

NGP Capital Resources Company

1221 McKinney

Suite 2975

Houston, Texas 77010

Tel: 713/752-0062 • Fax: 713/752-0063

Email: info@ngpcrc.com

January 2, 2007

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington D. C., 20549-1090

Dear Ms. Morris:

Subject: File Number S7-37-04; Comments on Definition of Eligible Portfolio Company under the Investment Company Act of 1940

NGP Capital Resources Company (NASDAQ: NGPC) appreciates the opportunity to comment on the re-proposed rule to further define the term "eligible portfolio company" under the Investment Company Act of 1940 to include certain, smaller Exchange listed companies. NGPC supports the adoption of Alternative Two using a \$250 million market capitalization ceiling, thus including Exchange listed companies having market capitalizations of up to \$250 million as "eligible portfolio companies" for the investment activities of business development companies (BDCs).

NGPC is a closed-end investment company that has elected to be treated as a BDC under the Investment Company Act of 1940. We invest primarily in senior secured and mezzanine loans to our portfolio companies, although in some instances we may make equity investments as well. Our investment portfolio is principally invested in energy related private companies. However, from time to time we have the opportunity to make investments in smaller publicly traded companies as well. These can be over-the-counter bulletin board companies, Pick Sheet LLC companies, or smaller companies listed on an Exchange (NYSE, Amex, and Nasdaq).

It is our understanding that the intent, among other things, of the Small Business Investment Incentive Act of 1980 ("SBIIA") was to facilitate making capital more readily available to small, developing, or financially troubled companies that do not have ready access to the public capital markets or to other forms of conventional financing. In that regard, the recently adopted Rule 2a-46 is most beneficial in helping to provide clarity as to what constitutes an "eligible portfolio company" for the investment activities of BDCs. However, as adopted, Rule 2a-46 is restrictive in that it excludes many companies from the definition of "eligible portfolio company" simply because they are Exchange listed, without consideration of their potential need for alternative sources of financing, such as could be provided by a BDC.

Simply listing on an Exchange does not, in and of itself, guarantee a public company's broad and unfettered access to capital. As noted in comments from many sources to the re-proposed Rule 2a-46(b), as well as comments in respect to Rule 2a-46, many smaller public companies suffer from the same restricted access to capital as do similarly sized private companies. This restricted access for these smaller public companies is often evidenced by their limited daily trading volume, limited institutional investment, limited coverage by analysts, and limited investor appetite for new issue of securities. Such companies often have a narrow range of options for raising growth capital at any given time. Access to capital provided by BDCs would provide them with more options to grow and develop than would otherwise be available.

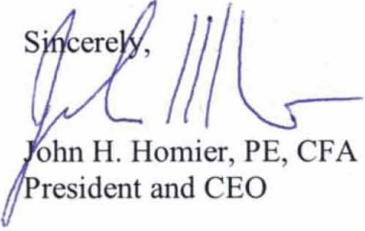
Alternative Two is preferred vs. Alternative One in that it provides a readily available and objective benchmark, namely market capitalization for determining "eligible portfolio company." It is, in our view, a straightforward and workable methodology. While many things such as quality of assets, quality of earnings, balance sheet construction, and quality and experience of management work in concert to determine the capital availability for any particular public company, all such considerations should ultimately be reflected in the market capitalization of the company.

The public float methodology of Alternative One, while also an appropriate approach in identifying those public companies with limited access to capital, is less practical than the market capitalization method of Alternative Two. It requires the computation of insider and other restricted shares in order to arrive at a determination as to whether a company is an "eligible portfolio company" or not. This may or may not be an entirely objective determination and, in any event, introduces the necessity of determining those shares and of making a computation based on that determination. The market capitalization methodology of Alternative Two, in contrast, is entirely objective using readily available information from the exchanges themselves.

Finally, we support the \$250 million market capitalization option of Alternative Two. This threshold is at a level that is within the generally recognized range that denotes micro-cap companies that likely have restricted access to capital and can benefit from the capital options provided by BDCs.

We very much appreciate the work of the Commission and the Staff in addressing this important issue. NGPC strongly supports the adoption of the re-proposed rule to include Exchange listed companies having market capitalizations of up to \$250 million as "eligible portfolio companies" for the investment activities of BDCs.

Sincerely,



John H. Homier, PE, CFA
President and CEO