DESCRIPTION OF THE STUDY AREA

The areas in New Mexico and Arizona include the Southern Intermountain Ranching Area and the Southern Desert Ranching Area (fig. 1). These ranching areas consist of broad plateaus and benchlands, mesas, foothills, and mountain ranges. Average annual precipitation is from less than 10 inches at the lower elevations to 30 or 40 inches in the mountains. Most of the precipitation occurs as rainfall in late spring and early summer. This is also the period of maximum growth of range forage. Range forage growth varies considerably from location to location within each area because of differences in soils, temperature, and rainfall. The ranges in the Southern Desert Ranching Area are generally less productive than those in the Intermountain Area; the Desert Area also has lower annual rainfall and higher average temperature.

The number of Federal grazing permits2/ and the number of cattle grazed on Forest Service and Bureau of Land Management lands in the Southern Intermountain and Southern Desert Ranching Areas in the study period are listed in table 3. Many of these permittees have small operations; in 1960 over 60 percent of the permittees in each ranching area operated with fewer than 200 head of cattle (fig. 2).

OBJECTIVES

The objectives of this report are: (1) To present the cost, income, and investment of typical ranches in the Southern Intermountain and Southern Desert Ranching Areas as of 1960, and (2) to evaluate the effect of changes in costs, prices, and range forage supplies on the net income of these ranches.

ASSUMPTIONS AND BUDGET TECHNIQUE

The investment, cost, and ranch organizational data used in developing representative ranch budgets were obtained from interviews with about 140 ranchers in the two ranching areas. These data were supplemented with additional data from other research, and from Forest Service and Bureau of Land Management records. Representative ranch budgets were developed for cattle ranches holding both a Forest Service and a Bureau of Land Management permit, and for cattle ranches with either a Forest Service or a Bureau of Land Management permit. A total of 14 ranches were budgeted for the two ranching areas.

The investment in the representative ranches is based on 1960 market values. The market value includes whatever capitalized value the market has ascribed to grazing privileges. Investment in land is derived by subtracting the computed investment in buildings, equipment, and livestock from the estimated total value of the ranch. Buildings and equipment investments are 1960 replacement costs depreciated by 50 percent; livestock investment is January 1 livestock inventory at projected

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2/ The National Forest ranges in the Southern Intermountain and Southern Desert Ranching Areas are grazed primarily in the summer, although some yearlong grazing is practiced on ranges at the lower elevations. The Bureau of Land Management ranges are primarily grazed yearlong, although fall-winter-spring grazing also is common in the northern section of the Southern Intermountain Ranching Area.