	\$46.31
	S IM OF VARIABLE COSTS X INTEREST RATE PER MONT		OWED			
AN	INUAL INTEREST RATE IMBER OF MONTHS BORRO				7.5% 6	VALUE PER CON
					\$1,295	\$3.62
					\$35,833	\$100.09
TO	TAL				\$98,468	\$275.05
OWNERSHIP COSTS						
CASH COSTS An	nual Capital Recovery <sup>4</sup> (At	Replacement Va	ilue):		Represents 65% Asset Ownership <sup>5</sup>	VALUE PER CO
Taxes & Insurance					\$13,416	\$37.47
Overhead					\$2,100	\$5.87
Total					\$15,516	\$43.34
ION CASH COSTS						
Purchased Livestock					\$10,969	\$30.64
Machinery & Equipment					\$13,416	\$37.47
Housing & Improvements	. 4				\$34,724	\$96.99
Interest on Retained Livestoc					\$24,773	\$69.20
Management & Operation Lab Total	or (0% or gross returns)				\$5,908	\$16.50
OTAL FIXED COSTS					\$89,790	\$250.81
OTAL CASH AND VARIABLE COST	rs				\$105,306 \$51,349	\$294.15 \$143.43
OTAL COSTS					\$141,139	\$394.24
RETURN ABOVE TOTAL CASH COS	ITS				\$82,952	\$231.71
RETURN ABOVE TOTAL COSTS					(\$6,838)	(\$19.10)
BREAKEVEN CALCULATIONS	**************************************				(40,000)	(0.0.10)
		VARIABLE COSTS	TOTAL COSTS			
REQUIRED AVG. CALE O	PRICES CASH COST (cwt)	\$22.38	\$32.07			
REQUIRED AVG. CALF PR	CICES TOTAL COSTS(cwt)	\$22.38	\$88.14			

<sup>1)</sup> Call 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 2002 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) Inlerest on average investment.

### NORTHWEST REGION MEDIUM RANCH INVESTMENTS 2002

			10 Yr Avg	Purchase	Salvage/Cull		Livestock	
Number	Land Values	Price Per Unit	Rate of Return	Price	Value	Life	Share	Recovery
4000	Acres of private land	\$80	3.9%	\$320,000	\$320,000			
200	AU Values <sup>1</sup>	\$2,400	3.9%	\$480,000	\$480,000			
			Subtotal	\$800,000				
Number	<b>Buildings, Improvements</b>	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 <sup>3</sup>	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 <sup>4</sup>	Price	Salvage/Cull			
8	Horses	\$2,500	6.5%	\$20,000	\$7,600	10	100	\$2,219
7	Bulls	\$2,000	6.5%	\$13,000	\$4,940	4	100	\$2,674
40	Cows	\$1,100.00	6.5%	\$44,000	\$16,720	8	100	\$5,567
68	Total AUYs				(1)	-		353
			Subtotal	\$33,000				\$4,893
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investmen
130	Cows	\$1,100	6.5%	\$143,000	\$54,340			\$7,330
20	Replacement Heifers	\$1,000	6.5%	\$19,500	\$7,410			\$1,000
145	Total AUYs				commonwoods			
			Subtotal	\$162,500	\$61,750			\$8,329
			Total	\$1,283,500				\$28,203

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 6.50% was used.

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

### NORTHWEST REGION MEDIUM COW/CALF BUDGET 2002

	BREED HERD SIZE CULL RATE	130 25%	COW to BULL	20	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFERS KEPT	839 19.
	distributes de la companya de la co	VALUE OF PRO	DUCTION			VALUE DED COM
		QUANTITY	WEIGHT/LBS.	PRICE2	VALUE	VALUE PER COW
STEER CALVES		54	510	\$0.94	\$25,864	\$198.95
HEIFER CALVES		34	485	\$0.87	\$14,536	\$111.82
CULL COWS		42	900	\$0.39	\$14,742	\$113.40
CULL BULLS		1 131	1200	\$0.44	\$528	<u>\$4.06</u>
	TOTAL	131			\$55,670	\$428.23
VARIABLE COSTS		ACCUPATION NOTICE				
1. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
	HAY	TON	30.00	\$150.00	\$4,500	\$34.62
	STATE	AUY	45.0%	\$25.08	\$0	\$0.00
	FEDERAL LEASE	AUY	35.0%	\$16.20	\$2,106	\$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	\$4.42
	PROTEIN SUPP	TON	9.00	\$350.00	\$3,150	\$24.23
	OTHER		0.00	\$0.00	\$0	\$0.00
	TOTAL				\$10,331	\$79.47
OTHER WARRIED E COOT					****	
2. OTHER VARIABLE COSTS	VET AND MEDICINE				COST	***
					\$1,625	\$12.50
	LIVESTOCK HAULING				\$690	\$5.31
	HIRED LABOR				\$0	\$0.00
	OPERATING COSTS-EQUIP &				\$800	\$6.15
	OPERATING COSTS-VEHICLE RANCH MAINTENANCE	•			\$3,300	\$25.38
	BEEF CHECKOFF		600		\$200	\$1.54
	OTHER		960		\$88 \$2,000	\$0.68 \$15.38
	TOTAL				\$8,703	\$66.95
3. INTEREST ON VARIABLE					40,140	******
	SUM OF VARIABLE COSTS X		OWED			
	X INTEREST RATE PER MONT	н				
	ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	OWED			7.5%	VALUE PER COW
						HIGH
	TOTAL				\$714	\$5.49
	TOTAL				\$19,748 \$35,922	\$151.91 \$276.32
OWNERSHIP COSTS					400,022	42.0.02
	Annual Capital Recovery <sup>4</sup> (At	Replacement Va	alue):		Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW
CASH COSTS Taxes & Insurance					<b>\$5.540</b>	\$42.45
Overhead					\$5,518 \$2,100	\$42.45 \$16.15
Total					\$7,618	\$58.60
					4.,010	400.00
NON CASH COSTS					A	***
Purchased Livestock					\$4,893	\$37.64
Machinery & Equipme Housing & Improvement					\$5,518	\$42.45
					\$14,355	\$110.43
Interest on Retained I					\$8,329	\$64.07
	ation Labor (6% of gross returns)				\$3,340	\$25.69
Total TOTAL FIXED COSTS					\$36,436	\$280.28
OTAL FIXED COSTS	LE COSTS				\$44,054 \$27,366	\$338.88 \$210.51
TOTAL COSTS					\$63,802	\$490.79
RETURN ABOVE TOTAL CA	ISH COSTS				\$28,304	\$217.72
RETURN ABOVE TOTAL CO					(\$8,132)	(\$62.56)
BREAKEVEN CALCULATION	THE RESERVE OF THE PERSON NAMED IN COLUMN 2 IN COLUMN	State and a second			14411001	(402.00)
		VARIABLE COSTS	TOTAL COSTS			
DECHIDED AV	G. CALF PRICES CASH COST (cwt)					
		\$36.79	\$50.98			
REQUIRED AVG.	. CALF PRICES TOTAL COSTS(cwt)	\$36.79	\$118.86			

<sup>1)</sup> 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 2002 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 2002

			10 Yr Avg	Purchase	Salvage/Cull		Livestock	Annual Capital
Number	Land Values	Price Per Unit	Rate of Return	Price	Value	Life	Share	Recovery
6000	Acres of private land	\$80	3.9%	\$480,000	\$480,000			
350	AU Values <sup>1</sup>	\$2,400	3.9%	\$840,000	\$840,000			
			Subtotal	\$1,320,000				
Number	<b>Buildings, Improvements</b>	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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
11	Bulls	\$2,000	6.5%	\$22,800	\$8,664	4	100	\$4,689
90	Cows	\$1,100.00	6.5%	\$99,000	\$37,620	8	100	\$12,526
139	Total AUYs					Manual States	t salt and the control of the	
			Subtotal	\$47,800				\$7,463
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
228	Cows	\$1,100	6.5%	\$250,800	\$95,304			\$12,855
34	Replacement Heifers	\$1,000	6.5%	\$34,200	\$12,996			\$1,753
254	Total AUYs		Subtotal	\$285,000	\$108,300			\$14.608
			Jubiolai	\$205,000	\$100,300			
			Tota	\$2,072,800				\$42,855

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 7.50% was used.

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

### NORTHWEST REGION LARGE COW/CALF BUDGET 2002

	BREED HERD SIZE CULL RATE	228 25%	COW to BULL	20	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFERS KEPT	8
		VALUE OF PRO	DUCTION			VALUE DED CO
		QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER CO
STEER CALVES		95	510	\$0.94	\$45,361	\$198.95
HEIFER CALVES		60	485	\$0.87	\$25,494	\$111.82
CULL COWS		50	900	\$0.44	\$19,800	\$86.84
CULL BULLS		1	1200	\$0.49	\$588	<u>\$2.58</u>
THE RESIDENCE OF THE PERSON NAMED IN COLUMN 2 IS NOT THE OWNER.	DTAL	206		-141	\$91,243	\$400.19
VARIABLE COSTS						VALUE PER CO
1. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER CO
HA		TON	35.00	\$150.00	\$5,250	\$23.03
	TATE	AUY	45.0%	\$25.08	\$0	\$0.00
	EDERAL LEASE	AUY	35.0%	\$16.20	\$3,694	\$16.20
	RIVATE(Owned) RIVATE(Leased Grazing)	AUY	20.0%	\$0.00 \$0.00	\$0 \$0	\$0.00
	ALT & MINERAL	TON	4.00	\$230.00	\$920	\$0.00 \$4.04
	ROTEIN SUPP	TON	10.00	\$350.00	\$3,500	\$15.35
01	THER		0.00	\$0.00	\$0	\$0.00
					\$13,364	\$58.61
OTHER VARIABLE COOTS						
OTHER VARIABLE COSTS	ET AND MEDICINE				COST	640.50
	VESTOCK HAULING				\$2,850 \$1,082	\$12.50 \$4.74
	RED LABOR				\$1,082	\$4.74 \$0.00
OF	PERATING COSTS-EQUIP &	MACH			\$900	\$3.95
	PERATING COSTS-VEHICLE				\$4,200	\$18.42
	ANCH MAINTENANCE				\$400	\$1.75
	EF CHECKOFF				\$155	\$0.68
OT	THER				\$2,200	<u>\$9.65</u>
. INTEREST ON VARIABLE COSTS	DTAL				\$11,787	\$51.70
	JM OF VARIABLE COSTS X		OWED			
	INTEREST RATE PER MONT NUAL INTEREST RATE	н			7.5%	
	JMBER OF MONTHS BORRO	OWED			6	VALUE PER COV
					\$943	\$4.14
						Q4.14
TO	OTAL				\$26,093	\$114.45
	DTAL				\$26,093 \$65,150	and the last the last term and
DWNERSHIP COSTS		Replacement Va	lue):		\$65,150	\$114.45 \$285.74
OWNERSHIP COSTS  An CASH COSTS	onual Capital Recovery <sup>4</sup> (At l	Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup>	\$114.45 \$285.74 VALUE PER COV
OWNERSHIP COSTS  An ASH COSTS Taxes & Insurance		Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096	\$114.45 \$285.74 VALUE PER COV
OWNERSHIP COSTS  An An ASH COSTS		Replacement Va	lue):		\$55,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100	\$114.45 \$285.74 VALUE PER COV \$26.74 \$9.21
OWNERSHIP COSTS  An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS		Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096	\$114.45 \$285.74 VALUE PER COV
OWNERSHIP COSTS  An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock		Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196 \$7,463	\$114.45 \$285.74 VALUE PER CON \$26.74 \$9.21 \$35.95 \$32.73
OWNERSHIP COSTS  An CASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment		Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196 \$7,463 \$6,096	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74
OWNERSHIP COSTS  An An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements	nnual Capital Recovery <sup>4</sup> (At I	Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15
OWNERSHIP COSTS  An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock	nnual Capital Recovery <sup>4</sup> (At I	Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196 \$7,463 \$6,096 \$22,151 \$14,608	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07
WNERSHIP COSTS  An ASH COSTS Taxes & Insurance Overhead Total ON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements	nnual Capital Recovery <sup>4</sup> (At I	Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151 \$14,608 \$3,909	\$114.45 \$285.74 VALUE PER CO \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07 \$17.14
OWNERSHIP COSTS  An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labo Total OTAL FIXED COSTS	nnual Capital Recovery <sup>6</sup> (At I	Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196 \$7,463 \$6,096 \$22,151 \$14,608	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07
OWNERSHIP COSTS  An An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labo Total OTAL FIXED COSTS OTAL CASH AND VARIABLE COSTS	nnual Capital Recovery <sup>6</sup> (At I	Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151 \$14,608 \$3,909 \$54,228	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07 \$17.14 \$237.84
OWNERSHIP COSTS  An Taxes & Insurance Overhead Total  Total  ON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labor Total  OTAL FIXED COSTS  OTAL COSTS	nnual Capital Recovery <sup>4</sup> (At I	Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151 \$14,608 \$3,909 \$54,228 \$62,424 \$34,290 \$88,517	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07 \$17.14 \$227.84 \$273.79 \$150.39 \$388.23
OWNERSHIP COSTS  And COSTS Taxes & Insurance Overhead Total  ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labo Total  OTAL FIXED COSTS  OTAL CASH AND VARIABLE COSTS OTAL COSTS  ETURN ABOVE TOTAL CASH COST	nnual Capital Recovery <sup>4</sup> (At I	Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151 \$14,608 \$3,909 \$54,228 \$62,424 \$34,290 \$88,517 \$56,953	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07 \$17.14 \$227.84 \$273.79 \$150.39 \$388.23 \$249.80
OWNERSHIP COSTS  An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labo Total OTAL FIXED COSTS OTAL CASH AND VARIABLE COSTS OTAL COSTS ETURN ABOVE TOTAL CASH COST	nnual Capital Recovery <sup>4</sup> (At I	Replacement Va	lue):		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151 \$14,608 \$3,909 \$54,228 \$62,424 \$34,290 \$88,517	\$114.45 \$285.74 VALUE PER COV \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07 \$17.14 \$227.84 \$273.79 \$150.39 \$388.23
OWNERSHIP COSTS  An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labo Total OTAL FIXED COSTS OTAL CASH AND VARIABLE COSTS OTAL COSTS EETURN ABOVE TOTAL CASH COST	nnual Capital Recovery <sup>4</sup> (At I	Replacement Va	TOTAL		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151 \$14,608 \$3,909 \$54,228 \$62,424 \$34,290 \$88,517 \$56,953	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07 \$17.14 \$227.84 \$273.79 \$150.39 \$388.23 \$249.80
OWNERSHIP COSTS  An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labo Total OTAL FIXED COSTS OTAL CASH AND VARIABLE COSTS OTAL COSTS ETURN ABOVE TOTAL CASH COST IETURN ABOVE TOTAL COSTS REAKEVEN CALCULATIONS	nnual Capital Recovery <sup>4</sup> (At I	VARIABLE	TOTAL COSTS		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151 \$14,608 \$3,909 \$54,228 \$62,424 \$34,290 \$88,517 \$56,953	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07 \$17.14 \$227.84 \$273.79 \$150.39 \$388.23 \$249.80
OWNERSHIP COSTS  An ASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labo Total OTAL FIXED COSTS OTAL CASH AND VARIABLE COSTS OTAL COSTS ETURN ABOVE TOTAL CASH COST IETURN ABOVE TOTAL COSTS REAKEVEN CALCULATIONS	nnual Capital Recovery <sup>4</sup> (At I	VARIABLE COSTS	TOTAL		\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151 \$14,608 \$3,909 \$54,228 \$62,424 \$34,290 \$88,517 \$56,953	\$114.45 \$285.74 VALUE PER COI \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07 \$17.14 \$227.84 \$273.79 \$150.39 \$388.23 \$249.80
OWNERSHIP COSTS  An Taxes & Insurance Overhead Total  FON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labor Total  OTAL FIXED COSTS OTAL CASH AND VARIABLE COSTS OTAL COSTS ETURN ABOVE TOTAL CASH COST ETURN ABOVE TOTAL COSTS ETURN ABOVE TOTAL COSTS REAKEVEN CALCULATIONS	ennual Capital Recovery <sup>6</sup> (At I	VARIABLE COSTS \$27.72 the total number tyports for New Me	TOTAL COSTS \$36.42 \$94.02 of cows (assuming all cows we axico feeder cattle cash prices.	re exposed).	\$65,150  Represents 65% Asset Ownership <sup>5</sup> \$6,096 \$2,100 \$8,196  \$7,463 \$6,096 \$22,151 \$14,608 \$3,909 \$54,228 \$62,424 \$34,290 \$88,517 \$56,953	\$114.45 \$285.74 VALUE PER CO \$26.74 \$9.21 \$35.95 \$32.73 \$26.74 \$97.15 \$64.07 \$17.14 \$227.84 \$273.79 \$150.39 \$388.23 \$249.80

### NORTHWEST MOUNTAIN REGION EXTRA-LARGE RANCH INVESTMENTS 2002

Nb.a.	Land Values	Daise Deallait	10 Yr Avg	Purchase	Salvage/Cull		Livestock	
8000	Acres of private land	Price Per Unit \$80	Rate of Return 3.9%	Price	Value \$640,000	Life	Share	Recovery
ALTON AND PROPERTY OF THE				\$640,000				
500	AU Values <sup>1</sup>	\$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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
13	Horses	\$2,500	6.5%	\$32,500	\$12,350	10	100	\$3,606
16	Bulls	\$2,000	6.5%	\$32,500	\$12,350	4	100	\$6,685
100	Cows	\$1,100.00	6.5%	\$110,000	\$41,800	8	100	\$13,918
162	Total AUYs					Mark Services	Daniel Constitution (St	
			Subtotal	\$65,000				\$10,290
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
325	Cows	\$1,100	6.5%	\$357,500	\$135,850			\$18,324
49	Replacement Heifers	\$1,000	6.5%	\$48,750	\$18,525			\$2,499
362	Total AUYs							
			Subtotal	\$406,250	\$154,375			\$20,823
			Total	\$2,989,250				\$67.485

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 7.50% was used.

<sup>3)</sup> 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 2002**

	BREED HERD SIZE CULL RATE	325 25%	COW TO BULL	20	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFERS KEPT	
		VALUE OF PRO	DUCTION			VALUE PER COV
		QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	
STEER CALVES		135	510	\$0.94	\$64,659	\$198.95
HEIFER CALVES		86	485	\$0.83	\$34,670	\$106.68
CULL COWS		60	900	\$0.39	\$21,060	\$64.80
CULL BULLS		1	1200	\$0.44	<u>\$528</u>	\$1.62
STREET, STREET	OTAL	282			\$120,917	\$372.05
/ARIABLE COSTS		all and the later of the later				
. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COV
	HAY	TON	40.00	\$150	\$6,000	\$18.46
S	STATE	AUY	45.0%	\$25.08	\$0	\$0.00
F	EDERAL LEASE	AUY	35.0%	\$16.20	\$5,265	\$16.20
P	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	\$4.25
	PROTEIN SUPP	TON	10.00	\$350	\$3,500	\$10.77
C	OTHER		0.00	\$0	<u>\$0</u>	\$0.00
Т	TOTAL				\$16,145	\$49.68
2. OTHER VARIABLE COSTS					COST	
	ET AND MEDICINE				\$4,063	\$12.50
L	IVESTOCK HAULING				\$1,481	\$4.56
н	HIRED LABOR				\$0	\$0.00
C	PERATING COSTS-EQUIP &	MACH			\$1,500	\$4.62
	PERATING COSTS-VEHICLE				\$4,300	\$13.23
	RANCH MAINTENANCE				\$1,000	\$3.08
E	BEEF CHECKOFF				\$221	\$0.68
C	OTHER				\$2,500 \$15,064	\$7.69 \$46.35
T 3. INTEREST ON VARIABLE COST	TOTAL	MONTHS BORE	ROWED			
T 3. INTEREST ON VARIABLE COST S X A	TOTAL TS SUM OF VARIABLE COSTS X K INTEREST RATE PER MON' ANNUAL INTEREST RATE	тн	OWED		\$15,084 7.5%	\$46.35
T 3. INTEREST ON VARIABLE COST S X A	TOTAL TS SUM OF VARIABLE COSTS X KINTEREST RATE PER MON	тн	ROWED		\$15,064	
T 3. INTEREST ON VARIABLE COST S X A	TOTAL TS SUM OF VARIABLE COSTS X K INTEREST RATE PER MON' ANNUAL INTEREST RATE	тн	ROWED		\$15,064 7.5% 6 \$1,170	\$46.35 VALUE PER CO \$3.60
T 3. INTEREST ON VARIABLE COST S X A N	TOTAL TS SUM OF VARIABLE COSTS X (INTEREST RATE PER MON' NANUAL INTEREST RATE NUMBER OF MONTHS BORR	ТН	OWED		7.5% 6 \$1,170 \$32,379	\$46.35 VALUE PER CO \$3.60 \$99.63
T T 3. INTEREST ON VARIABLE COST S X A A N	TOTAL TS SUM OF VARIABLE COSTS X K INTEREST RATE PER MON' ANNUAL INTEREST RATE	ТН	COWED		\$15,064 7.5% 6 \$1,170	\$46.35 VALUE PER COI \$3.60
T INTEREST ON VARIABLE COST S X A A N N	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE	TH OWED			7.5% 6 \$1,170 \$32,379 \$88,537	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42
T T S. INTEREST ON VARIABLE COSTS S A A N N N N N N N N N N N N N N N N	TOTAL TS SUM OF VARIABLE COSTS X (INTEREST RATE PER MON' NANUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			7.5% 6 \$1,170 \$32,379	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42
DWNERSHIP COSTS CASH COSTS Taxes & insurance	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE	TH OWED			7.5% 6 \$1,170 \$32,379 \$88,537 Represents 65% Asset Ownership <sup>5</sup>	\$46.35  VALUE PER CO \$3.60 \$99.63 \$272.42  VALUE PER CO \$41.48
DWNERSHIP COSTS  CASH COSTS  Taxes & insurance Overhead	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE	TH OWED			7.5% 6 \$1,170 \$32,379 \$88,537 Represents 65% Asset Ownership <sup>6</sup> \$13,482 \$2,100	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46
TOWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE	TH OWED			7.5% 6 \$1,170 \$32,379 \$88,537 Represents 65% Asset Ownership <sup>5</sup>	\$46.35  VALUE PER CO \$3.60 \$99.63 \$272.42  VALUE PER CO \$41.48
INTEREST ON VARIABLE COST S X A A N  DWNERSHIP COSTS  CASH COSTS Taxes & insurance Overhead Total NON CASH COSTS	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE	TH OWED			7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership <sup>6</sup> \$13,482 \$2,100 \$15,582	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94
DWNERSHIP COSTS Taxes & Insurance Overhead TOTAL NON CASH COSTS Purchased Livestock	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE	TH OWED			7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership* \$13,482 \$2,100 \$15,582 \$10,290	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total NON CASH COSTS Purchased Livestock Machinery & Equipment	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE	TH OWED			7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership* \$13,482 \$2,100 \$15,582  \$10,290 \$13,482	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.48
DWNERSHIP COSTS  CASH COSTS  Taxes & insurance Overhead Total  NON CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements	TOTAL TS SUM OF VARIABLE COSTS X KINTEREST RATE PER MON' ANNUAL INTEREST RATE RUMBER OF MONTHS BORRE TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			7.5% 6 \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership* \$13,482 \$2,100 \$15,582 \$10,290 \$13,482 \$33,180	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.48 \$102.09
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livesto	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership* \$13,482 \$2,100 \$15,582  \$10,290 \$13,482	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.48
DWNERSHIP COSTS  CASH COSTS  Taxes & insurance Overhead Total RON CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership <sup>5</sup> \$13,482 \$2,100 \$15,582  \$10,290 \$13,482 \$33,180 \$20,823	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.48 \$102.09 \$54.07
INTEREST ON VARIABLE COST S X A A N  DWNERSHIP COSTS  CASH COSTS Taxes & insurance Overhead Total NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livesto Management & Operation La Total	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$15,064  7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership <sup>5</sup> \$13,482 \$2,100 \$15,582  \$10,290 \$13,482 \$33,180 \$20,823 \$7,255	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.48 \$102.09 \$64.07 \$22.32
TOWNERSHIP COSTS  CASH COSTS  Taxes & insurance Overhead Total NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livesto Management & Operation La Total	TOTAL TS SUM OF VARIABLE COSTS X KINTEREST RATE PER MON' ANNUAL INTEREST RATE KUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$15,064  7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership* \$13,482 \$2,100 \$15,582  \$10,290 \$13,482 \$33,180 \$20,823 \$7,255 \$85,030	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.48 \$102.09 \$64.07 \$22.32 \$261.63
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total NON CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livesto Management & Operation La Total  TOTAL FIXED COSTS	TOTAL TS SUM OF VARIABLE COSTS X KINTEREST RATE PER MON' ANNUAL INTEREST RATE KUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$15,064  7.5% 6  \$1,170  \$32,379  \$88,537  Represents 65% Asset Ownership*  \$13,482  \$2,100  \$15,582  \$10,290  \$13,482  \$33,180  \$20,823  \$7,255  \$85,030  \$100,612	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.48 \$102.09 \$64.07 \$22.32 \$261.63 \$309.57
DWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livesto Management & Operation La Total TOTAL FIXED COSTS	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At  book <sup>4</sup> abor (6% of gross returns)	TH OWED			\$15,064  7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership <sup>6</sup> \$13,482 \$2,100 \$15,582  \$10,290 \$13,482 \$33,180 \$20,823 \$7,255 \$85,030 \$100,612 \$47,961	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 \$41.48 \$6.46 \$47.94 \$31.66 \$41.48 \$102.09 \$64.07 \$22.32 \$261.63 \$309.57 \$147.57
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livesto Management & Operation La  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE COST TOTAL CASH AND VARIABLE COST TOTAL COSTS RETURN ABOVE TOTAL CASH CO	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At  book <sup>4</sup> abor (6% of gross returns)	TH OWED			7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership <sup>3</sup> \$13,482 \$2,100 \$15,582  \$10,290 \$13,482 \$33,180 \$20,823 \$7,255 \$85,030 \$100,612 \$47,961 \$132,991	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.49 \$102.09 \$64.07 \$22.32 \$261.63 \$309.57 \$147.57 \$409.20
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livesto Management & Operation La  Total  TOTAL FIXED COSTS  FOTAL CASH AND VARIABLE COST  TOTAL COSTS  RETURN ABOVE TOTAL CASH CO	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At  book <sup>4</sup> abor (6% of gross returns)	TH OWED  Replacement Va	alue):		7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership <sup>5</sup> \$13,482 \$2,100 \$15,582  \$10,290 \$13,482 \$33,180 \$20,823 \$7,255 \$85,030 \$100,612 \$47,961 \$132,991 \$72,956	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.49 \$102.09 \$64.07 \$22.32 \$261.63 \$309.57 \$147.57 \$409.20 \$224.48
TOWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livesto Management & Operation La	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At  book <sup>4</sup> abor (6% of gross returns)	TH OWED			7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership <sup>5</sup> \$13,482 \$2,100 \$15,582  \$10,290 \$13,482 \$33,180 \$20,823 \$7,255 \$85,030 \$100,612 \$47,961 \$132,991 \$72,956	\$46.35 VALUE PER COI \$3.60 \$99.63 \$272.42 VALUE PER COI \$41.48 \$6.46 \$47.94 \$31.66 \$41.49 \$102.09 \$64.07 \$22.32 \$261.63 \$309.57 \$147.57 \$409.20 \$224.48
TOWNERSHIP COSTS  CASH COSTS Taxes & insurance Overhead Total NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livesto Management & Operation La Total TOTAL FIXED COSTS TOTAL CASH AND VARIABLE COST TOTAL COSTS RETURN ABOVE TOTAL CASH CO RETURN ABOVE TOTAL COSTS BREAKEVEN CALCULATIONS	TOTAL TS SUM OF VARIABLE COSTS X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI TOTAL  Annual Capital Recovery <sup>4</sup> (At  book <sup>4</sup> abor (6% of gross returns)	TH OWED  Replacement Va	alue):		7.5% 6  \$1,170 \$32,379 \$88,537  Represents 65% Asset Ownership <sup>5</sup> \$13,482 \$2,100 \$15,582  \$10,290 \$13,482 \$33,180 \$20,823 \$7,255 \$85,030 \$100,612 \$47,961 \$132,991 \$72,956	\$46.35 VALUE PER CO \$3.60 \$99.63 \$272.42 VALUE PER CO \$41.48 \$6.46 \$47.94 \$31.66 \$41.49 \$102.09 \$64.07 \$22.32 \$261.63 \$309.57 \$147.57 \$409.20 \$224.48

<sup>1)</sup> 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 2002 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 2002

	Land Waters	Dalas Dan Half	10 Yr Avg	Purchase	Salvage/Cull		Livestock	4 PATE (1.15) AND THE PROPERTY OF THE PATE
Number 4000	Acres of private land	Price Per Unit \$65	Rate of Return 3.9%	Price \$260,000	Value \$260,000	Life	Share	Recovery
200	AU Values <sup>1</sup>	\$2,450	3.9%	\$490,000	\$490,000			
			Subtotal	\$750,000				
Number	<b>Buildings, Improvements</b>	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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
4	Horses	\$2,500	6.5%	\$10,000	\$3,800	10	100	\$1,109
7	Bulls	\$2,000	6.5%	\$13,000	\$4,940	4	100	\$2,674
40	Cows	\$1,100.00	6.5%	\$44,000	\$16,720	8	100	\$5,567
63	Total AUYs					120000		Manager .
			Subtotal	\$23,000				\$3,783
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
130	Cows	\$1,100	6.5%	\$143,000	\$54,340			\$7,330
20	Replacement Heifers	\$1,000	6.5%	\$19,500	\$7,410			\$1,000
145	Total AUYs		Subtotal	\$162,500	\$61,750			\$8,329
			Subtotal	\$102,500	\$01,750			
			Total	\$1,142,500				\$22,619

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 7.50% was used.

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

### SOUTHEAST REGION LARGE RANCH INVESTMENTS 2002

Number	Land Values	Price Per Unit	10 Yr Avg Rate of Return	Purchase Price	Salvage/Cull Value	Useful	Livestock Share	Annual Capital Recovery
6000	Acres of private land	\$65	3.9%	\$390,000	\$390,000	Life	Shale	Recovery
400	AU Values <sup>1</sup>	\$2,450	3.9%	\$980,000	\$980,000			
100	710 741000	ψ2,400	0.070	\$300,000	4500,000			
			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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
8	Horses	\$2,500	6.5%	\$20,000	\$7,600	10	100	\$2,219
13	Bulls	\$1,500	6.5%	\$19,500	\$7,410	4	100	\$4,011
80	Cows	\$1,100.00	6.5%	\$88,000	\$33,440	8	100	\$11,134
126	Total AUYs			Hose North Contact.	12-50-9-09-1V-0V-0V	1000	VII. 14 // 193	118.00.08.00720
			Subtotal	\$39,500				\$6,230
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investmen
260	Cows	\$1,100	6.5%	\$286,000	\$108,680			\$14,660
39	Replacement Heifers	\$1,000	6.5%	\$39,000	\$14,820			\$1,999
289	Total AUYs							ST TABLES
			Subtotal	\$325,000	\$123,500			\$16,659
			Total	\$2,230,000				\$50,052

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.

<sup>2)</sup> For intermediate assets an interest rate of 7.50% was used.

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

#### SOUTHEAST REGION LARGE COW/CALF BUDGET 2002

	BREED HERD SIZE CULL RATE	260 25%	COW to BULL	20	CALF CROP PERCEN 1 <sup>1</sup> REPLACEMENT HEIFERS KEPT	83
	THE RESERVE OF THE PARTY OF THE	VALUE OF PRO	DUCTION			
		OHANTITY	WEIGHTH DO	PRICE <sup>2</sup>	VALUE	VALUE PER CO
STEER CALVES		QUANTITY 107	WEIGHT/LBS. 510	\$0.92	<u>VALUE</u> \$50,017	\$192.37
HEIFER CALVES		68	485	\$0.85	\$27,868	\$107.19
CULL COWS		45	900	\$0.37	\$14,985	\$57.63
CULL BULLS		i	1200	\$0.42	\$504	\$1.94
1	TOTAL	220			\$93,374	\$359.13
ARIABLE COSTS	TOTAL				<b>4</b> 00,014	Ç000:10
						VALUE PER CO
. FEED COSTS	HAY	TON	QUANTITY/PERCENT 40.00	PRICE \$150	COST \$6,000	\$23.08
	STATE	AUY	45.0%	\$25.08	\$0,000	\$0.00
	FEDERAL LEASE	AUY	25.0%	\$16.20	\$4,212	\$16.20
	PRIVATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00
	PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	SALT & MINERAL	TON	5.00	\$230	\$1,150	\$4.42
F	PROTEIN SUPP	TON	12.00	\$350	\$4,200	\$16.15
	OTHER		0.00	\$0	<u>\$0</u>	\$0.00
: i	TOTAL				\$15,562	\$59.85
ATUTO 111 DI F AAATA						
OTHER VARIABLE COSTS	VET AND MEDICINE				COST	040.00
	VET AND MEDICINE				\$3,250	\$12.50
	LIVESTOCK HAULING				\$1,156	\$4.45
	HIRED LABOR OPERATING COSTS-EQUIP &	MACH			\$0	\$0.00 \$3.85
		CONTRACTOR CONTRACTOR			\$1,000	
	OPERATING COSTS-VEHICLE				\$4,000	\$15.38
	RANCH MAINTENANCE BEEF CHECKOFF		100		\$800 \$174	\$3.08
	LIVESTOCK PURCHASES				\$2,000	\$0.67 \$7.69
	TOTAL				\$12,380	\$47.62
		MONTHS BODS	nowen.			
	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE	ТН	ROWED		7.5%	
	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON	ТН	ROWED		7.5% 6	VALUE PER CO
	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE	ТН	ROWED		\$1,048	VALUE PER CO \$4.03
	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	ТН	ROWED		\$1,048 \$28,990	\$4.03 \$111.50
1	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE	ТН	ROWED		\$1,048	\$4.03
) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) )	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$1,048 \$28,990 \$84,384	\$4.03 \$111.50 \$247.63
) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) ) )	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup>	\$111.50 \$247.63
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$1,048 \$28,990 \$84,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424	\$4.03 \$111.50 \$247.63 VALUE PER CO \$32.40
WINERSHIP COSTS  ASH COSTS  Taxes & Insurance Overhead	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100	\$4.03 \$111.50 \$247.63 VALUE PER C \$32.40 \$8.08
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$1,048 \$28,990 \$84,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424	\$4.03 \$111.50 \$247.63 VALUE PER C
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  ION CASH COSTS	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524	\$4.03 \$111.50 \$247.63 VALUE PER C \$32.40 \$8.08 \$40.48
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total  ION CASH COSTS Purchased Livestock	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$1,048 \$28,990 \$84,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524	\$4.03 \$111.50 \$247.63 VALUE PER C \$32.40 \$8.08 \$40.48
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  ION CASH COSTS Purchased Livestock Machinery & Equipment	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON' ANNUAL INTEREST RATE NUMBER OF MONTHS BORR	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424	\$4.03 \$111.50 \$247.63 VALUE PER C \$32.40 \$8.08 \$40.48 \$23.96 \$32.40
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  NON CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969	\$4.03 \$111.50 \$247.63 VALUE PER C \$32.40 \$8.08 \$40.48 \$23.96 \$22.40 \$96.04
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  ION CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,048 \$28,990 \$84,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969 \$16,659	\$4.03 \$111.50 \$247.63 VALUE PER C \$32.40 \$8.08 \$40.48 \$23.96 \$32.40 \$96.04 \$64.07
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  ION CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969	\$4.03 \$111.50 \$247.63 VALUE PER C \$32.40 \$8.08 \$40.48 \$23.96 \$22.40 \$96.04
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  ION CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Laborotal  Total  Total	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At  k <sup>4</sup> or (6% of gross returns)	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969 \$16,659 \$5,602 \$61,884 \$72,408	\$4.03 \$111.50 \$247.63 VALUE PER C \$32.40 \$8.08 \$40.48 \$23.96 \$22.40 \$96.04 \$64.07 \$21.55 \$238.02 \$278.49
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Lab- Total  TOTAL FIXED COSTS  OTAL CASH AND VARIABLE COST	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At  k <sup>4</sup> or (6% of gross returns)	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969 \$16,659 \$5,602 \$61,884 \$72,408 \$39,514	\$4.03 \$111.50 \$247.63 VALUE PER C \$32.40 \$8.08 \$40.48 \$32.40 \$96.04 \$64.07 \$21.55 \$328.02 \$23.96 \$32.40 \$151.98
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  NON CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labor Total  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE COST	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At  k <sup>6</sup> or (6% of gross returns)	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969 \$16,659 \$5,602 \$61,884 \$72,408 \$39,514 \$101,398	\$4.03 \$111.50 \$247.63 VALUE PER C \$8.08 \$40.48 \$23.96 \$32.40 \$96.04 \$64.07 \$21.55 \$238.02 \$276.49 \$151.98 \$389.99
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  ION CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labor Total  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE COST: TOTAL COSTS  RETURN ABOVE TOTAL CASH COST	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At  k <sup>6</sup> or (6% of gross returns)	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969 \$16,659 \$5,602 \$61,884 \$72,408 \$39,514 \$101,399 \$53,860	\$4.03 \$111.50 \$247.63 VALUE PER C \$8.08 \$40.48 \$23.96 \$32.40 \$96.04 \$64.07 \$21.55 \$238.02 \$278.49 \$151.98 \$389.99 \$207.15
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total  ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labo Total  TOTAL FIXED COSTS  OTAL CASH AND VARIABLE COST OTAL COSTS  RETURN ABOVE TOTAL CASH COSTS	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At  k <sup>6</sup> or (6% of gross returns)	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969 \$16,659 \$5,602 \$61,884 \$72,408 \$39,514 \$101,398	\$4.03 \$111.50 \$247.63 VALUE PER C \$8.08 \$40.48 \$23.96 \$32.40 \$96.04 \$64.07 \$21.55 \$238.02 \$276.49 \$151.98 \$389.99
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements interest on Retained Livestock Management & Operation Laborotal  Total  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE COST  TOTAL COSTS  RETURN ABOVE TOTAL CASH COST  RETURN ABOVE TOTAL COSTS	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At  k <sup>6</sup> or (6% of gross returns)	TH OWED			\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969 \$16,659 \$5,602 \$61,884 \$72,408 \$39,514 \$101,399 \$53,860	\$4.03 \$111.50 \$247.63 VALUE PER C \$8.08 \$40.48 \$23.96 \$32.40 \$96.04 \$64.07 \$21.55 \$238.02 \$278.49 \$151.98 \$389.99 \$207.15
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  NON CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Laborotal  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE COST: TOTAL COSTS  RETURN ABOVE TOTAL CASH COSTS  SETURN ABOVE TOTAL COSTS  SREAKEVEN CALCULATIONS	SUM OF VARIABLE COSTS X X INTEREST RATE PER MONTANIAL INTEREST RATE NUMBER OF MONTHS BORRITOTAL  Annual Capital Recovery <sup>4</sup> (At Annual Capital Recovery <sup>4</sup> (At 6)  k <sup>6</sup> for (6% of gross returns)	VARIABLE COSTS	TOTAL COSTS		\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969 \$16,659 \$5,602 \$61,884 \$72,408 \$39,514 \$101,399 \$53,860	\$4.03 \$111.50 \$247.63 VALUE PER C \$8.08 \$40.48 \$23.96 \$32.40 \$96.04 \$64.07 \$21.55 \$238.02 \$278.49 \$151.98 \$389.99 \$207.15
DWNERSHIP COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livestock Management & Operation Labor Total  TOTAL FIXED COSTS TOTAL CASH AND VARIABLE COST TOTAL COSTS RETURN ABOVE TOTAL CASH COST SETURN ABOVE TOTAL COSTS BREAKEVEN CALCULATIONS  REQUIRED AVG. CALI	SUM OF VARIABLE COSTS X X INTEREST RATE PER MON- ANNUAL INTEREST RATE NUMBER OF MONTHS BORRI  TOTAL  Annual Capital Recovery <sup>4</sup> (At  k <sup>6</sup> or (6% of gross returns)	TH  OWED  Replacement V	alue): TOTAL		\$1,048 \$28,990 \$64,384 Represents 65% Asset Ownership <sup>5</sup> \$8,424 \$2,100 \$10,524 \$6,230 \$8,424 \$24,969 \$16,659 \$5,602 \$61,884 \$72,408 \$39,514 \$101,399 \$53,860	\$4.03 \$111.50 \$247.63 VALUE PER CI \$8.08 \$40.48 \$23.96 \$32.40 \$96.04 \$64.07 \$21.55 \$238.02 \$278.49 \$151.98 \$389.99 \$207.15

### SOUTHEAST REGION EXTRA-LARGE RANCH INVESTMENTS 2002

	141/-	Date - Des Half	10 Yr Avg	Purchase	Salvage/Cull		Livestock	Annual Capital
	Land Values	Price Per Unit \$65	Rate of Return 3.9%	Price \$650,000	Value \$650,000	Life	Share	Recovery
10000	Acres of private land							
550	AU Values <sup>1</sup>	\$2,450	3.9%	\$1,347,500	\$1,347,500			
			Subtotal	\$1,997,500				
Number	<b>Buildings, Improvements</b>	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				\$35,75 <b>4</b>
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
12	Horses	\$2,500	6.5%	\$30,000	\$11,400	10	100	\$3,328
18	Bulls	\$2,000	6.5%	\$35,800	\$13,604	4	100	\$7,363
110	Cows	\$1,100.00	6.5%	\$121,000	\$45,980	8	100	\$15,310
175	Total AUYs					DOMESTIC STATE		
			Subtotal	\$65,800				\$10,692
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
358	Cows	\$1,100	6.5%	\$393,800	\$149,644			\$20,185
54	Replacement Heifers	\$1,000	6.5%	\$53,700	\$20,406			\$2,753
398	Total AUYs	PROCESSION AND THE PROCESSION						
			Subtotal	\$447,500	\$170,050			\$22,938
			Total	\$3,229,300				\$71,383

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 7.50% was used.

<sup>3)</sup> 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 2002

	BREED HERD SIZE CULL RATE	358 25%	COW to BULL	20	CALF CROP PERCEN I 1 REPLACEMENT HEIFERS KEPT	82
	,	ALUE OF PRO	DUCTION			VALUE PER COV
		QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COV
STEER CALVES		147	510	\$0.92	\$68,869	\$192.37
HEIFER CALVES		93	485	\$0.85	\$38,372	\$107.19
CULL COWS	1	50	900	\$0.37	\$16,650	\$46.51
CULL BULLS		1	1200	\$0.42	<u>\$504</u>	<u>\$1.41</u>
TOTA	AL	291			\$124,395	\$347.47
ARIABLE COSTS						
. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER CO
HAY		TON	45.00	\$150	\$6,750	\$18.85
STAT	ΓE	AUY	45.0%	\$25.08	\$0	\$0.00
	ERAL LEASE	AUY	25.0%	\$16.20	\$5,800	\$16.20
	ATE(Owned)	AUY	30.0%	\$0.00	\$0	\$0.00
	ATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00
	T & MINERAL	TON	8.00	\$245	\$1,960	\$5.47
OTHE	TEIN SUPP FR	TON	20.00 0.00	\$300 \$0	\$6,000 <u>\$0</u>	\$16.76 \$0.00
			0.00	••		
TOTA	AL				\$20,510	\$57.29
2. OTHER VARIABLE COSTS					COST	
	AND MEDICINE				\$4,296	\$12.00
	STOCK HAULING				\$1,527	\$4.27
	D LABOR				\$0	\$0.00
	RATING COSTS-EQUIP &				\$1,200	\$3.35
	RATING COSTS-VEHICLE				\$3,900	\$10.89
	CH MAINTENANCE		619000		\$1,200	\$3.35
OTHE	F CHECKOFF ER		Elite		\$240 \$3,000	\$0.67 \$8.38
TOTA					\$15,363	\$42.91
X INT	OF VARIABLE COSTS X TEREST RATE PER MONT UAL INTEREST RATE		ROWED		7.5%	
NUM	BER OF MONTHS BORRO	OWED			6	VALUE PER CO
					\$1,345	\$3.76
					\$37,218	\$103.96
TOTA	AL				\$87,178	\$243.51
OWNERSHIP COSTS						
CASH COSTS	ual Capital Recovery <sup>4</sup> (At	Replacement V	alue):		Represents 65% Asset Ownership <sup>5</sup>	VALUE PER CO
Taxes & Insurance					\$12,691	\$35.45
Overhead					\$2,100	\$5.87
Total					\$14,791	\$41.32
NON CASH COSTS  Purchased Livestock					\$10,692	\$29.87
Machinery & Equipment					\$12,691	\$35.45
Housing & Improvements					\$35,754	\$99.87
Interest on Retained Livestock <sup>6</sup>					\$22,938	\$64.07
Management & Operation Labor (69	% of gross returns)				\$7,464	\$20.85
Total					\$89,539	\$250.11
OTAL FIXED COSTS OTAL CASH AND VARIABLE COSTS					\$104,330 \$52,009	\$291.42 \$145.28
OTAL COSTS					\$141,548	\$395.38
RETURN ABOVE TOTAL CASH COSTS					\$72,386	\$395.38
RETURN ABOVE TOTAL COSTS					(\$17,152)	(\$47.91)
BREAKEVEN CALCULATIONS		***************************************			72.11.42	
	Γ	VARIABLE COSTS	TOTAL COSTS			
REQUIRED AVG. CALF PR	L	\$25.48	\$35.61			
REQUIRED AVG. CALF PRICE		\$25.48	\$96.92			
Calf cron is defined as the actual number					·	

<sup>1)</sup> Calf cop is defined as the actual number of calves sold divided by the total number of cows (assuming all cows were exposed).
2) Prices represent 2002 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 2002

			10 Yr Avg	Purchase	Salvage/Cull	Useful	Livestock	Annual Capital
Number	Land Values	Price Per Unit	Rate of Return <sup>1</sup>	Price	Value	Life	Share	Recovery
1500	Acres of private land	\$75	3.9%	\$112,500	\$112,500			
52	AU Values	\$2,400	3.9%	\$124,800	\$124,800			
			Subtotal	\$237,300				
Number	<b>Buildings, Improvements</b>	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 <sup>2</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
4	Horses	\$2,500	6.5%	\$10,000	\$3,800	10	100	\$1,109
3	Bulls	\$2,000	6.5%	\$6,933	\$2,635	4	100	\$1,426
12	Cows	\$1,100.00	6.5%	\$13,200	\$5,016	8	100	\$1,670
24	Total AUYs					Annotation contractions	New York Control of Particular Control	
			Subotal	\$16,933				\$2,535
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
52	Cows	\$1,100	6.5%	\$57,200	\$21,736			\$2,932
8	Replacement Heifers	\$1,000	6.5%	\$7,800	\$2,964			\$400
58	Total AUYs		Subtotal	\$65,000	\$24,700			\$3,332
			Total	\$470,233	_			\$14,265

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 7.50% was used.

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

### SOUTHWEST REGION SMALL COW/CALF BUDGET 2002

	BREED HERD SIZE CULL RATE	52 25%	COW to BULL	15	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFERS KEPT	821
		VALUE OF PRO	DUCTION			VALUE PER COW
ANIMALS SOLD		QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER CON
STEER CALVES		21	500	\$0.91	\$9,701	\$186.55
HEIFER CALVES		14	475	\$0.84	\$5,394	\$103.74
CULL COWS		35	900	\$0.36	\$11,340	\$218.08
CULL BULLS		1 71	1200	\$0.41	\$492	\$9.46
	TOTAL				\$26,927	\$517.83
VARIABLE COSTS		-				WALLET DED COM
I. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COW
	HAY	TON	12.00	\$150	\$1,800	\$34.62
	STATE	AUY	25.0%	\$25.08	\$0	\$0.00
	FEDERAL LEASE	AUY	65.0%	\$16.20	\$842	\$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	\$4.42
	PROTEIN SUPP OTHER	TON	3.00 0.00	\$350 \$0	\$1,050 \$0	\$20.19 \$0.00
	TOTAL				\$3,922	\$75.43
	TOTAL				<b>\$0,022</b>	970.40
2. OTHER VARIABLE COSTS					COST	
	VET AND MEDICINE				\$650	\$12.50
	LIVESTOCK HAULING				\$372	\$7.15
	HIRED LABOR	uses and			\$0	\$0.00
	OPERATING COSTS-EQUIP &				\$300	\$5.77
	OPERATING COSTS-VEHICLE				\$900	\$17.31
	RANCH MAINTENANCE		100		\$200 \$35	\$3.85 \$0.67
	BEEF CHECKOFF OTHER		LIES			
3. INTEREST ON VARIABLE CO	OTHER TOTAL OSTS				\$1,000 \$3,457	\$19.23 \$66.48
3. INTEREST ON VARIABLE CO	OTHER TOTAL SISTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE	тн	ROWED		\$1,000 \$3,457 7.5%	\$19.23 \$66.48
3. INTEREST ON VARIABLE CO	OTHER TOTAL OSTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT	тн	ROWED		\$1,000 \$3,457 7.5% 6	\$19.23 \$66.48 VALUE PER COW
3. INTEREST ON VARIABLE CO	OTHER TOTAL SISTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE	тн	ROWED		\$1,000 \$3,457 7,5% 6 \$277	\$19.23 \$66.48 VALUE PER COW \$5.32
3. INTEREST ON VARIABLE CO	OTHER TOTAL SISTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE	тн	ROWED		\$1,000 \$3,457 7.5% 6	\$19.23 \$66.48 VALUE PER COW
	OTHER TOTAL  ISTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	тн	ROWED		\$1,000 \$3,457 7.5% 6 \$277 \$7,656	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23
OWNERSHIP COSTS	OTHER TOTAL  ISTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60
OWNERSHIP COSTS	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL	TH OWED			\$1,000 \$3,457 7,5% 6 \$277 \$7,656 \$19,271	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38
OWNERSHIP COSTS CASH COSTS Taxes & Insurance Overhead Total	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL	TH OWED			\$1,000 \$3,457 7,5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38
OWNERSHIP COSTS CASH COSTS Taxes & Insurance Overhead Total	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100	\$19.23 \$66.48 VALUE PER COV \$5.32 \$147.23 \$370.60 VALUE PER COV \$87.62 \$40.38
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  VON CASH COSTS Purchased Livestock Machinery & Equipment	OTHER TOTAL  ISTS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$6,656	\$19.23 \$66.48 VALUE PER COV \$5.32 \$147.23 \$370.60 VALUE PER COV \$87.62 \$40.38 \$128.01 \$48.76 \$87.62
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  NON CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,000 \$3,457 7.5% 6 6 \$2,77 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$5,656 \$2,535 \$4,556 \$5,377	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead  Total  NON CASH COSTS  Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,000 \$3,457 7,5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$6,656 \$2,535 \$4,556 \$6,577 \$3,332	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$12.63 \$64.07
DWNERSHIP COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$6,656 \$2,535 \$4,556 \$5,377 \$3,332 \$1,616	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$31.07
OWNERSHIP COSTS  Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation Total	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$6,656 \$2,535 \$4,556 \$6,377 \$3,332 \$1,616 \$18,416	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$31.07 \$354.16
OWNERSHIP COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation Total	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,000 \$3,457 7.5% 6 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$5,656 \$2,535 \$4,556 \$5,377 \$3,332 \$1,616 \$18,415 \$25,073	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$354.16 \$482.17
OWNERSHIP COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation Total	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$6,656 \$2,535 \$4,556 \$6,377 \$3,332 \$1,616 \$18,416	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$31.07 \$354.16
OWNERSHIP COSTS  Taxes & Insurance Overhead  Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation Total  TOTAL FIXED COSTS	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At	TH OWED			\$1,000 \$3,457 7.5% 6 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$5,656 \$2,535 \$4,556 \$5,377 \$3,332 \$1,616 \$18,415 \$25,073	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$354.16 \$482.17
OWNERSHIP COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation Total  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE C	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE  TOTAL  Annual Capital Recovery <sup>4</sup> (At  stock <sup>6</sup> Labor (6% of gross returns)	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$5,656 \$2,535 \$4,556 \$5,577 \$3,332 \$1,616 \$18,416 \$25,073 \$14,312	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$31.07 \$354.16 \$482.17 \$275.24
OWNERSHIP COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation Total TOTAL FIXED COSTS TOTAL CASH AND VARIABLE C TOTAL COSTS RETURN ABOVE TOTAL CASH ( RETURN ABOVE TOTAL COSTS	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE  TOTAL  Annual Capital Recovery <sup>4</sup> (At  stock <sup>6</sup> Labor (6% of gross returns)	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$5,656 \$2,535 \$4,556 \$5,577 \$3,332 \$1,516 \$18,416 \$25,073 \$14,312 \$32,729	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$31.07 \$354.16 \$482.17 \$275.24 \$629.40
OWNERSHIP COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation Total TOTAL FIXED COSTS TOTAL CASH AND VARIABLE C TOTAL COSTS RETURN ABOVE TOTAL CASH ( RETURN ABOVE TOTAL COSTS	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE  TOTAL  Annual Capital Recovery <sup>4</sup> (At  stock <sup>6</sup> Labor (6% of gross returns)	TH OWED  Replacement Va	alue):		\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$5,656 \$2,535 \$4,556 \$5,577 \$3,332 \$1,616 \$18,416 \$25,073 \$14,312 \$32,729 \$12,615	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$31.07 \$35.4.16 \$48.217 \$275.24 \$629.40 \$242.59
Overhead Total NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE  TOTAL  Annual Capital Recovery <sup>4</sup> (At  stock <sup>6</sup> Labor (6% of gross returns)	TH OWED			\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$5,656 \$2,535 \$4,556 \$5,577 \$3,332 \$1,616 \$18,416 \$25,073 \$14,312 \$32,729 \$12,615	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$31.07 \$354.16 \$482.17 \$275.24 \$629.40 \$242.59
OWNERSHIP COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Lives Management & Operation Total  TOTAL FIXED COSTS TOTAL CASH AND VARIABLE C TOTAL COSTS RETURN ABOVE TOTAL CASH ( RETURN ABOVE TOTAL COSTS BREAKEVEN CALCULATIONS	OTHER TOTAL  STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRE  TOTAL  Annual Capital Recovery <sup>4</sup> (At  stock <sup>6</sup> Labor (6% of gross returns)	TH OWED  Replacement Va	alue):		\$1,000 \$3,457 7.5% 6 \$277 \$7,656 \$19,271 Represents 65% Asset Ownership <sup>5</sup> \$4,556 \$2,100 \$5,656 \$2,535 \$4,556 \$5,577 \$3,332 \$1,616 \$18,416 \$25,073 \$14,312 \$32,729 \$12,615	\$19.23 \$66.48 VALUE PER COW \$5.32 \$147.23 \$370.60 VALUE PER COW \$87.62 \$40.38 \$128.01 \$48.76 \$87.62 \$122.63 \$64.07 \$31.07 \$354.16 \$482.17 \$275.24 \$629.40 \$242.59

<sup>1)</sup> 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 2002 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 2002

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	Lile	Share	Recovery
130	AU Values <sup>1</sup>	\$2,400	3.9%	\$312,000	\$312,000			
			Subtotal	\$574,500				
Number	Buildings, Improvements	Price Per Unit	Jubiotai	<b>\$374,300</b>				
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 <sup>3</sup>	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 <sup>3</sup>	Price	Salvage/Cull			
8	Horses	\$2,500	6.5%	\$20,000	\$7,600	10	100	\$2,219
9	Bulls	\$2,000	6.5%	\$17,333	\$6,587	4	100	\$3,565
30	Cows	\$1,100.00	6.5%	\$33,000	\$12,540	8	100	\$4,175
58	Total AUYs					800000000000000000000000000000000000000		
			Subtotal	\$37,333				\$5,784
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
130	Cows	\$1,100	6.5%	\$143,000	\$54,340			\$7,330
20	Replacement Heifers	\$1,000	6.5%	\$19,500	\$7,410			\$1,000
145	Total AUYs							
			Subtotal	\$162,500	\$61,750			\$8,329
			Total	\$1,136,833				\$33,747

<sup>1)</sup> 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.

<sup>2)</sup> For intermediate assets an interest rate of 7.50% was used.

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

### SOUTHWEST REGION MEDIUM COW/CALF BUDGET 2002

			III DIOIII OOTI/OAL	. DODOL! 1001		
	BREED HERD SIZE CULL RATE	130 25%	COW to BULL	15	CALF CROP PERCEN 1 1 REPLACEMENT HEIFERS KEPT	82
		VALUE OF PRO	DUCTION			VALUE DED COL
		QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	VALUE PER COV
STEER CALVES		53	500	\$0.91	\$24,252	\$186.55
HEIFER CALVES		34	475	\$0.84	\$13,486	\$103.74
CULL COWS		45	900	\$0.36	\$14,580	\$112.15
CULL BULLS	1	1	1200	\$0.41	\$492	\$3.78
	TOTAL	133			\$52,810	\$406.23
ARIABLE COSTS						
. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COV
. FEED COSTS	HAY	TON	14.00	\$150	\$2,100	\$16.15
	STATE	AUY	30.0%	\$25.08	\$0	\$0.00
	FEDERAL LEASE	AUY	60.0%	\$16.20	\$2,106	\$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	\$3.54
	PROTEIN SUPP	TON	3.00	\$350	\$1,050	\$8.08
	OTHER		0.00	\$0	<u>\$0</u>	\$0.00
	TOTAL				\$5,716	\$43.97
OTHER VARIABLE	соете				COST	
. OTHER VARIABLE	VET AND MEDICINE				\$1,625	\$12.50
	LIVESTOCK HAULING				\$699	\$5.38
	HIRED LABOR				\$0	\$0.00
	OPERATING COSTS-EQUIP & MACH				\$500	\$3.85
	OPERATING COSTS-EQUIP & MACI	1			\$3.500	\$26.92
	RANCH MAINTENANCE				\$800	\$6.15
	BEEF CHECKOFF		1000		\$87	\$0.67
	PURCHASED LIVESTOCK		12002		\$1,500	\$11.54
	TOTAL				\$8,711	\$67.01
3. INTEREST ON VA	SUM OF VARIABLE COSTS X MONT X INTEREST RATE PER MONTH	THS BORROWE	D			
	ANNUAL INTEREST RATE NUMBER OF MONTHS BORROWED				7.5% 6	VALUE PER COV
					\$541	\$4.16
					\$14,968	\$115.14
	TOTAL				\$37,842	\$291.09
OWNERSHIP COSTS					2	
ASH COSTS	Annual Capital Recovery3 (At Repla	cement Value):			Represents 65% Asset Ownership <sup>5</sup>	VALUE PER CO
Taxes & Insur	rance				\$8,687	\$66.82
Overhead Total					\$2,100 \$10,787	\$16.15 \$82.98
ON CASH COSTS					\$10,707	<b>\$02.50</b>
Purchased Liv	vestock				\$5,784	\$44.49
Machinery & E					\$8,687	\$66.82
Housing & Imp					\$16,731	\$128.70
	etained Livestock <sup>6</sup>				\$8,329	\$64.07
	& Operation Labor (6% of gross returns)	)			\$3,169	\$24.37
Total					\$42,700	\$328.46
OTAL FIXED COST	S				\$53,487	\$411.43
OTAL CASH AND V					\$25,755	\$198.11
TOTAL COSTS					\$68,454	\$526.57
RETURN ABOVE TO	ITAL CASH COSTS				\$27,055	\$208.11
RETURN ABOVE TO	NAME OF TAXABLE PARTY AND POST OF TAXABLE PARTY.				(\$15,645)	(\$120.34)
BREAKEVEN CALCU	ULATIONS	VARIABLE	TOTAL			
		COSTS	COSTS			
REQUIRED AVER	RAGE CALF PRICES CASH COST (cwt)	\$28.80	\$49.56			
	GE CALF PRICES TOTAL COSTS(cwt)	\$28.80	\$131.73			
1) College Avelor	THOSE TOTAL COSTO(CHL)	420.00	VIOI.10			

<sup>1)</sup> Calif 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 2002 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 2002

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			
325	AU Values <sup>1</sup>	\$2,400	3.9%	\$780,000	\$780,000			
			Subtotal	\$1,230,000				
Number	Buildings, Improvements	Price Per Unit						
18	Miles of pipeline	\$2,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
3	Wells	\$12,000	3.9%	\$36,000	\$3,600	25	100	\$2,193
90	Miles of Fence	\$4,000	3.9%	\$360,000	\$36,000	25	100	\$21,925
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	\$457,000				\$27,693
Number	Machinery & Vehicles	Price Per Unit	Interest Rate <sup>3</sup>	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	\$4,500	7.5%	\$13,500	\$2,700	7	100	\$2,242
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	\$125,000				\$12,617
Head	Purchased Livestock	Price Per Unit	Interest Rate <sup>3</sup>	Price	Salvage/Cull			
10	Horses	\$2,500	6.5%	\$25,000	\$9,500	10	100	\$2,774
22	Bulls	\$2,000	6.5%	\$43,333	\$16,467	4	100	\$8,913
34	Cows	\$1,100.00	6.5%	\$37,400	\$14,212	8	100	\$4,732
82	Total AUYs					and the second		
			Subtotal	\$68,333				\$11,686
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
325	Cows	\$1,100	6.5%	\$357,500	\$135,850			\$18,324
49	Replacement Heifers	\$1,000	6.5%	\$48,750	\$18,525			\$2,499
362	Total AUYs		Subtotal	\$406,250	\$154,375			\$20,823
			Total	\$2,286,583				\$61,133

<sup>1)</sup> 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.

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

### SOUTHWEST REGION LARGE COW/CALF BUDGET 2002

	BREED HERD SIZE CULL RATE	325 25%	COW to BULL	15	CALF CROP PERCENT <sup>1</sup> REPLACEMENT HEIFERS KEPT	8
	,	VALUE OF PRODUC	TION			VALUE PER COM
		QUANTITY	WEIGHT/LBS.	PRICE <sup>2</sup>	VALUE	
STEER CALVES		133	500	\$0.91	\$60,629	\$186.55
HEIFER CALVES		85	475	\$0.84	\$33,716	\$103.74
CULL COWS		49	900	\$0.36	\$15,876	\$48.85
CULL BULLS		1 268	1200	\$0.41	\$492	<u>\$1.51</u>
CONTRACTOR OF STREET,	TOTAL			***************************************	\$110,712	\$340.65
VARIABLE COSTS						VALUE PER COW
1. FEED COSTS		UNITS	QUANTITY/PERCENT	PRICE	COST	VALUE PER COM
	HAY	TON	45.00	\$150	\$6,750	\$20.77
	STATE	AUY	40.0%	\$25.08	\$0	\$0.00
	FEDERAL LEASE	AUY	40.0%	\$16.20	\$5,265	\$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 PROTEIN SUPP	TON	5.00 12.00	\$230 \$350	\$1,150	\$3.54
	OTHER	ION	0.00	\$350	\$4,200 \$0	\$12.92 \$0.00
	TOTAL	-			\$17,365	\$53.43
2. OTHER VARIABLE COSTS	VET AND MEDICINE				COST	***
	VET AND MEDICINE				\$4,063	\$12.50
	LIVESTOCK HAULING HIRED LABOR				\$1,406 \$0	\$4.33 \$0.00
	OPERATING COSTS-EQUIP &	MACH			\$1,200	\$3.69
	OPERATING COSTS-VEHICLE				\$3,900	\$12.00
	RANCH MAINTENANCE				\$1,500	\$4.62
	BEEF CHECKOFF			2152522000000	\$218	\$0.67
	LIVESTOCK PURCHASES			en-commoncations,		
					\$2,500	<u>\$7.69</u>
3. INTEREST ON VARIABLE COS	TOTAL	MONTHS BORROW	ED		\$2,500 \$14,786	\$45.50
3. INTEREST ON VARIABLE COS	TOTAL	ГН	ED			
B. INTEREST ON VARIABLE COS	TOTAL STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE	ГН	ED		\$14,786 7.5% 6	\$45.50  VALUE PER COW
3. INTEREST ON VARIABLE COS	TOTAL STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE	ГН	ED		\$14,786 7.5%	\$45.50
). INTEREST ON VARIABLE COS	TOTAL STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	ГН	ED		\$14,786 7.5% 6 \$1,206	\$45.50  VALUE PER COW \$3.71
. INTEREST ON VARIABLE COS	TOTAL STS SUM OF VARIABLE COSTS X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	OWED			7.5% 6 \$1,206 \$33,357 \$77,356	\$45.50  VALUE PER COW \$3.71 \$102.64 \$238.02
DWNERSHIP COSTS	TOTAL STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	OWED			7.5% 6 \$1,206 \$33,357	\$45.50 VALUE PER COW \$3.71 \$102.64
DWNERSHIP COSTS  CASH COSTS Taxes & Insurance	TOTAL STS SUM OF VARIABLE COSTS X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	OWED			7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617	\$45.50  VALUE PER COW \$3.71 \$102.64 \$238.02  VALUE PER COW \$38.82
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead	TOTAL STS SUM OF VARIABLE COSTS X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	OWED			7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100	\$45.50  VALUE PER COW \$3.71  \$102.64  \$238.02  VALUE PER COW  \$38.82  \$6.46
OWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total	TOTAL STS SUM OF VARIABLE COSTS X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	OWED			7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617	\$45.50  VALUE PER COW \$3.71 \$102.64 \$238.02  VALUE PER COW \$38.82
DWNERSHIP COSTS CASH COSTS Taxes & Insurance Overhead Total	TOTAL STS SUM OF VARIABLE COSTS X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	OWED			\$14,786  7.5% 6  \$1,206 \$33,357 \$77,356  Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717	\$45.50  VALUE PER COW \$3.71  \$102.64  \$238.02  VALUE PER COW  \$38.82  \$6.46  \$45.28
DWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total HON CASH COSTS Purchased Livestock	TOTAL STS SUM OF VARIABLE COSTS X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	OWED			7.5% 6 \$1,206 \$33,357 \$77,356  Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686	\$45.50  VALUE PER COW \$3.71  \$102.64 \$238.02  VALUE PER COW \$38.82 \$6.46 \$45.28  \$35.96
OWNERSHIP COSTS CASH COSTS Taxes & Insurance Overhead Total	TOTAL STS SUM OF VARIABLE COSTS X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	OWED			7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717	\$45.50  VALUE PER COW \$3.71  \$102.64  \$238.02  VALUE PER COW  \$38.82  \$6.46  \$45.28  \$35.96  \$38.82
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS  Purchased Livestock Machinery & Equipment Housiny & Improvements	TOTAL STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO TOTAL  Annual Capital Recovery <sup>4</sup> (At	OWED			\$14,786 7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686 \$12,617 \$27,693	\$45.50  VALUE PER COW \$3.71  \$102.64 \$238.02  VALUE PER COW \$38.82 \$6.46 \$45.28  \$35.96 \$38.82 \$85.21
DWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment	STS SUM OF VARIABLE COSTS X SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At	OWED			7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717	\$45.50  VALUE PER COW \$3.71  \$102.64  \$238.02  VALUE PER COW  \$38.82  \$6.46  \$45.28  \$35.96  \$38.82
OWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livest	STS SUM OF VARIABLE COSTS X SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At	OWED			7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686 \$12,617 \$27,693 \$20,823	\$45.50  VALUE PER COW \$3.71 \$102.64 \$238.02  VALUE PER COW \$38.82 \$6.46 \$45.28  \$35.96 \$38.82 \$85.21 \$64.07
DWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livest Management & Operation L Total	STS SUM OF VARIABLE COSTS X SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At	OWED			7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686 \$12,617 \$27,693 \$20,823 \$6,643	\$45.50  VALUE PER COW \$3.71  \$102.64  \$238.02  VALUE PER COW  \$38.82  \$6.46  \$45.28  \$35.96  \$38.82  \$85.21  \$64.07  \$20.44
OWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total ION CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livest Management & Operation L Total  OTAL FIXED COSTS	TOTAL STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At  tock <sup>4</sup> Labor (6% of gross returns)	OWED			7.5% 6 \$1,206 \$33,357 \$77,356  Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717  \$11,686 \$12,617 \$27,993 \$20,823 \$6,643 \$79,463	\$45.50  VALUE PER COW \$3.71  \$102.64  \$238.02  VALUE PER COW  \$38.82  \$6.46  \$45.28  \$35.96  \$38.82  \$85.21  \$64.07  \$20.44  \$244.50
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total  NON CASH COSTS  Purchased Livestock Machinery & Equipment Housiny & Improvements Interest on Retained Livest Management & Operation L Total  TOTAL FIXED COSTS	TOTAL STS SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At  tock <sup>4</sup> Labor (6% of gross returns)	OWED			\$14,786 7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686 \$12,617 \$27,693 \$20,823 \$6,643 \$79,463 \$94,180	\$45.50  VALUE PER COW \$3.71 \$102.64 \$238.02  VALUE PER COW \$38.82 \$6.46 \$45.28  \$35.96 \$38.82 \$85.21 \$64.07 \$20.44 \$244.50 \$289.78
DWNERSHIP COSTS  CASH COSTS  Taxes & Insurance Overhead Total NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livest Management & Operation L Total  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE CO	TOTAL STS SUM OF VARIABLE COSTS X SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At  tock <sup>5</sup> abor (6% of gross returns)	OWED			\$14,786 7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686 \$12,617 \$27,693 \$20,823 \$6,643 \$79,463 \$94,180 \$48,074	\$45.50  VALUE PER COW \$3.71  \$102.64  \$238.02  VALUE PER COW  \$38.82  \$6.46  \$45.28  \$35.96  \$38.82  \$85.21  \$64.07  \$20.44  \$244.50  \$289.78  \$147.92
OWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livest Management & Operation L Total  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE CO TOTAL COSTS  RETURN ABOVE TOTAL CASH CO	TOTAL STS SUM OF VARIABLE COSTS X SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At  tock <sup>5</sup> abor (6% of gross returns)	OWED			\$14,786 7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686 \$12,617 \$27,693 \$20,823 \$6,643 \$79,463 \$94,180 \$48,074 \$127,536	\$45.50  VALUE PER COW \$3.71 \$102.64 \$238.02  VALUE PER COW \$38.82 \$6.46 \$45.28  \$35.96 \$38.82 \$85.21 \$64.07 \$20.44 \$244.50 \$289.78 \$147.92 \$392.42
OWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livest Management & Operation L Total  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE CO TOTAL COSTS  RETURN ABOVE TOTAL CASH CO	TOTAL STS SUM OF VARIABLE COSTS X SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At  tock <sup>5</sup> abor (6% of gross returns)	TH  DWED  Replacement Value	):		\$14,786 7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686 \$12,617 \$27,693 \$20,823 \$6,643 \$79,463 \$94,180 \$48,074 \$127,536 \$62,639	\$45.50  VALUE PER COW \$3.71 \$102.64 \$238.02  VALUE PER COW \$38.82 \$6.46 \$45.28  \$35.96 \$38.82 \$85.21 \$64.07 \$20.44 \$244.50 \$299.78 \$147.92 \$392.42 \$192.73
OWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livest Management & Operation L Total  TOTAL FIXED COSTS  TOTAL CASH AND VARIABLE CO TOTAL COSTS  RETURN ABOVE TOTAL CASH CO	TOTAL STS SUM OF VARIABLE COSTS X SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At  tock <sup>5</sup> abor (6% of gross returns)	OWED			\$14,786 7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686 \$12,617 \$27,693 \$20,823 \$6,643 \$79,463 \$94,180 \$48,074 \$127,536 \$62,639	\$45.50  VALUE PER COW \$3.71 \$102.64 \$238.02  VALUE PER COW \$38.82 \$6.46 \$45.28  \$35.96 \$38.82 \$85.21 \$64.07 \$20.44 \$244.50 \$299.78 \$147.92 \$392.42 \$192.73
OWNERSHIP COSTS  CASH COSTS Taxes & Insurance Overhead Total  NON CASH COSTS Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livest Management & Operation L	STS SUM OF VARIABLE COSTS X SUM OF VARIABLE COSTS X X INTEREST RATE PER MONT ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO  TOTAL  Annual Capital Recovery <sup>4</sup> (At  tock <sup>5</sup> abor (6% of gross returns)  DSTS	TH  DWED  Replacement Value	): TOTAL		\$14,786 7.5% 6 \$1,206 \$33,357 \$77,356 Represents 65% Asset Ownership <sup>5</sup> \$12,617 \$2,100 \$14,717 \$11,686 \$12,617 \$27,693 \$20,823 \$6,643 \$79,463 \$94,180 \$48,074 \$127,536 \$62,639	\$45.50  VALUE PER COW \$3.71 \$102.64 \$238.02  VALUE PER COW \$38.82 \$6.46 \$45.28  \$35.96 \$38.82 \$85.21 \$64.07 \$20.44 \$244.50 \$299.78 \$147.92 \$392.42 \$192.73

<sup>1)</sup> 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 2002 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

