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NGP Capital Resources Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) And for our first question we will go to Carl Drake with SunTrust Robinson Humphrey.

Carl Drake - Suntrust Robinson Humphrey

Good morning.

Steve Gardner

Hi Carl.

Carl Drake - Suntrust Robinson Humphrey

Question on leverage, in terms of increasing the debt capacity, how should we be thinking about, I know the credit markets have tightened here in the last three to four months but what should we be think about in terms of your ability to increase leverage going forward before potential issue in equity?

Steve Gardner

Well, we have increased our current capacity from the level of commitments to \$100 million from \$80 million. The facility itself is \$175 million facility, and as I mentioned we are still out trying to bring some new banks into the facility and increase the commitments of existing banks.

So it has been more difficult, I think because of the turmoil in the credit markets we've just met credit committees have tightened up and while I do not think it is a serious issue in the energy industry, it just takes a little more time.

I really don't have a number about what we expect the increase, but it wouldn't surprise me if we got another 20 to \$30 million currently added to the facility.

Carl Drake - Suntrust Robinson Humphrey

Are there any portfolio companies that you could liquidate that might be lower yielding in the portfolio? That you take action on to re-deploy in higher yielding assets?

Steve Gardner

Yes, there are; both our corporate notes that we have, as well as for example, TENNECO is trading right around par and it is fairly liquid. So, there are a couple of opportunities we have there. We look at that pretty much on a regular basis.

Carl Drake - Suntrust Robinson Humphrey

Okay, next question in terms of credit. You had pretty stable there is Rubicon looks like a promising potential exit at some point, maybe you could comment on Rubicon and also the two BSR Alto and Chroma that were devalued during the quarter.

Steve Gardner

Sure. Yes, Rubicon is one of our star players. They have been growing through some small acquisitions and development work in the Permian Basin and in North Texas. They have a fair amount of capital work that they want to continue doing during the next 12 months and certainly they get inquiries all the time.

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