Miller Energy Resources, Inc.
1001 Louisiana St, Ste. 3100
Houston, TX 77002

March 28, 2016

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F St. NE
Washington, D.C. 20549-1090

File Number: S7-24-15

Re: Proposed Rule on Use of Derivatives by Registered Investment Companies and Business Development Companies (SEC-2015-2160-0001)

Dear Mr. Fields:

On behalf of Miller Energy Resources, Inc. (MER), I appreciate the opportunity to respond to the Securities and Exchange Commission's (SEC) proposed Rule 18f-4, specifically as it relates to business development companies (BDCs). MER is an oil and gas exploration company with approximately 70 employees operating in Alaska and Texas. Like many other small and mid-sized private companies, we have relied on BDCs to provide necessary capital that is both accessible and affordable. In our case we had substantial assets in the State of Alaska that we were only able to develop because of capital borrowed from BDCs. The purpose of our comment letter is to ensure that the SEC carefully craft regulations so as to not eliminate this important source of liquidity from the market.

It is our understanding that Rule 18f-4 could limit leverage levels of BDCs in their role as lenders through regulation of financial commitment transactions, commonly known as working-capital lines of credit or revolving loans. As you are aware, a working-capital line-of-credit allows a company to borrow money, re-pay and re-borrow such amounts from time to time. While in our case term loans offered by BDCs were arguably more vital to our continued operations and the development of our assets, these working-capital lines of credit are essential for the day-to-day operations of any business with access to them. They help businesses meet payroll, allow them to pay suppliers in a timely manner and give controllers and CFO the ability to efficiently manage company cash needs. These financial commitment transactions are not the complex financial derivatives that Warren Buffet once described as "financial weapons of mass destruction" but rather a well-defined (and limited) line of credit a business can call on as needed in running its daily operations.

As you are aware, BDCs were created by Congress in 1980 to establish an investment vehicle that would provide capital to small and mid-sized U.S.-based operating companies through a distinct regulatory framework appropriate to its mission. Since the time of their creation, BDCs have become an increasingly important source of capital to growing middle market companies and were vital in helping fill the credit gap left after the financial crisis of 2007-08. Even as the economy improves, many small and mid-sized companies face difficulty securing capital from banks and insurance companies. BDCs have stepped in to meet this challenge by providing billions of dollars in loans and credit to thousands of businesses, which has allowed for the creation of thousands of jobs across the country. In the experience of our company, BDC's have served a vital role, and we believe they are both highly transparent and well regulated.

In its rulemaking, the SEC must account for the unique role BDCs play in serving a different purpose than other registered investment companies. Rules should not impair BDCs from fulfilling their legislated purpose by being forced to charge rates that borrowers cannot afford. Without working-capital lines of credit to help cover the liquidity needs raised as a result of day-to-day operations, BDCs may be forced to increase the cost of borrowing or eliminate access altogether to such lines of credit, resulting in less money for investment in the business and in its employees.

While the SEC is, of course, well-intentioned in its efforts, the proposed rule simply amounts to a solution in search of a problem. BDCs have been lending for over 30 years without any instance of being unable to fund a commitment when required. Therefore, we urge the SEC to withdraw its proposed rule or at minimum make necessary changes to not inhibit the legislated role of BDCs in providing capital for companies seeking to expand their footprint, hire more employees, and expand their business.

Very truly yours,

Kurt C. Yost

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