March 21, 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 Extraction Oil & Gas Holdings, LLC ("Extraction"), 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). Extraction is a Denver-based oil and gas company with approximately 110 employees focusing on the exploration and production of oil and gas reserves in the Rocky Mountains. Like many other small and mid-sized private companies, we have relied on BDCs to provide necessary capital that is both accessible and affordable. 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. Like a credit card, a working-capital line-of-credit allows a company to borrow money, re-pay and re-borrow such amounts from time to time. These working-capital lines of credit are essential for the day-to-day operations of any business. They help us meet payroll, allow us to pay our own suppliers in a timely manner and give our 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 difficulties 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. What's more, they are 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. A working-capital line of credit is critical to our day-to-day operations, these regulations will not change that. However, they will increase the cost of borrowing or eliminate access altogether, resulting in less money for investment in the business and in its employees.

BDCs have been lending for over 30 years without any instance of being unable to fund a commitment when required. Therefore, Extraction urges the SEC to withdrawal 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.

Sincerely,

Rusty Kelley
Chief Financial Officer
Extraction Oil & Gas Holdings, LLC