Table 2. Net Returns for Each Arizona Ranching Region
(High Revenue and High Cost)
Units \$/Cow

			Central	Western	Southeastern
	Strip	Plateau	Mountains	Desert	Desert
Revenues	\$312.74	\$331.80	\$265.14	\$276.15	\$274.26
Feed Cost	\$132.91	\$72.50	\$35.49	\$41.31	\$55.78
Total VC	\$309.49	\$209.05	\$144.05	\$159.65	\$124.80
Cash Ownership Cost	\$21.28	\$172.09	\$41.78	\$87.84	\$22.12
Total Ownership Cost	\$172.01	\$481.23	\$184.63	\$308.37	\$207.55
Returns Above Cash Cost	(\$18.03)	(\$49.34)	\$79.31	\$28.66	\$127.34
Returns Above Total Cost	(\$168.76)	(\$358.48)	(\$63.54)	(\$191.87)	(\$58.09)

Table 3. Net Returns for Each Arizona Ranching Region (Low Revenue and Low Cost)
Units \$/Cow

			Central	Western	Southeastern
	Strip	Plateau	Mountains	Desert	Desert
Revenues	\$223.62	\$236.86	\$190.29	\$197.41	\$196.85
Feed Cost	\$104.41	\$50.39	\$31.18	\$34.60	\$40.36
Total VC	\$234.18	\$151.58	\$113.75	\$124.57	\$77.79
Cash Ownership Cost	\$13.83	\$111.86	\$27.16	\$57.09	\$14.38
Total Ownership Cost	\$111.04	\$313.13	\$119.88	\$200.27	\$136.23
Returns Above Cash Cost	(\$24.39)	(\$26.58)	\$49.38	\$15.75	\$104.68
Returns Above Total Cost	(\$121.60)	(\$227.85)	(\$43.34)	(\$127.43)	(\$17.17)

Table 4. Net Returns for Each Arizona Ranching Region (High Revenue and Low Cost)

Units \$/Cow

			Central	Western	Southeastern
	Strip	Plateau	Mountains	Desert	Desert
Revenues	\$312.74	\$331.80	\$265.14	\$276.15	\$274.26
Feed Cost	\$104.41	\$50.39	\$31.18	\$34.60	\$40.36
Total VC	\$234.18	\$151.58	\$113.75	\$124.57	\$77.79
Cash Ownership Cost	\$13.83	\$111.86	\$27.16	\$57.09	\$14.38
Total Ownership Cost	\$111.04	\$313.13	\$119.88	\$200.27	\$136.23
Returns Above Cash Cost	\$64.73	\$68.36	\$124.23	\$94.49	\$182.09
Returns Above Total Cost	(\$32.48)	(\$132.91)	\$31.51	(\$48.69)	\$60.24

SOUTHEAST REGION EX-LARGE COW/CALF BUDGET 2014

	BREED HERD SIZE CULL RATE	440 15%	COW to BULL	20	CALF CROP PERCENT ¹ REPLACEMENT HEIFER'S KEPT	85	% 66
	V	ALUE OF PRO	DUCTION		1	ALUE PER CO	w
STEER CALVES HEIFER CALVES CULL COWS		QUANTITY 187 121 66	<u>WEIGHT</u> 510 485 900	PRICE ² \$1.60 \$1.52 \$0.86	VALUE \$152,592 \$89,201 \$51,084	\$346.80 \$202.73 \$116.10	NEW VALUE
CULL BULLS FEE HUNTING		1 <u>1</u>	1200	\$0.92	\$1,104 <u>\$6,000</u>	\$2.51 <u>\$13.64</u>	
	TOTAL	375			\$293,981	\$668.14	
VARIABLE COSTS					,	ALUE PER CO	14
1. FEED COSTS	HAY STATE FEDERAL LEASE PRIVATE(Owned)	UNITS TON AUY AUY AUY	QUANTITY/PERCENT 33.00 45.0% 25.0% 30.0%	PRICE \$125 \$38.04 \$21.60 \$0.00	COST \$4,125 \$7,532 \$9,504 \$0	\$9.38 \$17.12 \$21.60 \$0.00	NEW VALUE
	PRIVATE (Leased Grazing) SALT & MINERAL PROTEIN SUPP	AUY TON TON	0.0% 16 44	\$0.00 \$325 \$525	\$0 \$5,220 \$23,100	\$0.00 \$11.86 \$52.50	
	TOTAL				\$49,480	\$112.46	
2. OTHER VARIABLE COSTS	VET AND MEDICINE LIVESTOCK HAULING HIRED LABOR OPERATING COSTS-EQUIP & M OPERATING COSTS-VEHICLE RANCH MAINTENANCE BEEF CHECKOFF OTHER	МАСН			COST \$6,958 \$1,941 \$35,000 \$6,000 \$8,000 \$7,000 \$308 \$22,000	\$15.81 \$4.41 \$79.55 \$13.64 \$18.18 \$15.91 \$0.70 \$50.00	
	TOTAL				\$87,206	\$198.20	
3. INTEREST ON VARIABLE COS	TS SUM OF VARIABLE COSTS X N X INTEREST RATE PER MONTH ANNUAL INTEREST RATE NUMBER OF MONTHS BORRO	4	COWED		6.00% 6 \	/ALUE PER CO	w
					\$4,101	\$9.32	
					\$140,787	\$319.97	
	TOTAL				\$153,194	\$348.17	
OWNERSHIP COSTS							
CASH COSTS	Annual Capital Recovery ⁴ (At R	eplacement Va	alve):		Represents 65% Asset Ownership ⁵ N	ALUE PER CO	W NEW VALUE
Taxes & Insurance Overhead					\$16,056 \$5,000	\$36.49 \$11.36	
Total NON CASH COSTS					\$21,056	\$47.85	
Purchased Livestock Machinery & Equipment Housing & Improvements Interest on Retained Livest	ock ⁶ .abor (6% of gross returns)				\$15,241 \$16,056 \$35,754 \$33,517 \$17,639	\$34.64 \$36.49 \$81.26 \$76.18 \$40.09	
Total TOTAL FIXED COSTS	(• /• • · g. • • · iotalilo)				\$118,207 \$139,263	\$268.65 \$316.51	_
TOTAL CASH AND VARIABLE CO	STS				\$161,843	\$367.82	
TOTAL COSTS					\$280,050	\$636.48	-
RETURN ABOVE TOTAL CASH C	OSTS				\$132,138	\$300.31	
RETURN ABOVE TOTAL COSTS					\$13,931	\$31.66	
BREAKEVEN CALCULATIONS	Г	VARIABLE COSTS	TOTAL COSTS				
	<u>L</u>	00010	00010				

¹⁾ Calf crop is defined as the actual number of calves sold divided, by the total number of cows (assuming all cows were exposed).
2) Prices represent 2014 price projections from Cattle Fax, Doanes reports for New Mexico feeder cattle cash prices.

³⁾ Market prices include commissions, brand inspections, beef council, yardage, feed, and insurance

⁴⁾ Annual capital recovery is the method of calculating depreciation and interest recommended by the National Task Force on Commodity Costs and Returns Measurement Methods.

⁵⁾ The 35% reduction in asset values which represent a mix of new and used machinery.

⁶⁾ Interest on average investment.

SOUTHEAST REGION EXTRA-LARGE RANCH INVESTMENTS

			10 Yr Avg	Purchase	Salvage/Cull	Useful	Livestock	Annual Capital
Number	Land Values	Price Per Unit	Rate of Return	Price	Value	Life	Share	Recovery
10,000	Acres of private land	\$65	3.9%	\$650,000	\$650,000			
550	AU Values ¹	\$2,450	3.9%	\$1,347,500	\$1,347,500			
	5 " "	5. 5	Sub Totals	\$1,997,500				
Number	Buildings, Improvements	Price Per Unit						
15	Miles of pipeline	\$2,000	3.9%	\$30,000	\$3,000	25	100	\$1,827
8	Wells	\$11,000	3.9%	\$88,000	\$8,800	25	100	\$5,360
110	Miles of Fence	\$4,000	3.9%	\$440,000	\$44,000	25	100	\$26,798
2	Corrals/Working Facilities	\$10,000	3.9%	\$20,000	\$2,000	30	100	\$1,106
1	Barns & Shop	\$12,000	3.9%	\$12,000	\$1,200	30	100	\$664
			Sub Totals	\$590,000				\$35,754
Number	Machinery & Vehicles	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			
2	3/4 ton pickup 4WD	\$42,000	6.0%	\$84,000	\$16,800	7	50	\$6,523
1	1 ton pickup 4WD	\$45,000	6.0%	\$45,000	\$9,000	7	50	\$3,494
1	Tractor	\$7,000	6.0%	\$7,000	\$1,400	7	100	\$1,087
3	Gooseneck trailer	\$7,000	6.0%	\$21,000	\$4,200	7	100	\$3,261
1	Horse tack	\$6,000	6.0%	\$6,000	\$1,200	10	100	\$724
1	Misc. equipment	\$8,000	6.0%	\$8,000	\$1,600	10	100	\$966
			Sub Total	\$171,000				\$16,056
Head	Purchased Livestock	Price Per Unit	Interest Rate ³	Price	Salvage/Cull			ψ10,000
12	Horses	\$1,500	6.0%	\$18,000	\$6,840	10	100	\$1,927
22	Bulls	\$3,000	6.0%	\$66,000	\$25,080	4	100	\$13,314
110	Cows	\$1,400	6.0%	\$154,000	\$58,520	8	100	\$18,887
		φ1,400	0.0%	\$154,000	\$30,320	0	100	φ10,001
180	Total AUYs		Sub Total	\$84,000				\$15,241
Head	Retained Livestock	Price Per Unit	Interest Rate	Price	Salvage/Cull			Interest on Investment
440	Cows	\$1,400	6.0%	\$616,000	\$234,080			\$29,146
66	Replacement Heifers	\$1,400	6.0%	\$92,400	\$35,112			\$4,372
490	Total AUYs	ψ.,	0.070	¥02, .00	ψου, <u>-</u>			¥ ., <u>_</u>
			Sub Total	\$708,400	\$269,192			\$33,517
			Total	\$3,550,900				\$85,327
			. Jtui	+ 3,000,000	=			Ψ00,0 <u>2</u> .

¹⁾ The interest rate of 3.9% used to calculate the capital recovery cost is the USDA-ERS's ten year average long-run rate of return to production assets for New Mexico.