Table of Contents

Index to Financial Statements

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 814-00672

NGP Capital Resources Company

(Exact name of registrant as specified in its charter)

Maryland	**20-1371499**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification number)**
1221 McKinney Street, Suite 2975 Houston, Texas	**77010**
(Address of principal executive offices)	**(Zip Code)**

(713) 752-0062
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $.001 par value per share.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by a check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's Common Stock, $.001 par value, outstanding (based on the closing sale price on the Nasdaq National Market) held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was $0.00. (The Registrant has yet to complete its initial second fiscal quarter.)

The number of shares of the registrant's Common Stock, $.001 par value, outstanding as of March 31, 2005 was 17,400,100.

Documents Incorporated by Reference. Portions of the Registrant's Proxy Statement relating to the Registrant's 2005 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

Certain exhibits and portions of documents previously filed with the Securities and Exchange commission are incorporated by reference in Part II and Part III of this Report.

TABLE OF CONTENTS

PART I.

Item 1. Business.

Introduction

NGP Capital Resources Company

We are a financial services company organized in July 2004 as a Maryland corporation to invest primarily in small and mid-size energy companies, which we generally define as companies that have net asset values or annual revenues of less than $500 million. Our investment objective is to generate both current income and capital appreciation primarily through debt investments with certain equity components.

A key focus area for our targeted investments in the energy industry is domestic exploration and production ("E&P") businesses and midstream businesses that gather, process and transport oil and gas. We also evaluate investment opportunities outside of the oil and gas business, such as coal businesses, and businesses engaged in the downstream sector, including power and electricity investment opportunities. Our investments will generally range in size from $10 million to $50 million, although a few investments may be substantially in excess of this range. Our targeted investments primarily consist of debt instruments, including senior and subordinated loans combined in one facility with an equity component, subordinated loans and subordinated loans with equity components and redeemable preferred stock or similar securities.

We have filed an election to be treated as a business development company under the Investment Company Act of 1940 (the "1940 Act"), and are classified as a closed-end, non-diversified management investment company under the 1940 Act.

On November 10, 2004 we completed an initial public offering, or IPO, of our common stock. As of December 31, 2004, we had invested approximately $66 million in debt securities of two portfolio companies.

Our Manager

Our operations are conducted by our external manager, NGP Investment Advisor, L.P., pursuant to an investment advisory agreement between us. Our manager is a newly formed investment advisor that is owned by Natural Gas Partners, L.L.C. ("NGP") and our administrator, NGP Administration, LLC. NGP manages the Natural Gas Partners private equity funds ("NGP Funds"), which have specialized in providing equity capital to the energy industry since November 1988. Kenneth A. Hersh and David R. Albin, who serve on our board of directors, are co-Chief Executive Officers of NGP and have directed the investment of the NGP Funds during the sixteen year period since the inception of the initial fund.

Our manager's day-to-day operations are managed by our executive officers, John H. Homier and Richard A. Bernardy, who have combined experience of over 40 years in the energy finance industry. Their experience includes more than 10 years working together at two separate major financial institutions at which they were responsible for building and managing successful energy finance businesses.

Our manager's investment decisions are reviewed and approved by its investment committee, consisting of Mr. Homier, Mr. Hersh and two other senior NGP investment professionals. The investment committee is supported by NGP Investment Advisor, L.P.'s team of 11 investment professionals.

Corporate Information

Our executive offices are located at 1221 McKinney Street, Suite 2975, Houston, Texas 77010 and our telephone number is (713) 752-0062.

Our corporate website is *www.ngpcrc.com*. We make available free of charge on our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC.

Our Energy Investment Focus

We focus our investments on energy industry companies that have an existing asset base or that will acquire assets that are expected to provide security for most of our investments. The energy industry broadly includes three sectors, generally categorized as follows:

- *Upstream* - businesses that find, develop and extract energy resources, including natural gas, crude oil and coal from onshore and offshore geological reservoirs.
- *Midstream* - businesses that gather, process, store and transmit energy resources and their byproducts in a form that is usable by wholesale power generation, utility, petrochemical, industrial and gasoline customers, including pipelines, gas processing plants, liquefied natural gas facilities and other energy infrastructure.
- *Downstream* - businesses that refine, market and distribute refined energy resources, such as customer-ready natural gas, propane and gasoline, to end-user customers and businesses engaged in the generation, transmission and distribution of power and electricity.

Within these broad sectors, our key area of focus is small and mid-size energy companies engaged in the upstream and midstream sectors, with an emphasis on domestic E&P businesses and domestic midstream businesses that gather, process and transport oil and gas. In addition, we seek investment opportunities in the downstream sector, including investments related to coal, power and electricity, and in energy service and other energy-related businesses.

Domestic Upstream E&P Sector

We believe that the domestic E&P sector provides attractive investment opportunities as a result of a variety of factors, including the following:

- *Strong Demand Fundamentals*. The United States Department of Energy's Energy Information Administration projects domestic oil and gas consumption will increase by 1.6% and 1.4%, respectively, annually through 2025.
- *Increased Costs to Find and Produce Oil and Gas*. The domestic E&P business is a mature industry characterized by a declining rate of production from existing properties and increasing marginal costs to find and produce oil and gas. Costs for the 50 largest domestic producers to find and develop domestic oil and gas reserves have increased from $4.93 per barrel of oil equivalent ("BOE") in 1999 to $9.69 per BOE in 2003, representing an 14.5% compounded annual growth rate. Costs to produce domestic oil and gas reserves have increased from $3.97 per BOE in 1999 to $5.82 per BOE in 2003, representing a 8.0% compounded annual growth rate.
- *Substantial Asset Divestiture Activity*. The U.S. E&P property acquisition and divestiture market has averaged $18 billion of annual transactions since 2001. We estimate that transactions with a value less than $100 million comprise approximately 80% of the number of transactions in the market. This activity has been largely independent of commodity price fluctuations and, instead, has been driven by a combination of strategic business decisions and the desire to efficiently deploy capital. Over time, a larger company is likely to sell assets that have become less meaningful to its total asset base so that the capital can be re-deployed into other assets that will have a greater impact on its financial performance. We believe that the fundamental factors that drive the domestic E&P acquisition and divestiture market will cause the level of activity to remain consistent with historical levels for the foreseeable future.
- *Substantial Development Spending*. In addition to the capital needs generated by acquisition and divestiture activity, we believe that E&P companies will continue to require substantial capital to

develop their existing assets. From 1999 to 2003 capital expended for development of properties, exclusive of exploration and acquisition, has averaged approximately $19 billion per year in the domestic E&P sector.

- *Substantial Number of Small and Mid-Size Companies*. We believe that there are more than 7,000 domestic E&P businesses, of which fewer than 150 have publicly listed securities. Small and mid-size E&P companies play an important role in the domestic upstream sector, with an estimated share of approximately one-half of all domestic natural gas production and oil and gas drilling activity.
- *Strategic Importance*. The domestic E&P business remains of vital importance to the overall world energy market. The U.S. is currently the third largest oil and the second largest gas producer in the world.

Domestic Midstream and Downstream Sectors

We believe that the domestic midstream and downstream segments also provide attractive investment opportunities as a result of a variety of factors, including the following:

- *Financial Distress of Larger Companies has Created Investment Opportunities*. Since the end of 2001, slower general economic growth, weak financial debt markets, higher natural gas and oil prices, flat or lower electricity prices, excessive use of financial leverage and other factors have depressed the financial results of and capital spending by many merchant power companies and their unregulated utility owners. After Enron Corp. declared bankruptcy in December 2001, the divestiture of substantial amounts of midstream and downstream assets by numerous large public companies ensued. These factors have created significant opportunities for small and mid-size energy companies to acquire and operate these assets.
- *Substantial Capital Requirements*. In addition to the capital needs generated by acquisition and divestiture activity, we believe that small and mid-size midstream energy companies will continue to require substantial capital to develop and maintain their assets.

Limited Capital Availability Creates Need for Our Targeted Investments

We believe that a number of factors will continue to create demand for investment products like our targeted investments among small and mid-size energy companies, including the following:

- *Traditional capital markets offer limited availability*. The traditional senior bank and public debt and equity markets are volatile and we believe these cannot be relied upon by small and mid-size energy companies for a material portion of their capital needs. Bank consolidation and balance sheet management have reduced the amount of senior bank debt available to the energy industry. The availability of public equity and debt markets for E&P companies is also highly variable.
- *Our targeted investment products meet the needs of small and mid-size energy companies*. The need for small and mid-size energy companies to access capital outside of the traditional senior bank lending market and the public debt and equity markets led to the development of the subordinated and mezzanine debt market for the energy industry in the 1980s. Today, these types of investment products provide the additional capital needed by energy companies that is not available from the senior bank or public debt markets, but without the ownership dilution that accompanies a private or public equity investment.
- *The exit of a number of finance providers has created a void in the energy finance market*. After Enron Corp. declared bankruptcy in December 2001, a number of the other energy finance providers exited the business, resulting in the loss of a significant amount of capital availability. Although some new entrants have emerged, they have not replaced the capital availability that has been lost.
- *Energy finance market is underserved by many capital providers*. We believe that the energy finance market for small and mid-size companies is underserved by many capital providers for a number of

reasons, including their lack of the necessary technical expertise to evaluate the quality of the underlying assets of energy companies and their lack of a network of relationships with small and mid-size energy companies.

Investment Structures

Once we have determined that a prospective portfolio company is suitable for investment, we work with the management of that company and its other capital providers, including other senior, junior and equity capital providers, if any, to structure an investment. We negotiate among these parties to agree on how our investment is expected to perform relative to the other capital in the portfolio company's capital structure. Our primary consideration when structuring an investment is that the total return on our investments, including interest income, equity or other similar income and potential equity appreciation that appropriately compensates us for our risk. We anticipate that the targeted investments that comprise the substantial majority of our portfolio will generally fall within one of the following three types of investments:

- *Vertical Loans – Combining Senior Secured Loans and Subordinated Loans with Equity Enhancements*

These investments consist of a senior secured loan tranche and a subordinated loan tranche. The senior tranche produces a current cash yield and typically is secured by a first lien on cash flow-producing assets. The subordinated loan tranche typically includes a current cash yield component coupled with a property based equity participation right. In some cases, a warrant or option in the company may be obtained in addition to, or in lieu of, a property based equity participation right. The subordinated tranche generally is secured by a second lien on the company's assets. Additionally, these loans may have indirect asset coverage through a series of covenants that prohibit additional liens on the company's assets, limit additional debt or require maintenance of minimum asset coverage ratios. We anticipate that these loans will usually have a term of 3 to 5 years, but we expect that in many cases these loans will be prepaid before maturity. We expect that in a number of these loans there may be amortization of principal during the life of the loan.

We anticipate that a primary source for these investments will be energy companies with assets that provide cash flow sufficient to support a typical senior secured debt facility but not sufficient to support the extra debt needed to acquire or develop non-cash flowing assets.

- *Stand-Alone Subordinated Loans*

We anticipate that these investments will consist of subordinated loans with relatively high, fixed interest rates. Generally, we expect these loans to be collateralized by a subordinated lien on some or all of the assets of the portfolio company, or in some cases, a first priority lien on assets not otherwise securing senior debt of the borrower. Additionally, these loans may have indirect asset coverage through a series of covenants that prohibit additional liens senior to ours on the company's assets, limit additional debt senior to ours or require maintenance of minimum asset coverage ratios.

We anticipate that these loans will likely be made to energy companies possessing assets that produce sufficient current cash flow and have sufficient asset value to avoid the issuance of any equity rights that would be dilutive to the equity owners. For example, such loans could be made to a company that needs capital to develop non-producing oil and gas reserves but that has sufficient cash flow from its other assets to provide for the payment of the higher recurring cash payments required by this type of instrument. We anticipate that these loans will usually have a term of 5 to 7 years, but we expect that in many cases these loans will be prepaid before maturity. We expect that amortization of principal will generally be deferred to the later years of these loans or the loans may be structured as non-amortizing.

We anticipate that these investments will generally provide us with the highest amount of current income, but the least amount of capital gains, of any of the targeted investment structures.

- *Mezzanine Investments*

These investments will generally be in the form of subordinated debt or preferred equity, such as redeemable preferred stock, with a meaningful property based equity participation right. In some cases, a

warrant or option to purchase equity securities of the portfolio company, or the right to convert into such equity securities, may be obtained in addition to, or in lieu of, a property based equity participation right. In other transactions, the mezzanine investments may be structured as loans that, by their terms, provide us with the option to convert into equity or additional debt securities or defer payments of interest for a number of years after our investment.

We anticipate that these investments will likely be made in energy companies that possess assets that do not produce sufficient current cash flow to amortize the principal throughout the life of a loan, but have sufficient collateral value to support the amount of a loan. For example, such an investment could be made in a company that owns proved non-producing oil and gas reserves and requires capital to finance development drilling to initiate the production of the reserves and generate cash flow.

We anticipate that these loans will usually have a term of 3 to 5 years, but we expect that in many instances these loans will be prepaid before maturity. We expect that amortization of principal will generally be deferred to the later years of these loans or the loans may be structured as non-amortizing.

We anticipate that these investments will generally provide us with the least amount of current income, but the highest amount of capital gains, of any of the targeted investment structures.

We seek to negotiate structures that protect our rights and manage our risk, while creating incentives for the portfolio company to achieve its business plan and enhance its profitability. The typical structural elements that we seek to negotiate in connection with our investments are covenants that afford portfolio companies as much flexibility in managing their businesses as possible, while also seeking to preserve our invested capital. Such restrictions may include affirmative and negative covenants, collateral value covenants, default penalties, lien protection, change of control provisions and governance rights, including either board seats or observation rights. Additionally, we may from time to time elect to offer co-investment opportunities to third parties. We expect to hold most of our investments to maturity or repayment, but will sell our investments earlier if circumstances warrant or if a liquidity event takes place, such as the sale or recapitalization of a portfolio company.

Our Targeted Investment Characteristics

Collateralized Investments

We anticipate that most of our targeted investments will be secured by the same assets that would secure traditional senior bank debt, in either a first or second lien position. However, in certain instances, we may make investments in our portfolio companies on an unsecured basis. Usually, assets securing our investments will be generating cash flow at the time of our investment. In instances where we are providing subordinated debt only and there is senior debt provided by another party, we will generally seek to obtain a second lien on the borrowing company's assets behind that of the senior lender.

Property Based Equity Interests

The property based equity interests that we anticipate receiving in many of our investments would typically include a direct or indirect interest in the revenues or profits derived from specific assets of the borrowing company. In general, these interests would entitle us to receive additional payments on a regular basis through the term of the loan based upon the performance of the borrower's assets. We believe that these property based types of equity interests are desirable because they generally provide a regular source of income that supplements the current income received from our loan. In addition, to the extent property based interests are producing a defined cash flow stream, they provide a more readily determinable basis for realizing value upon their disposition or redemption than might be typical for stock or warrants which typically do not produce income, are junior in the capital structure and are burdened by general and administrative overhead.

Limited Technical Risk

We intend to target investment opportunities in which the type of technical risk that we will face will primarily consist of the uncertainties inherent in engineering estimates of the quantities of reserves of natural

resources and in projections of future rates of production and the amount and timing of expenditures required to operate and develop energy assets. Our management team has substantial experience in evaluating these types of risks in the context of making investments. An example of these types of investments are loans to finance a portfolio company's drilling activities to develop production on properties where exploratory drilling has previously occurred and reserves have been identified. In contrast to this, we do not intend to make investments that are solely for the purpose of financing exploratory drilling activities, which involve the use of capital to find reserves, with the risk of loss of that capital if reserves are not found. Further, we do not plan to provide financing solely to support speculative trading in oil, gas, power and/or other commodities. However, some of the companies that we finance may engage in some exploration activities in connection with the normal development of their portfolios of oil and gas properties and will also likely use financial risk management products, such as commodity swaps, to mitigate exposure to commodity price swings.

Proven Management Teams with Focus

We intend to make investments in companies with management teams that have a proven track record of success but with limited access to capital markets. In general, these management teams will often have substantial knowledge and focus in particular regions or with respect to certain types of assets. We expect that our management team's and NGP's extensive experience and network of business relationships in the energy industry will allow us to identify management teams that fit these criteria.

Investments

We seek to create a varied portfolio of targeted investments. We expect most of our investments will be between approximately $10 million to $50 million of capital, on average, in the securities of small and mid-size energy companies. However, we may invest more or less depending on market conditions and our manager's view of the particular investment opportunity. See "Investment Structures" above for a brief description of the types of targeted investments on which we focus.

In addition to our targeted investments, we may invest up to 30% of our portfolio in asset-backed securities, financial guarantees, high-yield bonds, distressed debt, bridge loans, lease assets, commercial loans, private equity, securities of public energy companies that are not thinly-traded or secondary market purchases of otherwise eligible securities.

We also may invest a portion of our assets in loans to, or securities of, foreign companies. We currently intend to limit any such investments to less than 10% of our assets.

Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. For example, legislation currently pending in Congress would, if adopted, alter the criteria used to determine if a company is an eligible portfolio company under the 1940 Act by permitting qualifying investments to be made by business development companies in publicly-traded companies with market capitalizations of $250 million and less. We have no assurance that this legislation will be enacted, or if enacted, that it would not be materially different than what has been proposed. Nevertheless, if this or other legislation is enacted, new rules are adopted, or existing rules are materially amended, we may modify our investment strategy. Such changes could result in material differences to the strategies and plans set forth in this prospectus and may result in shifts in our investment focus.

Our Investment Approach

Our investment approach seeks to limit loss potential, while also seeking attractive returns enhanced by participation in the equity upside of our portfolio companies.

In the process of screening and evaluating potential investment opportunities our manager considers the following general criteria. However, not all of these criteria may be met by each prospective investment.

- *Strong Management*. We recognize the importance of strong, committed management teams to the success of an investment and seek to invest in companies with management teams that generally have strong technical, financial, managerial, and operational capabilities and a competitive edge in certain aspects of their business, which may derive from extensive experience and knowledge in certain geographical areas or superior technological or transactional capabilities.
- *Identified Properties With Development-Oriented Risk*. Our investment philosophy places a premium on investments having strong underlying asset values established by engineering technical analysis, rather than investments that rely solely on rising energy commodity prices, exploratory drilling success, or factors beyond the control of the portfolio company. We focus on companies that have strong potential for enhancing asset value through factors within their control. Examples of these types of factors include operating cost reductions and revenue increases driven by improved operations of previously underperforming or underexploited assets. These factors involve implementing engineering and operational plans to increase cash flow through such means as developmental drilling of upstream assets or optimizing the performance of midstream or downstream assets like pipelines, processing plants or power plants that have been underutilized.
- *Capacity To Return Investment Principal*. We perform financial sensitivity analyses when evaluating and structuring investments to analyze the effect of a confluence of unfavorable events on the investment's ability to return investment principal. For an upstream transaction, these might include poor reserve development coupled with falling commodity prices or higher than expected costs. We seek to make investments in which the timing of the return of our investment capital may be at risk, but not the return of our capital.
- *Exit Strategy*. We seek to invest in companies that have multiple means of repayment of our investment, including: a steady stream of cash flow; the completion of asset development activities that allow the company to be able to refinance our facility, often with senior debt; and the sale of the company's assets or the entire company.

Our manager generally structures investments having collateral coverage from underlying asset values and cash flows. We perform extensive due diligence, exercise discipline with respect to company valuation and institute appropriate structural protections in our investment agreements. We believe that our management team's experience in utilizing fundamental engineering and technical analysis of energy assets and in dealing with the fundamental dynamics of the energy finance market allow us to:

- properly assess the engineering and technical aspects of the identified assets;
- value the assets and associated cash flows that may collateralize our investments;
- structure the investments to increase the likelihood of full principal repayment and realization of projected upside potential; and
- implement appropriate financial hedging strategies to mitigate the effects of declines in energy prices.

We believe that this approach also enables our manager to identify attractive investment opportunities throughout the economic cycle.

Competitive Strengths

We believe we have the following competitive strengths:

Extensive Small and Mid-Size Energy Company Sourcing Network

Because of the history, market presence and long term relationships that our management team and NGP have developed with energy company management teams, we believe that we have greater access to investment

opportunities in our target markets than many other providers. We focus on originating a substantial number of our investment opportunities, rather than merely investing as a participant in transactions originated by other firms, which we may also do from time to time. Our emphasis on originating investments will increase as our manager builds its investment portfolio and adds additional investment personnel during the next 18 months.

Flexible Transaction Structuring Capabilities

We are not subject to many of the regulatory limitations that govern traditional lending institutions. As a result, we expect to be flexible in structuring investments and selecting the types of securities in which we invest. The members of our management team have substantial experience in seeking investments that balance the needs of energy company entrepreneurs with appropriate risk control.

Efficient Tax Structure

We intend to qualify as a regulated investment company ("RIC") for federal tax purposes, so that we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends and our stockholders will not be subject to double taxation on dividends, unlike investors in typical corporations. Furthermore, investors in our stock are not required to recognize unrelated business taxable income ("UBTI"), unlike investors in public master limited partnerships. See "Regulation—Regulated Investment Company" below.

Longer Investment Horizon than Private Fund Competitors

Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. Such requirements typically stipulate that these funds, together with any capital gains on such investment, can only be invested once and must be returned to investors after a pre-determined time period. These provisions often force private equity and venture capital funds to seek returns on their investments through mergers, public equity offerings or other liquidity events more quickly than they otherwise might, absent such provisions, potentially resulting in both a lower overall return to investors and an adverse impact on their portfolio companies. We believe our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles provides us with the opportunity to generate attractive returns on invested capital.

Ongoing Relationships With Portfolio Companies

Managerial Assistance

As a business development company, we make available, and provide upon request, significant managerial assistance to our portfolio companies. This assistance may involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial consultation. Our officers (and to the extent permitted under the 1940 Act, our manager) provide such managerial assistance on our behalf to portfolio companies that request this assistance, recognizing that our involvement with each investment varies based on factors including the size of the company, the nature of our investment, the company's overall stage of development and our relative position in the capital structure. Our officers and manager may be resources for advice to our portfolio companies in the following areas: developing strategic plans, designing capital structures, managing finite resources and identifying acquisitions.

Monitoring

Our manager monitors the development and financial trends of each portfolio company to determine progress relative to meeting the company's development and business plans and to assess the strength and status of our investment and, if appropriate, institute necessary corrective actions.

Valuation Process

We follow a disciplined approach to valuing our portfolio, which is done in accordance with generally accepted accounting principles and relies on multiple valuation techniques, reviewed on a quarterly basis by our board of directors. Investments for which market quotations are readily available are recorded in our financial statements at such market quotations adjusted for appropriate liquidity discounts. However, few of our investments will have market quotations, in which case our board of directors will undertake a multi-step valuation process each quarter for our investments that are not publicly traded, as described below:

- *Investment Team Valuation.* The investment professionals responsible for the portfolio investment initially value each portfolio company or investment.
- *Investment Team Valuation Documentation.* The investment team documents and discusses preliminary valuation conclusions with senior management.
- *Third Party Valuation Activity.* We anticipate that, from time to time, our board of directors and valuation committee will retain an independent valuation firm to review on a selective basis the preliminary valuation analysis provided by our investment team.
- *Board of Directors Valuation Committee.* The board of directors and its valuation committee review a preliminary valuation provided by our investment team and the analysis of the independent valuation firm, if applicable.
- *Final Valuation Determination.* Our board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of the investment team, our valuation committee and the independent valuation firm, if any.

Competition

At this time, our primary competitors in this market consist of public and private funds, commercial and investment banks, and commercial financing companies. Although these competitors regularly provide finance products to energy companies similar to our targeted investments, a number of them focus on different aspects of this market. We also face competition from other firms that do not specialize in energy finance but which are substantially larger and have considerably greater financial and marketing resources than we do. Some of our competitors have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors have higher risk tolerances or different risk assessments, which allow them to consider a wider variety of investments and establish more portfolio relationships than we can. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company; nor are they subject to the requirements imposed on RICs by Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code").

Employees

John H. Homier, our President and Chief Executive Officer and Richard A. Bernardy, our Secretary, Treasurer and Chief Financial Officer comprise our senior management. Each of our officers also serves as an officer of our manager and our administrator. Our day-to-day investment operations are conducted by our manager, which currently has a staff of 13. In addition, we reimburse our manager and/or our administrator for expenses incurred by them in connection with administering our business.

Regulation

Business Development Company

We have elected to be treated as a business development company under the 1940 Act. By electing to be treated as a business development company, we are subject to various provisions of the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between business development companies and their

affiliates (including any investment advisers or sub-advisers), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act. We may not change the nature of our business so as to cease to be, or withdraw our election to be treated as, a business development company without first obtaining the approval of a majority of our outstanding voting securities.

The Investment Adviser's Act of 1940 (the "Advisers Act") generally prohibits investment advisers from entering into investment advisory contracts with an investment company that provides for compensation to the investment adviser on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of the investment company. However, the Advisers Act does permit the payment of compensation based on capital gains in an investment advisory contract between an investment adviser and a business development company. We have elected to be treated as a business development company in order to provide incentive compensation to our manager based on the capital appreciation of our portfolio.

The following is a brief description of the 1940 Act, and is qualified in its entirety by reference to the full text of the 1940 Act and the rules thereunder.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act. Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies, except (a) that we may enter into hedging transactions to manage the risks associated with commodity price and interest rate fluctuations, (b) to the extent we purchase or receive warrants to purchase the common stock of our portfolio companies or conversion privileges in connection with acquisition financing or other investments, and (c) in connection with an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances. We do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, we generally are prohibited from (a) acquiring more than 3% of the voting stock of any registered investment company, (b) investing more than 5% of the value of our total assets in the securities of one investment company, or (c) investing more than 10% of the value of our total assets in the securities of more than one investment company. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses. We also do not intend to (a) purchase or sell real estate or interests in real estate or real estate investments trusts (except to the extent that oil or gas royalty, net profits, or leasehold interests may be considered interests in real estate), (b) sell securities short (except with respect to managing risks associated with publicly traded securities issued by portfolio companies), or (c) purchase securities on margin (except to the extent that we purchase securities with borrowed money or we grant a security interest in our assets (including our portfolio securities) to a lender). None of these policies are fundamental and may be changed without stockholder approval.

Qualifying Assets

A business development company must be organized and have its principal place of business in the United States and operate for the purpose of investing in securities of certain present and former "eligible portfolio companies" (as described in 1, 2, and 3 below) or certain bankrupt or insolvent companies, and must make available significant managerial assistance to its portfolio companies. A business development company may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our proposed business are the following:

1. Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from

any other person, subject to such rules as may be prescribed by the Securities and Exchange Commission (the "SEC"). An eligible portfolio company is defined in the 1940 Act as any issuer that:

(a) is organized under the laws of, and has its principal place of business in, the United States or any state;

(b) is not an investment company (other than a small business investment company wholly owned by the business development company) or a company that would be an investment company but for certain exclusions under the 1940 Act; and

(c) either: (i) does not have any class of securities with respect to which a broker or dealer may extend margin credit; (ii) is controlled by us or a group of companies including us and an affiliated person of us is a director of the eligible portfolio company; (iii) is a small and solvent company that has total assets of not more than $4 million and capital and surplus of not less than $2 million, or (iv) meets such other criteria as may be established by the SEC.

2. Securities of any eligible portfolio company that we control.

3. Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

4. Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

5. Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.

6. Cash, cash equivalents, U.S. Government securities or high-quality debt maturing in one year or less from the time of investment.

Control is presumed to exist where we own more than 25% of the outstanding voting securities of a portfolio company. The 1940 Act prohibits or restricts us from investing in certain types of companies such as brokerage firms, insurance companies, investment banking firms, and investment companies.

In November 2004, the SEC issued a proposed rule to eliminate the marginable security concept set forth in clause 1(c)(i) above and to define eligible portfolio companies generally as issuers that do not have a class of securities listed on an exchange or quoted on the Nasdaq Stock Market. In addition, legislation currently pending in Congress would expand the definition of eligible portfolio company to include publicly-traded companies with market capitalizations of $250 million and less. There is no assurance that either the proposed rule or legislation will be adopted as proposed or at all.

Non-Qualifying Assets

We may invest up to 30% of our total assets in assets that are not qualifying assets and are not subject to the limitations referenced above. These investments may include investments in asset-backed securities, financial guarantees, high-yield bonds, distressed debt, bridge loans, lease assets, commercial loans, private equity, securities of public companies or secondary market purchases of otherwise qualifying assets.

If the value of non-qualifying assets should at any time exceed 30% of our total assets, we will be precluded from acquiring any additional non-qualifying assets until such time as the value of our qualifying assets again equals at least 70% of our total assets.

Managerial Assistance to Portfolio Companies

In order to count portfolio securities as qualifying assets for the purpose of the 70% Test, as a business development company, we must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than certain small and solvent companies described above) significant managerial assistance. Making available significant managerial assistance means, among other things, (1) any arrangement whereby we, through our directors, officers or employees, offer to provide, and, if accepted, do so provide, significant guidance and counsel concerning the management, operations, or business objectives and policies of a portfolio company, (2) the exercise of a controlling influence over the management or policies of a portfolio company by us acting individually or as part of a group acting together to control such company, or (3) with respect to SBICs, the making of loans to a portfolio company. We may satisfy the requirements of clause (1) with respect to a portfolio company by purchasing securities of such company as part of a group of investors acting together if one person in such group provides the type of assistance described in such clause. However, we will not satisfy the general requirement of making available significant managerial assistance if we only provide such assistance indirectly through an investor group. We need only extend significant managerial assistance with respect to portfolio companies that are treated as "qualifying assets" for the purpose of satisfying the 70% Test.

Temporary Investments

Pending investment in other types of "qualifying assets," as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. Typically, we will invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. Government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the asset diversification requirements in order to qualify as a RIC for federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our manager will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of senior indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we are required to make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We are also permitted to borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage.

Sale and Purchase of Shares

We may sell shares of our common stock at a price below our prevailing net asset value per share only upon the approval of the policy by security holders holding a majority of the shares we have issued, including a majority of shares held by nonaffiliated security holders except in connection with an offering to our existing stockholders (including a rights offering), upon conversion of a convertible security, or upon exercise of certain warrants. We may repurchase our shares subject to the restrictions of the 1940 Act.

Regulated Investment Company

We intend to elect to be taxed as a regulated investment company under Subchapter M of the Code. As long as we qualify as a regulated investment company, we are not taxed on our investment company taxable income or

realized net capital gains, to the extent that such taxable income or gains are distributed, or deemed to be distributed, to shareholders on a timely basis.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation, as gains or losses are not included in taxable income until they are realized. In addition, gains realized for financial reporting purposes may differ from gains included in taxable income as a result of our election to recognize gains using installment sale treatment, which results in the deferment of gains for tax purposes until notes received as consideration from the sale of investments are collected in cash.

Dividends declared and paid by the Company in a year generally differ from taxable income for that year as such dividends may include the distribution of current year taxable income, the distribution of prior year taxable income carried forward into and distributed in the current year, or returns of capital. We are generally required to distribute 98% of our taxable income during the year the income is earned to avoid paying an excise tax. If this requirement is not met, the Code imposes a nondeductible excise tax equal to 4% of the amount by which 98% of the current year's taxable income exceeds the distribution for the year. The taxable income on which an excise tax is paid is generally carried forward and distributed to shareholders in the next tax year. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, as required.

In order to maintain our status as a regulated investment company, we must, in general, (1) continue to qualify as a business development company; (2) derive at least 90% of our gross income from dividends, interest, gains from the sale of securities and other specified types of income; (3) meet asset diversification requirements as defined in the Code; and (4) timely distribute to shareholders at least 90% of our annual investment company taxable income as defined in the Code. We intend to take all steps necessary to continue to qualify as a regulated investment company. However, there can be no assurance that we will continue to qualify for such treatment in future years.

At December 31, 2004, our temporary investments included commercial paper of certain issuers that exceeded 5% of the value of our total assets. These investments are classified as cash equivalents for financial statement purposes. We have been advised, however, that for purposes of the federal income tax rules governing RIC status, these commercial paper investments may not be classified as cash items, in which case we did not meet the RIC asset diversification requirements at December 31, 2004 and were instead treated as a "C" corporation for tax purposes for 2004. Because we had a net loss for the period from August 6, 2004 (commencement of operations) to December 31, 2004, we have determined that our treatment as a "C" corporation for tax purposes for 2004 will not result in any material adverse tax consequences to our stockholders.

We have modified our investment holdings in order to qualify as a RIC under the asset diversification requirements for the quarter ending March 31, 2005. We intend to take all steps necessary to continue to qualify as a RIC in 2005 and in future periods. However, there can be no assurance that we will continue to qualify for such treatment in future periods.

The Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") imposes a wide variety of regulatory requirements on publicly held companies and their insiders. Many of these requirements apply to us, including:

- Our Chief Executive Officer and Chief Financial Officer must certify the accuracy of the financial statements contained in our periodic reports, and so certified through the filing of Section 302 certifications as exhibits to our annual reports on Form 10-K;

- Our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- Beginning with fiscal year 2005, our annual report on Form 10-K will contain a report from our management on internal control over financial reporting, including a statement that our management is responsible for establishing and maintaining adequate internal control over financial reporting as well as our management's assessment of the effectiveness of our internal control over financial reporting, which must be audited by our independent registered public accounting firm.
- Our periodic reports must disclose whether there were significant changes in our internal control over financial reporting or in other factors that could significantly affect our internal control over financial reporting subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses; and
- We may not make any loan to any director or executive officer.

As a newly formed company, we will not be subject to an independent audit of our internal control policies and procedures until our 2005 fiscal year audit. We have engaged an independent consulting firm and are in the process of developing and adopting procedures to comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

Nasdaq Corporate Governance

The Nasdaq Stock Market has adopted rules related to corporate governance. Pursuant to these rules, each company listed on Nasdaq must certify its compliance with the audit committee composition, audit committee and nominating committee charter, executive sessions and code of conduct requirements. In addition, Nasdaq Stock Market Rules 4310(c)(16) and 4302(e)(14) require that, except in unusual circumstances, we must make prompt disclosure to the public through any Regulation FD-compliant method (or combination of methods) of disclosure of any material information that would reasonably be expected to affect the value of our securities or influence investors' decisions. We must, prior to the release of the information, provide notice of such disclosure to StockWatch (part of Nasdaq's MarketWatch) if the information involves certain material events identified by Nasdaq. These requirements permit StockWatch to assess the news disclosure for materiality and, in certain circumstances, implement temporary trading halts to allow for even dissemination of material news. We have adopted certain policies and procedures to comply with the Nasdaq Stock Market corporate governance and disclosure rules.

Risks Factors Affecting Future Results

In the normal course of our business, in an effort to keep our stockholders and the public informed about our operations and portfolio of investments, we may from time-to-time issue certain statements, either in writing or orally, that contain or may contain forward-looking statements. Generally, these statements relate to business plans or strategies, projected or anticipated benefits of new or follow-on investments made by or to be made by us, or projections involving anticipated purchases or sales of securities or other aspects of our operating results. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially. As noted elsewhere in this report, our operations and portfolio of investments are subject to a number of uncertainties, risks and other influences, many of which are outside our control, and any one of which, or a combination of which, could materially affect the results of our operations or net asset value, the market price of our common stock, and whether forward-looking statements made by us ultimately prove to be accurate. For a full discussion of the factors to be considered before investing in shares of our common stock, see "Risk Factors" beginning on page 13 of our registration statement on Form N-2 filed with the SEC on November 9, 2004 (Registration No. 333.118279) and incorporated herein by reference (the "Registration Statement").

Forward Looking Statements

Certain statements in this report that relate to estimates or expectations of our future performance or financial condition may constitute "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to various risks and uncertainties, which could cause actual results and conditions to differ materially from those projected, including, but not limited to,

- uncertainties associated with the timing of transaction closings;
- changes in the prospects of our portfolio companies;
- changes in interest rates;
- changes in regional, national, or international economic conditions and their impact on the industries in which we invest;
- the future operating results of our portfolio companies and their ability to achieve their objectives;
- changes in the conditions of the industries in which we invest;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of our manager to locate suitable investments for us and to monitor and administer the investments; and
- other factors enumerated in our filings with the Securities and Exchange Commission.

We may use words such as "anticipates," "believes," "expects," "intends", "will", "should," "may" and similar expressions to identify forward-looking statements. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from our historical experience and present expectations. Undue reliance should not be placed on such forward-looking statements; as such statements speak only as of the date on which they are made. Additional information regarding these and other risks and uncertainties is contained in our periodic filings with the SEC.

Item 2. Properties.

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are located in Houston, Texas, where we occupy our office space leased by our Administrator pursuant to a lease agreement (to which we are not a party) dated December 3, 2004 that expires on May 31, 2010.

Item 3. Legal Proceedings.

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us.

Item 4. Submission of Matters to a Vote of Security Holders.

In anticipation of our initial public offering, we asked our sole stockholder to approve several items by written consent in lieu of special meeting during the fourth quarter of the year ended December 31, 2004. At the time, we had 100 shares of common stock outstanding, 100% of which was owned by Natural Gas Partners, L.L.C.

On October 29, 2004, we asked our sole stockholder to approve by written consent in lieu of special meeting the amendment and restatement of our articles of incorporation such that the provisions thereof complied with the

Investment Company Act of 1940. The consent was executed on October 29, 2004 by Natural Gas Partners, L.L.C. A copy of our articles of amendment and restatement is filed as Exhibit 3.2 to this annual report.

On November 1, 2004, we asked our sole stockholder to approve by written consent in lieu of special meeting the form of indemnity agreement between the Company and each of our officers and directors and the execution of an investment advisory agreement with NGP Investment Advisor, LP pursuant to which NGP Investment Advisor, LP would provide us with investment advisory services. The consent was executed on November 1, 2004 by Natural Gas Partners, L.L.C. A copy of the form of indemnity agreement was filed as an exhibit to Amendment No. 4 to our Registration Statement on Form N-2 (File No. 333-118279) filed on October 29, 2004 and is incorporated into this annual report by reference to such filing. A copy of the investment advisory agreement is filed as Exhibit 10.2 to this annual report.

No other matters were put forth to a vote of the security holders during the fourth quarter of the year ended December 31, 2004.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is quoted on the National Market tier of the Nasdaq Stock Market under the symbol "NGPC". Our common stock began trading on November 10, 2004, at an initial public offering price of $15.00 per share. On March 15, 2005, there were approximately 17,580 record holders and beneficial owners (held in street name) of our common stock. The following table sets forth the range of high and low sales prices of our common stock as reported on the Nasdaq Stock Market and our dividends declared from our IPO through December 31, 2004.

	Sale Price		
	High	Low	Dividend Declared
Fourth Quarter (beginning November 9, 2004)	$16.15	$14.20	$ 0.00

On March 18, 2005, our board of directors declared a cash dividend of $0.12 per share on our common stock. The record date for the dividend is March 31, 2005. We intend to pay to our stockholders, on a quarterly basis, dividends out of assets legally available for distribution. As a business development company, we intend to operate so as to be treated as a RIC under Subchapter M of the Code for 2005 and later years. To maintain RIC status, we must, in general, (1) continue to qualify as a business development company; (2) derive at least 90% of our gross income from dividends, interest, gains from the sale of securities and other specified types of income; (3) meet asset diversification requirements as defined in the Code; and (4) timely distribute to shareholders at least 90% of our annual investment company taxable income as defined in the Code. We report the estimated tax characteristics of each dividend when declared, while the actual tax characteristics of dividends are reported annually to each stockholder on Form 1099-DIV.

The determination of the amount of cash dividends, including the quarterly dividend referred to above, if any, to be declared and paid will depend upon our financial condition, results of operations, cash flow, the level of our capital expenditures, future business prospects and any other matters that our board of directors deems relevant. There is no assurance that we will achieve investment results or maintain a tax status that will permit any specified level of cash distribution or year-to-year increase in cash distributions.

Use of Proceeds from Registered Securities

On November 9, 2004, our Registration Statement (Registration No. 333-118279) was declared effective by the SEC in connection with our initial public offering of 16,000,000 shares of common stock (plus up to

2,400,000 additional shares of common stock upon the exercise of the underwriters' over-allotment option), which commenced trading on November 10, 2004. The initial public offering did not terminate prior to the sale of all the securities registered. The initial public offering consisted solely of one class of common stock. The number of securities registered, including the shares of common stock subject to the underwriters' over-allotment option, was 18,400,000, of which 17,400,000 were sold to the public. The aggregate price of the offering amount registered was $276,000,000 and the aggregate offering price of the shares sold was $261,000,000.

From November 9, 2004, the effective date of the Registration Statement, to December 31, 2004, we incurred total expenses in connection with the issuance and distribution of our common stock registered in the amount of $16,663,000 including underwriting discounts and commissions in the amount of $14,355,000, expenses paid to or for underwriters in the amount of $750,000, and other expenses in the amount of $1,558,000. All expense payments were made directly or indirectly to persons other than directors, officers, or their associates; persons owning ten percent of more of any class of our securities; and our affiliates. The net offering proceeds received by us from the initial public offering of the shares of common stock, after deducting expenses and underwriting discounts and commissions, were approximately $244,337,000.

We plan to use the net proceeds received from the initial public offering for investing in portfolio companies in accordance with our investment objectives and strategies as described in our Registration and incorporated herein by reference. From November 15, 2004, the day we received the net proceeds from the initial public offering, to December 31, 2004, we invested approximately $66 million in the debt securities of two portfolio companies and paid a management fee to our manager in the amount $452,676, organization costs in the amount $704,808, and general and administrative expenses (including payments to the administrator) in the amount of $285,771. At December 31, 2004, we had cash and cash investments of $136.3 million, and investments in agency and auction rate securities of $41.3 million.

Item 6. Selected Financial Data.

The following table sets forth our selected historical financial and operating data, as of and for the dates and period indicated. The selected historical financial data are derived from our audited financial statements and should be read in conjunction with our financial statements and notes thereto and together with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

		Period August 6, 2004 (commencement of operations) through December 31, 2004
Total operating income	$	853,038
Total operating expenses	$	1,443,255
Net investment loss	$	(590,217)
Unrealized appreciation on portfolio securities	$	290,789
Net decrease in stockholders' equity (net assets) resulting from operations	$	(299,428)
Per share data:		
Net investment loss	$	(0.03)
Unrealized appreciation on portfolio securities	$	0.01
Net decrease in stockholders' equity (net assets) resulting from operations	$	(0.02)
Net assets	$	14.03
Balance Sheet Data:		
Total assets	$	244,552,003
Long-term debt	$	—
Stockholders' equity (net assets)	$	244,038,830

Ite m 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a newly organized financial services company, which commenced operations on August 6, 2004, created to invest primarily in debt securities of small and mid-size energy companies. On November 9, 2004, we completed our initial public offering and became an externally managed, non-diversified, closed-end investment company and elected to be treated as a business development company under the 1940 Act. As such, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, for tax purposes we intend to operate so as to be treated as a RIC under the Code for 2005 and later years. Pursuant to these elections, we generally will not have to pay corporate-level taxes on any income and capital gains we distribute to our stockholders.

Our investment objective is to generate both current income and capital appreciation primarily through debt investments with certain equity components. A key focus area for our targeted investments in the energy industry is domestic E&P businesses and midstream businesses that gather, process and transport oil and gas. We also evaluate investment opportunities outside of the oil and gas business, such as coal businesses, and businesses engaged in the downstream sector, including power and electricity investment opportunities. Our investments will generally range in size from $10 million to $50 million, although a few investments may be substantially in excess of this range. Our targeted investments primarily consist of debt instruments, including senior and subordinated loans combined in one facility with an equity component, subordinated loans and subordinated loans with equity components and redeemable preferred stock or similar securities.

Critical Accounting Policies

Valuation of Investments

The valuation committee prepares the portfolio company valuations each quarter using the most recent portfolio company financial statements and forecasts. The valuation committee consults with the officers or employees of the manager who are managing the portfolio company to obtain further updates on the portfolio company performance, including information such as industry trends, new product development, and other operational issues. The valuations are reviewed by the audit committee of the board of directors and presented to the overall board of directors, which reviews and approves the portfolio valuations in accordance with the following valuation policy.

Investments are carried at fair value, as determined in good faith by our board of directors. Securities that are publicly traded are valued at the closing price on the valuation date. For debt and equity securities of companies that are not publicly traded, or for which we have various degrees of trading restrictions, we prepare a valuation analysis which for equity securities uses traditional valuation methodologies to estimate the enterprise value of the portfolio company issuing the securities and in the case of debt securities consists of traditional valuation methodologies to estimate the value of the assets of the portfolio company. The methodologies for determining asset valuations include estimates based on: the liquidation or collateral value of the portfolio company's assets, the discounted value of expected future net cash flows from the assets and third party valuations of the portfolio company's assets, such as engineering reserve reports of oil and gas properties. The methodologies for determining enterprise valuations includes estimates based on: valuations of comparable public companies, recent sales of comparable companies, the value of recent investments in the equity securities of the portfolio company and the asset valuation methodologies described above. We weight some or all of the above valuation methods to determine the estimated enterprise value of the company. In valuing convertible debt or equity securities, we value our equity investment based on our pro rata share of the residual equity value available after deducting all outstanding debt from the estimated enterprise value. We value non-convertible debt securities at cost plus amortized original issue discount, or OID, to the extent that the estimated value of the assets of the portfolio company exceeds the outstanding debt of the portfolio company. If the estimated asset

value is less than the outstanding debt of the company, we reduce the value of our debt investment beginning with the junior most debt such that the asset value less the value of the outstanding debt is zero. If there is sufficient asset value to cover the face amount of a debt security that has been discounted due to the detachable equity warrants received with that security, that detachable equity warrant will be valued such that the sum of the discounted debt security and the detachable equity warrant equal the face value of the debt security.

Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different from the valuations currently assigned.

Securities Transactions, Interest and Dividend Income Recognition

All securities transactions are accounted for on a trade-date basis. Interest income is recorded on the accrual basis to the extent that such amounts are expected to be collected. OID is accreted into interest income using the effective interest method. OID initially represents the value of detachable equity warrants obtained in conjunction with the acquisition of debt securities. The portion of the loan origination fees paid that represent additional yield or discount on a loan are deferred and accreted into interest income over the life of the loan using the effective interest method. Dividend income is recognized on the ex-dividend date. We stop accruing interest or dividends on our investments when it is determined that the interest or dividend is not collectible. We assess the collectibility of the interest and dividends based on many factors including the portfolio company's ability to service our loan based on current and projected cash flows as well as the current valuation of the company's assets. For investments with payment-in-kind, or PIK, interest, we base income accruals on the valuation of the PIK notes received from the borrower. If the portfolio company's asset valuation indicates a value of the PIK notes that is not sufficient to cover the contractual interest, we will not accrue interest income on the notes.

A change in a portfolio company's operating performance and cash flows can impact a portfolio company's ability to service our debt and therefore could impact our interest income recognition.

Fee Income Recognition

Fees primarily include financial advisory, transaction structuring, loan financing, and prepayment fees. Financial advisory fees represent amounts received for providing advice and analysis to companies and are recognized as earned provided collection is probable. Transaction structuring and loan financing fees represent amounts received for structuring, financing, and executing transactions and are generally payable only if the transaction closes and are recognized as earned when the transaction is completed. Prepayment fees are recognized as they are received.

Portfolio and Investment Activity

We were pleased with our first 47 days of investment activity after the completion of our initial public offering. We made our first two targeted investments and, as of December 31, 2004, had invested approximately $66 million or 27% of our initial net proceeds in targeted investments consistent with our business plan.

Specifically, we invested a total of approximately $57.8 million in two loans to Crescent Resources, LLC, a California based exploration and production company, as part of the financing for an acquisition of producing assets. The two loans consist of a Senior Subordinated Secured Term Loan with a face amount of $48.25 million, and a Senior Subordinated Secured Bridge Loan with a face amount of $10.8 million. The Term Loan has a term of four years and a cash coupon of LIBOR plus 950 basis points. The Bridge Loan also has a term of four years and a 14% coupon, payable in kind. There are certain incentives built into the structure of the Bridge Loan for the borrower to repay the loan prior to maturity. As of March 18, 2005, the borrower had repaid the entire balance of the Bridge Loan. As of December 31, 2004, both loans were performing as agreed.

We also invested approximately $7.95 million in Senior Notes issued by Venoco, Inc. in a Rule 144A bond offering in December, 2004. These notes have a face amount of $8 million, are unsecured, and have a coupon of 8.75%. As of December 31, 2004, this investment was performing as agreed.

As of December 31, 2004, the balance of the net proceeds of the offering was invested in commercial paper, auction rate securities and money market funds.

The weighted average yield on the senior notes purchased during the period ended December 31, 2004 was 8.8%. The weighted average yield on the senior subordinated secured debt purchased during the period ended December 31, 2004 was 12.6%. At December 31, 2004, the weighted average yield on our capital invested in portfolio companies was 12.1%. The weighted average yield on our entire portfolio, including cash equivalents, agency notes and auction rate securities, was 4.9% at December 31, 2004. Yields are computed using interest rates as of the balance sheet date and include amortization of loan origination fees, original issue discount and market premium or discount, weighted by their respective costs when averaged.

To maintain our status as a business development company, we must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). If we invest in an issuer that, at the time of the investment, has outstanding securities as to which a broker or dealer may extend or maintain margin credit or "marginable securities," these acquired assets cannot normally be treated as qualifying assets. This results from the definition of "eligible portfolio company" under the 1940 Act, which in part looks to whether a company has outstanding securities that are eligible for margin credit. Amendments promulgated in 1998 by the board of Governors of the Federal Reserve System to Regulation T under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), expanded the definition of marginable security to include any non-equity security. These amendments have raised questions as to whether a private company that has outstanding debt securities would qualify as an eligible portfolio company. We have noted that under applicable self-regulatory organization rules that govern the ability of brokers and dealers to extend margin credit, many non-equity securities issued by private companies may not be effectively marginable. In November 2004, the SEC issued a proposed rule to eliminate the marginable security concept and to define eligible portfolio companies generally as issuers that do not have a class of securities listed on an exchange or quoted on the Nasdaq Stock Market. If adopted, this rule would eliminate the current uncertainty as to the definition of eligible portfolio company. While the SEC has proposed the foregoing rule, which will correct the current uncertainty, there is no assurance that the rule will be adopted as proposed or at all. Legislation has also been filed in Congress that would correct this uncertainty. There is no assurance that such legislation will be passed.

We continue to monitor this issue closely and intend to adjust our investment focus as needed to comply with and/or take advantage of any future administrative position, judicial decision or legislative action.

Results of Operations

We commenced operations on August 6, 2004 and therefore have no prior periods with which to compare operating results for the period ended December 31, 2004. We received the net proceeds of the initial offering on November 15, 2004. As of December 31, 2004, we were in the initial stages of investment operations and over 27% of our net assets were invested in debt securities and loans to two private oil and gas production companies (discussed above) with the remainder invested in short term commercial paper, agency notes, auction rate and money market securities.

Investment Income

We generate revenue in the form of interest income on the debt securities that we own, dividend income on any common or preferred stock that we own, and capital gains or losses on any debt or equity securities that we acquire in portfolio companies and subsequently sell. Our investments, if in the form of debt securities, typically

have a term of three to seven years and bear interest at a fixed or floating rate. To the extent achievable, we seek to collateralize our investments by obtaining security interests in our portfolio companies' assets. We also may acquire minority or majority equity interests in our portfolio companies, which may pay cash or in-kind dividends on a recurring or otherwise negotiated basis. In addition, we may generate revenue in other forms including commitment, origination, structuring or due diligence fees; fees for providing managerial assistance; and possibly consultation fees. Any such fees generated in connection with our investments are recognized as earned. Investment income was modest for the period August 6, 2004 (commencement of operations) through December 31, 2004, as it largely reflected income generated from investments in cash and cash equivalents commencing on November 15, 2004 (the date of receipt of the net proceeds from the initial public offering). Interest income approximated $853,000 for the period with $610,000 attributable to cash equivalents, agency notes and auction rate securities and $243,000 attributable to targeted investments in portfolio companies.

Operating Expenses

For the period August 6, 2004 (commencement of operations) through December 31, 2004, operating expenses approximated $1.44 million. This amount consisted of investment advisory and management fees, insurance expenses, administrative services fees, professional fees, directors' fees and other general and administrative expenses. It also included a non-recurring charge of approximately $705,000 in expenses related to the organization of the Company.

The operating expenses for the period represented our allocable portion of the total organizational and operating expenses incurred by us, our manager and our administrator, as determined by our board of directors and representatives of our manager and our administrator taking into account our start-up nature. As our operations continue to mature, the amount of operating expenses allocated to us under the terms of our investment advisory and administration agreements with our manager and our administrator could likely increase. Although we would anticipate any increased expenses to be mitigated by increased operating revenues, our net income and dividends in future periods could be reduced by increases in operating expenses.

Net Investment Loss, Unrealized Appreciation and Stockholders' Equity

For the period August 6, 2004 (commencement of operations) through December 31, 2004, we had a net investment loss of approximately $590,000, and our portfolio had net unrealized appreciation of approximately $291,000. Overall, we had a net decrease in stockholders' equity (net assets) resulting from operations of approximately $299,000 or $0.02 per share.

Financial Condition, Liquidity and Capital Resources

In November 2004, we completed an initial public offering of our common stock and received proceeds, net of underwriters' discount and commissions and expenses, of $244.3 million in exchange for 17.4 million common shares. At December 31, 2004, we had cash and cash equivalents of approximately $136.3 million, and investments in agency and auction rate securities of approximately $41.3 million, which represent the balance of the net proceeds of our initial public offering after investments in portfolio companies approximating $65.8 million.

During 2004, we funded investments using the net proceeds from our IPO. We expect to fund our investments in 2005 from the balance of the net proceeds from our IPO and income earned on temporary investments. In the future, we may also fund a portion of our investments through borrowings under credit facilities with banks or the issuances of equity or senior debt securities. In the future, we may also securitize a portion of our investments in mezzanine or senior secured loans or other assets. Our primary use of funds will be investments in portfolio companies and cash distributions to holders of our common stock.

Dividends

We intend to elect to be taxed as a regulated investment company under Subchapter M of the Code for 2005 and later years. As a RIC, we will be required to distribute annually at least 90% of our investment company taxable income and at least 98% of our capital gain net income to avoid an excise tax. We intend to make distributions to our stockholders on a quarterly basis of substantially all of our net operating income. We also currently intend to make distributions of net realized capital gains, if any, at least annually. However, we may in the future decide to retain capital gains for investment and designate such retained dividends as a deemed distribution.

We have also established an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend, a stockholder's cash dividend will be automatically reinvested in additional shares of our common stock unless the stockholder specifically "opts out" of the dividend reinvestment plan and elects to receive cash dividends. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings when applicable to us as a business development company under the 1940 Act and due to provisions in our credit facilities. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our status as a regulated investment company. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

For the period August 6, 2004 (commencement of operations) through December 31, 2004, we were treated as a "C" corporation and did not generate taxable income and thus declared no dividend. On March 18, 2005, we declared a quarterly dividend in the amount of $0.12 per common share for shareholders of record on March 31, 2005. The dividend will be paid on April 15, 2005.

Portfolio Credit Quality

We maintain a system to evaluate the credit quality of our loans. This system is intended to reflect the performance of a portfolio company's business, the collateral coverage of a loan, and other factors considered relevant. As of December 31, 2004, both of our investments in portfolio companies were rated in the top category, performing at or above plan.

I tem 7A. Quantitative and Qualitative Disclosures About Market Risk.

Our business activities contain elements of risk. We consider the principal market risks to be fluctuations in interest rates and the valuation of our investment portfolio. To date we have not used derivative financial instruments to mitigate either of these risks, though we may do so in the future. The return on our investments is generally not directly affected by foreign currency fluctuations.

We primarily invest in illiquid debt securities of companies. In some cases these investments include additional equity components. Our investments are generally subject to restrictions on resale and generally have no established trading market. We value substantially all of our investments at fair value as determined in good faith by the board of directors in accordance with our valuation policy. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make.

Investments are carried at fair value, as determined in good faith by our board of directors. Securities that are publicly traded are valued at the closing price on the valuation date. For debt and equity securities of companies that are not publicly traded, or for which we have various degrees of trading restrictions, we prepare a valuation analysis which for equity securities uses traditional valuation methodologies to estimate the enterprise value of the portfolio company issuing the securities and in the case of debt securities consists of traditional valuation methodologies to estimate the value of the assets of the portfolio company. The methodologies for

determining asset valuations include estimates based on: the liquidation or collateral value of the portfolio company's assets, the discounted value of expected future net cash flows from the assets and third party valuations of the portfolio company's assets, such as engineering reserve reports of oil and gas properties. The methodologies for determining enterprise valuations include estimates based on: valuations of comparable public companies, recent sales of comparable companies, the value of recent investments in the equity securities of the portfolio company and the asset valuation methodologies described above. We weight some or all of the above valuation methods to determine the estimated enterprise value of the company. In valuing convertible debt or equity securities, we value our equity investment based on our pro rata share of the residual equity value available after deducting all outstanding debt from the estimated enterprise value. We value non-convertible debt securities at cost plus amortized original issue discount, or OID, to the extent that the estimated value of the assets of the portfolio company exceeds the outstanding debt of the portfolio company. If the estimated asset value is less than the outstanding debt of the company, we reduce the value of our debt investment beginning with the junior most debt such that the asset value less the value of the outstanding debt is zero. If there is sufficient asset value to cover the face amount of a debt security that has been discounted due to the detachable equity warrants received with that security, that detachable equity warrant will be valued such that the sum of the discounted debt security and the detachable equity warrant equal the face value of the debt security.

Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different from the valuations currently assigned.

In addition, the illiquidity of our investments may adversely affect our ability to dispose of debt and equity securities at times when it may be otherwise advantageous for us to liquidate such investments. In addition, if we were forced to immediately liquidate some or all of the investments in the portfolio, the proceeds of such liquidation would be significantly less than the current value of such investments.

Once we have fully invested the net proceeds from our initial public offering, we intend to borrow money to make investments. Once we borrow money to make investments, our net investment income will be dependent upon the difference or spread between the rate at which we borrow funds and the rate at which we invest these funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase, which would reduce our net investment income.

We anticipate that we will use a combination of long-term and short-term borrowings and equity capital to finance our investing activities. We expect to obtain a revolving line of credit as a means to bridge to long-term financing and that our long-term fixed-rate investments will be financed primarily with long-term fixed-rate debt and equity. In addition, we may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

Item 8. Financial Statements and Supplementary Data.

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
NGP Capital Resources Company:

We have audited the accompanying balance sheet of NGP Capital Resources Company, including the schedule of investments, as of December 31, 2004 and the related statements of operations, changes in stockholders' equity (net assets), and cash flows for the period August 6, 2004 (commencement of operations) through December 31, 2004, and the financial highlights for the period August 6, 2004 (commencement of operations) through December 31, 2004. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation and physical examination of securities owned as of December 31, 2004, by correspondence with custodians. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of NGP Capital Resources Company as of December 31, 2004, the results of its operations, changes in its stockholders' equity (net assets), and cash flows for the period August 6, 2004 (commencement of operations) through December 31, 2004, and the financial highlights for the period August 6, 2004 (commencement of operations) through December 31, 2004 in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Fort Worth, Texas
April 7, 2005

NGP CAPITAL RESOURCES COMPANY

BALANCE SHEET

	December 31, 2004
Assets:	
Investments in portfolio securities at fair value (cost $65,770,724)	$ 66,061,513
Investments in Agency and Auction Rate Securities, at cost which approximates fair value	41,301,002
Total investments	107,362,515
Cash and cash equivalents, at cost which approximates fair value	136,314,402
Accounts receivable	80,000
Interest receivable	303,484
Prepaid assets	491,602
Total assets	$ 244,552,003
Liabilities and stockholders' equity (net assets):	
Liabilities:	
Accounts payable	$ 513,173
Total Liabilities	513,173
Stockholders' equity (net assets)	
Common stock, $.001 par value, 250,000,000 shares authorized; 17,400,100 shares issued and outstanding	17,400
Paid-in capital in excess of par	244,320,858
Accumulated net investment loss	(590,217)
Unrealized appreciation of portfolio securities	290,789
Total stockholders' equity (net assets)	244,038,830
Total liabilities and stockholders' equity (net assets)	$ 244,552,003
Net assets per share	$ 14.03

(See accompanying notes to financial statements)

NGP CAPITAL RESOURCES COMPANY

STATEMENT OF OPERATIONS

	Period August 6, 2004 (commencement of operations) through December 31, 2004
Operating income:	
Interest income	$ 853,038
Total operating income	853,038
Operating expenses:	
Management fees	452,676
Organization costs	704,808
General and administrative expenses	285,771
Total operating expenses	1,443,255
Net investment loss	(590,217)
Unrealized appreciation on portfolio securities	290,789
Net decrease in stockholders' equity (net assets) resulting from operations	$ (299,428)
Net decrease in stockholders' equity (net assets) resulting from operations per common share	$ (0.02)

(See accompanying notes to financial statements)

NGP CAPITAL RESOURCES COMPANY

STATEMENT OF STOCKHOLDERS' EQUITY (NET ASSETS)
PERIOD AUGUST 6, 2004 (COMMENCEMENT OF OPERATIONS)
THROUGH DECEMBER 31, 2004

	Common Stock		Paid-in Capital in Excess of Par	Accumulated Net Investment Loss	Unrealized Appreciation of Portfolio Securities	Total Stockholders' Equity (Net Assets)
	Shares	Amount				
Balance at August 6, 2003 (commencement of operations)	100	$ —	$ 1,500	$ —	$ —	$ 1,500
Issuance of common stock from public offering (net of underwriting costs)	17,400,000	17,400	246,627,600	—	—	246,645,000
Offering costs	—	—	(2,308,242)	—	—	(2,308,242)
Net increase (decrease) in stockholders' equity (net assets) resulting from operations	—	—	—	(590,217)	290,789	(299,428)
Balance at December 31, 2004	17,400,100	$ 17,400	$ 244,320,858	$ (590,217)	$ 290,789	$ 244,038,830

(See accompanying notes to financial statements)

NGP CAPITAL RESOURCES COMPANY

STATEMENT OF CASH FLOWS

	Period August 6, 2004 (commencement of operations) through December 31, 2004
Cash Flows from Operating Activities	
Net decrease in stockholders' equity (net assets) resulting from operations	$ (299,428)
Adjustments to reconcile net decrease in stockholders' equity (net assets) resulting from operations to net cash used in operating activities:	
Increase in accounts receivable	(80,000)
Increase in interest receivable	(303,484)
Increase in prepaid assets	(491,602)
Increase in accounts payable	513,173
Unrealized appreciation on portfolio securities	(290,789)
Net cash used in operating activities	(952,130)
Cash Flows from Investing Activities	
Purchase of investments in portfolio securities	(65,770,724)
Purchase of investments in agency and auction rate securities	(53,801,002)
Sale of investments in agency and auction rate securities	12,500,000
Net cash used in investing activities	(107,071,726)
Cash flows from financing activities	
Net proceeds from the issuance of common stock	246,645,000
Offering costs from the issuance of common stock	(2,308,242)
Net cash provided by financing activities	244,336,758
Net increase in cash and cash equivalents	136,312,902
Cash and cash equivalents, beginning of the period	1,500
Cash and cash equivalents, end of period	$ 136,314,402

(See accompanying notes to financial statements)

NGP Capital Resources Company

Schedule of Investments
December 31, 2004

Portfolio Company (1)	Energy Industry Segment	Investment (2)	Principal	Cost	Fair Value (3)
Crescent Resources, LLC	Production and Development	Senior Subordinated-Secured Term Loan (LIBOR + 9.5%, due 12/20/2008)	$ 48,250,000	$ 47,246,400	$ 47,246,400
		Senior Subordinated-Secured Bridge Loan (14% PIK, due 12/20/2008)	10,800,000	10,575,360	10,575,360
Venoco Inc.	Production and Development	Senior Notes (8.75%, due 12/15/2011)	8,000,000	7,948,964	8,239,753
Total Targeted Investments (27.1%)				**$ 65,770,724**	**$ 66,061,513**

Issuing Company	Industry Segment	Investment (4), (5)	Principal	Cost	Fair Value
SLM Student Loan Trust 2002-2007	Government Agency	Agency Notes, 2.4%	$ 10,000,000	$ 10,000,000	$ 10,000,000
ARG Funding Corp	Auto Rental	Auction Rate Security, 2.45%	5,000,000	5,000,000	5,000,000
Vermont Student Asst 2001	State Agency	Auction Rate Security, 2.10%	1,050,000	1,050,000	1,050,000
Massachusetts St. Health Facility	State Agency	Auction Rate Security, 2.33%	100,000	100,181	100,181
Northeastern Univ. Mass. Revenue	State Agency	Auction Rate Security, 2.24%	3,000,000	2,999,970	2,999,970
Potomoc Trust Capital I	State Agency	Auction Rate Security, 2.50%	5,030,000	5,030,000	5,030,000
Insurance Note Capital II	Insurance	Auction Rate Security, 2.50%	5,004,167	5,004,167	5,004,167
SLM Private Cr Student Loan Trust	Government Agency	Auction Rate Security, 1.95%	1,000,000	1,000,242	1,000,242
Insurance Note Capital IV	Insurance	Auction Rate Security, 2.50%	5,500,000	5,500,000	5,500,000
Potomoc Trust Capital II	State Agency	Auction Rate Security, 2.50%	2,500,000	2,500,000	2,500,000
San Diego Cty California Pension	State Agency	Auction Rate Security, 2.30%	3,100,000	3,116,442	3,116,442
Total Agency and Auction Rate Securities (16.9%)				**$ 41,301,002**	**$ 41,301,002**
Total Investments (44.0%)					**$ 107,362,515**

(1) None of our portfolio companies are controlled by or affiliated with us as defined by the Investment Company Act of 1940.
(2) Percentage represents interest rates in effect at December 31, 2004, and due date represents the contractual maturity date.
(3) Fair value of targeted investments is determined by or under the direction of the Board of Directors (See Note 2 to the financial statements).
(4) All investments are in entities with primary operations in the United States of America.
(5) Interest reset date in 90 days or less.

(See accompanying notes to financial statements)

NGP CAPITAL RESOURCES COMPANY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Note 1: Organization

NGP Capital Resources Company (the "Company") was organized as a Maryland corporation in July 2004. The Company has elected to be treated as a business development company under the Investment Company Act of 1940, as amended. In addition, the Company intends to qualify to elect to be treated for tax purposes as a regulated investment company, ("RIC"), under the Internal Revenue Code of 1986, as amended (the "Code") for 2005 and later years. The Company was created to invest primarily in small and mid-size energy companies, which are generally defined as companies that have net asset values or annual revenues of less than $500 million. The Company's investment objective is to generate both current income and capital appreciation through debt investments with certain equity components.

The Company is managed and advised, subject to the overall supervision of the Company's board of directors, by NGP Investment Advisor, L.P. (the "Manager"), a Delaware limited partnership owned by Natural Gas Partners, LLC and NGP Administration LLC (the "Administrator"), the Company's administrator.

Note 2: Significant Accounting Policies

Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America that require management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and highly liquid investments with original maturities of three months or less when purchased. Cash and cash equivalents are carried at cost which approximates fair value as of December 31, 2004.

Concentration of Credit Risk

The Company places its cash and cash equivalents with financial institutions and, at times, cash held in checking accounts may exceed the Federal Deposit Insurance Corporation insured limit.

Valuation of Investments

The valuation committee prepares the portfolio company valuations each quarter using the most recent portfolio company financial statements and forecasts. The valuation committee consults with the officers or employees of the manager who are managing the portfolio company to obtain further updates on the portfolio company performance, including information such as industry trends, new product development, and other operational issues. The valuations are reviewed by the valuation committee of the board of directors and presented to the overall board of directors, which reviews and approves the portfolio valuations in accordance with the following valuation policy.

Investments are carried at fair value, as determined in good faith by the board of directors. Securities that are publicly traded are valued at the closing price on the valuation date. For debt and equity securities of companies that are not publicly traded, or for which there are various degrees of trading restrictions, we prepare a valuation analysis which for equity securities uses traditional valuation methodologies to estimate the enterprise value of the portfolio company issuing the securities and in the case of debt securities consists of traditional

NGP CAPITAL RESOURCES COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)
DECEMBER 31, 2004

valuation methodologies to estimate the value of the assets of the portfolio company. The methodologies for determining asset valuations include estimates based on: the liquidation or collateral value of the portfolio company's assets, the discounted value of expected future net cash flows from the assets and third party valuations of the portfolio company's assets, such as engineering reserve reports of oil and gas properties. The methodologies for determining enterprise valuations include estimates based on: valuations of comparable public companies, recent sales of comparable companies, the value of recent investments in the equity securities of the portfolio company and the asset valuation methodologies described above. We weight some or all of the above valuation methods to determine the estimated enterprise value of the company. In valuing convertible debt or equity securities, we value our equity investment based on our pro rata share of the residual equity value available after deducting all outstanding debt from the estimated enterprise value. We value non-convertible debt securities at cost plus amortized original issue discount, or OID, to the extent that the estimated value of the assets of the portfolio company exceeds the outstanding debt of the portfolio company. If the estimated asset value is less than the outstanding debt of the company, we reduce the value of our debt investment beginning with the junior most debt such that the asset value less the value of the outstanding debt is zero. If there is sufficient asset value to cover the face amount of a debt security that has been discounted due to the detachable equity warrants received with that security, that detachable equity warrant will be valued such that the sum of the discounted debt security and the detachable equity warrant equal the face value of the debt security.

Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different from the valuations currently assigned.

Securities Transactions, Interest and Dividend Income Recognition

All securities transactions are accounted for on a trade-date basis. Interest income is recorded on the accrual basis to the extent that such amounts are expected to be collected. OID is accreted into interest income using the effective interest method. OID initially represents the value of detachable equity warrants obtained in conjunction with the acquisition of debt securities. The portion of the loan origination fees paid that represent additional yield or discount on a loan are deferred and accreted into interest income over the life of the loan using the effective interest method. Upon the prepayment of a loan or debt security, any unamortized loan origination fees are recorded as interest income and any unamortized OID is recorded as a realized gain. Dividend income is recognized on the ex-dividend date. Accruing interest or dividends on our investments is deferred when it is determined that the interest or dividend is not collectible. Collectibility of the interest and dividends is assessed, based on many factors including the portfolio company's ability to service our loan based on current and projected cash flows as well as the current valuation of the company's assets. For investments with payment-in-kind, or PIK, interest, management bases income accruals on the valuation of the PIK notes or securities received from the borrower. If the portfolio company's asset valuation indicates a value that is not sufficient to cover the contractual interest due on the PIK notes, management will not accrue interest income on the notes.

A change in a portfolio company's operating performance and cash flows can impact a portfolio company's ability to service our debt and therefore could impact our interest income recognition.

Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the cost basis of the investment without regard to unrealized appreciation or depreciation previously

NGP CAPITAL RESOURCES COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)
DECEMBER 31, 2004

recognized, and include investments charged off during the year, net of recoveries. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period.

Fee Income Recognition

Fees primarily include financial advisory, transaction structuring, loan financing, and prepayment fees. Financial advisory fees represent amounts received for providing advice and analysis to companies and are recognized as earned provided collection is probable. Transaction structuring and loan financing fees represent amounts received for structuring, financing, and executing transactions and are generally payable only if the transaction closes and are recognized as earned when the transaction is completed. Prepayment fees are recognized as they are received.

Dividends

Dividends to stockholders are recorded on the ex-dividend date. The Company intends to elect to be taxed as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986 (the "Code") for 2005 and later years. In order to maintain the Company's status as a RIC, the Company is required to distribute at least 90% of its investment company taxable income. In addition, the Company must distribute at least 98% of its income (both ordinary income and net capital gains) to avoid an excise tax. The Company intends to make distributions to stockholders on a quarterly basis of substantially all net operating income. The Company also intends to make distributions of net realized capital gains, if any, at least annually. The amount to be paid out as a dividend is determined by the board of directors each quarter and is based on the annual earnings estimated by the Manager. Based on that estimate, a dividend is declared each quarter and paid shortly thereafter. For the period ending December 31, 2004, the Company was treated as a "C" corporation and had no taxable income and therefore did not declare a dividend for that period.

We have also established an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend, a stockholder's cash dividend will be automatically reinvested in additional shares of our common stock unless the stockholder specifically "opts out" of the dividend reinvestment plan and elects to receive cash dividends. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings when applicable to us as a business development company under the 1940 Act and due to provisions in our credit facilities. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our status as a regulated investment company. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

Note 3: Issuance of Common Stock

On August 6, 2004, the company, in its initial capitalization transaction, sold 100 shares to Natural Gas Partners, LLC for $15.00 per share. On November 9, 2004, the Company's Registration Statement (Registration No. 333-118279) was declared effective by the SEC in connection with the public offering of 16,000,000 shares of common stock (plus up to 2,400,000 additional shares of common stock upon the exercise of the underwriters' over-allotment option), which commenced on November 10, 2004. The number of securities registered, including the shares of common stock subject to the underwriters' over-allotment option, was 18,400,000, of which 17,400,000 were sold to the public at a price of $15.00 per share.

The net proceeds from the initial public offering of the shares of common stock, after deducting expenses of approximately $2,308,000 and underwriting discounts and commissions of $0.825 per share, were approximately $244,337,000.

NGP CAPITAL RESOURCES COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)
DECEMBER 31, 2004

Note 4: Investment Management

The Company has entered into an investment advisory agreement with the Manager under which the Manager, subject to the overall supervision of the Company's board of directors, manages the day-to-day operations of, and provides investment advisory services to, the Company. For providing these services, the Manager receives a fee from the Company, consisting of two components —a base management fee and an incentive fee.

Under the investment advisory agreement, beginning on November 9, 2005 and thereafter, the base management fee will be calculated quarterly as 0.45% of total assets of the Company. Prior to November 9, 2005, the quarterly base management fee is equal to the lesser of $900,000 or 0.375% of the Company's total assets. For services provided under the investment advisory agreement from November 9, 2004 through and including September 30, 2005, the base management fee is payable monthly in arrears. For services provided under the investment advisory agreement after that time, the base management fee will be payable quarterly in arrears. Until June 30, 2005 (completion of two full fiscal quarters after the closing of the offering), the total assets upon which the quarterly base management fee will be calculated will be equal to the net proceeds of the offering. Thereafter, the base management fee will be calculated based on the average value of the Company's total assets at the end of the two most recently completed fiscal quarters. The base management fee for the partial month of November 2004 was pro rated.

The incentive fee under the investment advisory agreement consists of two parts. The first part, which is calculated and payable quarterly in arrears, equals 20% of the excess, if any, of the Company's net investment income for the quarter that exceeds a quarterly hurdle rate equal to 2% (8% annualized) of the Company's net assets.

For this purpose, net investment income, means interest income, dividend income, and any other income (including any other fees, such as commitment, origination, syndication, structuring, diligence, managerial assistance, monitoring, and consulting fees or other fees that the Company receives from portfolio companies) accrued during the fiscal quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable under the administration agreement, any interest expense and dividends paid on issued and outstanding preferred stock, if any, but excluding the incentive fee). Net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income that the Company has not yet received in cash. Net investment income does not include any realized capital gains, realized capital losses, or unrealized capital appreciation or depreciation.

The Manager has agreed that payment of the investment income related portion of the incentive fee will not commence until October 1, 2005. The incentive fees due in any fiscal quarter thereafter will be calculated as follows:

- no incentive fee in any fiscal quarter in which our net investment income does not exceed the hurdle rate.
- 20% of the amount of the Company's net investment income, if any, that exceeds the hurdle rate.

These calculations will be appropriately pro rated for any period of less than three months.

The second part of the incentive fee will be determined and payable in arrears as of the end of each fiscal year (or upon termination of the investment advisory agreement, as of the termination date), and will equal 20%

NGP CAPITAL RESOURCES COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)
DECEMBER 31, 2004

of the following amounts: (1) the Company's realized capital gains for the fiscal year, if any, minus (2) all realized capital losses for such year and minus (3) any increase in unrealized capital depreciation at the end of such year from the prior year. The manager has agreed that payment of the capital gains related portion of the incentive fee will not commence until 2007 for the fiscal year ended December 31, 2006.

Realized capital gains on a security will be calculated as the excess of the net amount realized from the sale or other disposition of such security over the Company's original cost for the security. Realized capital losses on a security will be calculated as the amount by which the net amount realized from the sale or other disposition of such security is less than the Company's original cost for the security.

With respect to unrealized capital depreciation, the amount on which the capital gains incentive fee for any year is calculated will be reduced by any increase during that year in the aggregate unrealized depreciation of the Company's securities (exclusive of any increase in unrealized appreciation of our securities). The investment advisory agreement provides that unrealized capital depreciation on a security will be calculated as the amount by which the Company's original cost of such security exceeds the fair value of such security at the end of a fiscal year.

The Manager has agreed that, beginning on November 9, 2006, and to the extent permissible under federal securities laws and regulations, including Regulation M, it will utilize 30% of the fees it receives from the capital gains portion of the incentive fee (up to a maximum of $5 million in the aggregate) to purchase shares of the Company's common stock in open market purchases through an independent trustee or agent. Any sales of such stock will comply with any applicable six-month holding period under Section 16(b) of the Securities Act of 1933 and all other restrictions contained in any law or regulation, to the fullest extent applicable to any such sale. Any change in this voluntary agreement will not be implemented without at least 90 days' prior notice to stockholders and compliance with all applicable laws and regulations.

The Company has entered into an administration agreement with the Administrator, under which the Administrator furnishes the Company with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities and performs, or oversees the performance of, administrative services, which include being responsible for the financial records that the Company is required to maintain and preparing reports to the Company's stockholders and reports filed with the SEC.

In addition, the Manager assists in determining and publishing the Company's net asset value, oversees the preparation and filing of the Company's tax returns and the printing and dissemination of reports to the Company's stockholders and generally oversees the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others. Payments under the administration agreement are equal to an amount based upon the allocable portion of the Administrator's costs and expenses in performing its obligations under the administration agreement, including rent and the costs of the Company's chief compliance officer and chief financial officer. The Administrator bills the Company for charges under the administration agreement monthly in arrears.

Note 5: Organizational Expenses and Offering Costs

A portion of the net proceeds of the offering, were used for organizational expenses and offering costs of approximately $705,000 and $2,308,000, respectively. Organizational expenses were expensed as incurred. Offering costs were charged to paid-in capital in excess of par.

NGP CAPITAL RESOURCES COMPANY

NOTES TO FINANCIAL STATEMENTS—(Continued)
DECEMBER 31, 2004

Note 6: Federal Income Taxes

The Company intends to elect to be treated for tax purposes as a RIC under Subchapter M of the Code for 2005 and later years. As a RIC, the Company generally will not be subject to federal income tax on the portion of its taxable income and gains distributed to stockholders. To qualify as a RIC, the Company is required, among other things, to distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, and to meet certain asset diversification requirements. At December 31, 2004, the Company's temporary investments included commercial paper of certain issuers that exceeded 5% of the value of its total assets. These investments are classified as cash equivalents for financial statement purposes. The Company has been advised, however, that for purposes of the federal income tax rules governing RIC status, these commercial paper investments may not be classified as cash items, in which case the Company did not meet the RIC asset diversification requirements at December 31, 2004 and was instead treated as a "C" corporation for tax purposes for 2004.

Differences between the effective income tax rate and the statutory Federal tax rate were as follows:

	Period August 6, 2004 (commencement of operations) through December 31, 2004
Statutory federal rate on loss from continuing operations	34 %
Increase in valuation allowance on net deferred tax assets	(34)%
Effective tax rate on loss from continuing operations	0 %

The tax effects of temporary differences that give rise to the deferred tax assets and liabilities at December 31, 2004 are as follows:

	Period August 6, 2004 (commencement of operations) through December 31, 2004
Deferred tax assets:	
Net operating loss carryforwards	$ 142,471
Net organization costs	225,347
Total gross deferred tax assets	367,818
Less valuation allowance	(101,805)
Net deferred tax assets	266,013
Deferred tax liabilities:	
Unrealized gains, net	(98,868)
Prepaid expenses	(167,145)
Total gross deferred tax liabilities	(266,013)
Net deferred tax assets	$ —

When a C corporation qualifies to be taxed as a RIC, it is subject to corporate-level tax on appreciation inherent in its assets on the date it becomes a RIC (i.e., built-in gain) that it recognizes within the first 10 years of its RIC status. A RIC generally may use loss carryforwards arising in taxable years while it was a C corporation to reduce its net recognized built-in gain, although a RIC is not otherwise allowed to utilize such loss carryforwards. Because the Company intends to elect to be treated as a RIC under Subchapter M of the Code for

2005 and later years, it is uncertain whether the Company will fully utilize the tax benefit of its loss carryforward of approximately $142,000 at December 31, 2004. The valuation allowance for deferred tax assets was primarily included to reflect this uncertainty. After reducing the deferred tax asset by this allowance, the amount of the remaining deferred tax asset of $266,013 would entirely offset the deferred tax liability of $266,013 estimated as of December 31, 2004 should the Company recognize its built-in gain in future years. Because the loss carryforward is expected to offset the built-in gain, no provision for Federal income taxes has been recorded for the period August 6, 2004 (commencement of operations) through December 31, 2004. The loss carryforward will expire in the year 2024.

Note 7: Subsequent Events

On March 18, 2005, our board of directors declared a quarterly dividend in the amount of $0.12 per common share for shareholders of record on March 31, 2005. The dividend will be paid on April 15, 2005. As of March 31, 2005, the Company had modified its investment holdings in order to qualify as a RIC under the asset diversification requirements for the quarter ending March 31, 2005.

Financial Highlights

	Period August 6, 2004 (commencement of operations) through December 31, 2004
Per Share Data	
Net asset value, beginning of period	$ 15.00
Underwriting discounts, commissions related to initial public offering	(0.82)
Other costs related to initial public offering	(0.13)
Net asset value after initial public offering	14.05
Net investment loss	(0.03)
Unrealized appreciation on portfolio securities	0.01
Net decrease in net assets resulting from operations	(0.02)
Net asset value, end of period	$ 14.03
Market value, end of year	$ 15.07
Total Return	0.47%
Ratios and Supplemental Data ($ and shares in thousands)	
Net assets, end of period	$ 244,039
Average net assets	$ 76,367
Common shares outstanding at end of period	17,400
General and administrative expenses/average net assets	0.37%
Total expenses/average net assets	1.89%
Net investment loss/average net assets	-0.77%
Net decrease in net assets resulting from operations/ average net assets	-0.39%
Portfolio turnover rate	0.00%

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

As of the end of the period covered by this annual report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of December 31, 2004 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There have been no changes in our internal control over financial reporting that occurred during the period August 6, 2004 (commencement of operations) through December 31, 2004 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 10. Directors and Executive Officers of the Registrant.

The information required by Item 10 of Form 10-K is hereby incorporated by reference from the information appearing under the captions "Governance of the Fund," "Executive Officers of the Fund" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive Proxy Statement relating to its 2005 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after the Company's fiscal year ended December 31, 2004.

Code of Ethics

We have adopted a code of business conduct and ethics applicable to our directors, officers (including our principal executive officer, principal financial officer, and controller, or persons performing similar functions) and employees. In addition, we and our manager have adopted a joint code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to such code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. Copies of our code of business conduct and ethics and joint code of ethics will be provided to any person, without charge, upon request. Contact Stephen K. Gardner at 713-752-0062 to request a copy or send the request to NGP Capital Resources Company, Attn: Stephen K. Gardner, 1221 McKinney St. Suite 2975, Houston, Texas 77010. If any substantive amendments are made to our code of business conduct and ethics or if we grant any waiver, including any implicit waiver, from a provision of the code to any of our executive officers and directors, we will disclose the nature of such amendment or waiver in a report on Form 8-K.

Item 11. Executive Compensation.

The information required by Item 11 of Form 10-K is hereby incorporated by reference from the information appearing under the caption "Governance of the Fund — Compensation" in the Company's definitive Proxy Statement relating to its 2005 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after the Company's fiscal year ended December 31, 2004.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by Item 12 of Form 10-K is hereby incorporated by reference from the information appearing under the caption "Stock Ownership" in the Company's definitive Proxy Statement relating to its 2005 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after the Company's fiscal year ended December 31, 2004.

Item 13. Certain Relationships and Related Transactions.

The information, if any, required by Item 13 of Form 10-K is hereby incorporated by reference from the information appearing under the caption "Certain Transactions," if any, in the Company's definitive Proxy Statement relating to its 2005 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after the Company's fiscal year ended December 31, 2004.

Item 14. Principal Accountant Fees and Services.

The information required by Item 14 of Form 10-K is hereby incorporated by reference from the information appearing under the caption "Ratification of the Selection of the Independent Auditor for the Fund – Audit Fees and All Other Fees" in the Company's definitive Proxy Statement relating to its 2005 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after the Company's fiscal year ended December 31, 2004.

PART III.

Item 15. Exhibits, Financial Statement Schedules. (a) The following documents are filed as a part of this report:

Financial Statements

See Index to Financial Statements on page 24 of this report.

Financial Statement Schedules

Financial statement schedules are omitted because of the absence of conditions under which they are required or because the required information is included in the financial statements and notes thereto.

Exhibits No.	Exhibit
3.1	Articles of Incorporation of NGP Capital Resources Company dated as of July 15, 2004 (filed as Exhibit (a)(1) to the Company's Registration Statement on Form N-2 dated November 9, 2004 (Registration No. 333-118279) and incorporated herein by reference)
3.2	Articles of Amendment and Restatement of NGP Capital Resources Company dated as of October 29, 2004
3.3	Bylaws of NGP Capital Resources Company (filed as Exhibit (b) to the Company's Registration Statement on Form N-2 dated August 16, 2004 (Registration No. 333-118279) and incorporated herein by reference)
4.1	Specimen certificate of NGP Capital Resources Company's common stock, par value $0.001 per share (filed as Exhibit (d) to the Company's Pre-Effective Amendment No. 2 to Registration Statement on Form N-2 dated October 7, 2004 (Registration No. 333-118279) and incorporated herein by reference)
4.2	Dividend Reinvestment Plan (filed as Exhibit (e) to the Company's Pre-Effective Amendment No. 2 to Registration Statement on Form N-2 dated October 7, 2004 (Registration No. 333-118279) and incorporated herein by reference)

Exhibits No.	Exhibit
10.1	Investment Advisory Agreement dated as of November 9, 2004, between NGP Capital Resources Company and NGP Investment Advisor, LP
10.2	Administration Agreement dated as of November 9, 2004, by and between NGP Capital Resources Company and NGP Administration, LLC
10.3	License Agreement dated as of November 9, 2004, by and between NGP Capital Resources Company and Natural Gas Partners, L.L.C.
10.4	Joint Code of Ethics (filed as Exhibit (r) to the Company's Registration Statement on Form N-2 dated November 9, 2004 (Registration No. 333-118279) and incorporated herein by reference)
10.5	Form of Indemnity Agreement
14.1	Code of Business Conduct and Ethics for members of the Board of Directors, Officers and Employees
31.1	Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Executive Officer
31.2	Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Financial Officer
32.1	Section 1350 Certification by the Chief Executive Officer
32.2	Section 1350 Certification by the Chief Financial Officer

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NGP CAPITAL RESOURCES COMPANY

By: /s/ JOHN H. HOMIER

John H. Homier
President and Chief Executive Officer

Date: April 8, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on April 8, 2005. This document may be executed by the signatories hereto on any number of counterparts, all of which constitute one and the same instrument.

Signature	Title
/s/ JOHN H. HOMIER **John H. Homier**	President and Chief Executive Officer (Principal Executive Officer)
/s/ RICHARD A. BERNARDY **Richard A. Bernardy**	Secretary, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ STEPHEN K. GARDNER **Stephen K. Gardner**	Director of Finance
/s/ KENNETH A. HERSH **Kenneth A. Hersh**	Director and Chairman of the Board
/s/ DAVID R. ALBIN **David R. Albin**	Director
/s/ EDWARD W. BLESSING **Edward W. Blessing**	Director
/s/ C. KENT CONINE **C. Kent Conine**	Director
/s/ JAMES R. LATIMER, III **James R. Latimer, III**	Director

Index to Exhibits

No.	Exhibit
3.1	Articles of Incorporation of NGP Capital Resources Company dated as of July 15, 2004 (filed as Exhibit (a)(1) to the Company's Registration Statement on Form N-2 dated November 9, 2004 (Registration No. 333-118279) and incorporated herein by reference)
3.2	Articles of Amendment and Restatement of NGP Capital Resources Company dated as of October 29, 2004
3.3	Bylaws of NGP Capital Resources Company (filed as Exhibit (b) to the Company's Registration Statement on Form N-2 dated August 16, 2004 (Registration No. 333-118279) and incorporated herein by reference)
4.1	Specimen certificate of NGP Capital Resources Company's common stock, par value $0.001 per share (filed as Exhibit (d) to the Company's Pre-Effective Amendment No. 2 to Registration Statement on Form N-2 dated October 7, 2004 (Registration No. 333-118279) and incorporated herein by reference)
4.2	Dividend Reinvestment Plan (filed as Exhibit (e) to the Company's Pre-Effective Amendment No. 2 to Registration Statement on Form N-2 dated October 7, 2004 (Registration No. 333-118279) and incorporated herein by reference)
10.1	Investment Advisory Agreement dated as of November 9, 2004, between NGP Capital Resources Company and NGP Investment Advisor, LP
10.2	Administration Agreement dated as of November 9, 2004, by and between NGP Capital Resources Company and NGP Administration, LLC
10.3	License Agreement dated as of November 9, 2004, by and between NGP Capital Resources Company and Natural Gas Partners, L.L.C.
10.4	Joint Code of Ethics (filed as Exhibit (r) to the Company's Registration Statement on Form N-2 dated November 9, 2004 (Registration No. 333-118279) and incorporated herein by reference)
10.5	Form of Indemnity Agreement
14.1	Code of Business Conduct and Ethics for members of the Board of Directors, Officers and Employees
31.1	Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Executive Officer
31.2	Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Financial Officer
32.1	Section 1350 Certification by the Chief Executive Officer
32.2	Section 1350 Certification by the Chief Financial Officer

Exhibit 3.2

NGP CAPITAL RESOURCES COMPANY

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: NGP Capital Resources Company, a Maryland corporation (the "Corporation"), desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

ARTICLE I

NAME

The name of the corporation (which is hereinafter called the "Corporation") is:

NGP Capital Resources Company

ARTICLE II

PURPOSE

The purposes for which the Corporation is formed are to conduct and carry on the business of a business development company, subject to making an election under the Investment Company Act of 1940, as amended (the "1940 Act"), and to engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland as of now or hereafter in force.

ARTICLE III

PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202.

The name and address of the resident agent of the Corporation are The Corporation Trust Incorporated, 300 East Lombard Street, Baltimore, Maryland 21202. The resident agent is a Maryland corporation.

ARTICLE IV

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 4.1 Number, Classification and Election of Directors. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors shall be five, which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws. However, the number of directors but shall never be less than the minimum number required by the Maryland General Corporation Law (the "MGCL"). The names of the directors who shall serve until their successors are duly elected and qualify are:

Kenneth A. Hersh
David R. Albin
Edward W. Blessing
C. Kent Conine
James R. Latimer, III

The directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors occurring before the first annual meeting of stockholders in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible to make the election provided for under Section 3-802(b) of the MGCL, that, subject to applicable requirements of the 1940 Act and except as may be provided by the Board of Directors in setting the terms of any class or series of Preferred Stock (as hereinafter defined), any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is duly elected and qualifies.

On the first date on which the Corporation shall have more than one stockholder of record, the directors (other than any director elected solely by holders of one or more classes or series of Preferred Stock in connection with dividend arrearages) shall be classified, with respect to the terms for which they severally hold office, into three classes, as determined by the Board of Directors, one class to hold office initially for a term expiring at the next succeeding annual meeting of stockholders, another class to hold office initially for a term expiring at the second succeeding annual meeting of stockholders and another class to hold office initially for a term expiring at the third succeeding annual meeting of stockholders, with the members of each class to hold office until their successors are duly elected and qualify. At each annual meeting of the stockholders, the successors to the class of directors whose term expires at such meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualify.

Section 4.2 Extraordinary Actions. Except as specifically provided in Section 4.9 (relating to removal of directors), and in Section 6.2 (relating to certain actions and certain

amendments to the charter (the "Charter")), notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 4.3 Election of Directors. Except as otherwise provided in the Bylaws of the Corporation, each director shall be elected by the affirmative vote of the holders of a majority of the shares of stock outstanding and entitled to vote thereon.

Section 4.4 Quorum. The presence in person or by proxy of the holders of shares of stock of the Corporation entitled to cast a majority of the votes entitled to be cast (without regard to class) shall constitute a quorum at any meeting of stockholders, except with respect to any such matter that, under applicable statutes or regulatory requirements, requires approval by a separate vote of one or more classes of stock, in which case the presence in person or by proxy of the holders of shares entitled to cast a majority of the votes entitled to be cast by each such class on such a matter shall constitute a quorum.

Section 4.5 Authorization by Board of Stock Issuance. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration, if any, as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the Charter or the Bylaws.

Section 4.6 Preemptive Rights. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 5.4 or as may otherwise be provided by contract, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell.

Section 4.7 Appraisal Rights. No holder of stock of the Corporation shall be entitled to exercise the rights of an objecting stockholder under Title 3, Subtitle 2 of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the entire Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock or any proportion of the shares thereof, to a particular transaction or all transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Section 4.8 Determinations by Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net

assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or any shares of stock of the Corporation; the number of shares of stock of any class of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 4.9 Removal of Directors. Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. For the purpose of this paragraph, "cause" shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

ARTICLE V

CAPITAL STOCK

Section 5.1 Authorized Shares. The Corporation has authority to issue 250,000,000 shares of stock, initially consisting of 250,000,000 shares of Common Stock, $.001 par value per share ("Common Stock"). The aggregate par value of all authorized shares of stock having par value is $250,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to this Article V, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. A majority of the Board of Directors, without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 5.2 Common Stock. Each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 5.3 Preferred Stock. The Board of Directors may classify any unissued shares of stock and reclassify any previously classified but unissued shares of stock of any class or series from time to time, in one or more classes or series of preferred stock ("Preferred Stock").

Section 5.4 Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("SDAT"). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 5.4 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary filed with the SDAT.

Section 5.5 Inspection of Books and Records. A stockholder that is otherwise eligible under applicable law to inspect the Corporation's books of account, stock ledger, or other specified documents of the Corporation shall have no right to make such inspection if the Board of Directors determines that such stockholder has an improper purpose for requesting such inspection.

Section 5.6 Charter and Bylaws. The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws. The Board of Directors of the Corporation shall have the exclusive power to make, alter, amend or repeal the Bylaws.

ARTICLE VI

AMENDMENTS; CERTAIN EXTRAORDINARY TRANSACTIONS

Section 6.1 Amendments Generally. The Corporation reserves the right from time to time to make any amendment to its Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation.

Section 6.2 Approval of Certain Extraordinary Actions and Charter Amendments.

(a) Required Votes. The affirmative vote of the holders of shares entitled to cast at least 80 percent of the votes entitled to be cast on the matter, each voting as a separate class, shall be necessary to effect:

(i) Any amendment to the Charter of the Corporation to make the Corporation's Common Stock a "redeemable security" or to convert the Corporation, whether by merger or otherwise, from a "closed-end company" to an "open-end company" (as such terms are defined in the 1940 Act);

(ii) The liquidation or dissolution of the Corporation and any amendment to the Charter of the Corporation to effect any such liquidation or dissolution; and

(iii) Any amendment to Section 4.1, Section 4.2, Section 4.9, Section 6.1 or this Section 6.2;

provided, however, that, if the Continuing Directors (as defined herein), by a vote of at least 80% of such Continuing Directors, in addition to approval by the Board of Directors, approve such proposal or amendment, the affirmative vote of the holders of a majority of the votes entitled to be cast shall be sufficient to approve such matter.

(b) Continuing Directors. "Continuing Directors" means the directors identified in Article IV, Section 4.1 and the directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the Continuing Directors then on the Board.

ARTICLE VII

LIMITATION OF LIABILITY; INDEMNIFICATION AND ADVANCE OF EXPENSES

Section 7.1 Limitation of Liability. To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages.

Section 7.2 Indemnification and Advance of Expenses. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a

predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation. The indemnification and payment of expenses provided in these Articles of Incorporation shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment of expenses may be or may become entitled under any bylaw, regulation, insurance, agreement or otherwise.

Section 7.3 1940 Act. The provisions of this Article VII shall be subject to the limitations of the 1940 Act.

Section 7.4 Amendment or Repeal. Neither the amendment nor repeal of this Article VII, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article VII, shall apply to or affect in any respect the applicability of the preceding sections of this Article VII with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: The amendment to and restatement of the charter as hereinabove set forth has been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation is as set forth in Article III of the foregoing amendment and restatement of the charter.

FIFTH: The name and address of the Corporation's current resident agent is as set forth in Article III of the foregoing amendment and restatement of the charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article IV of the foregoing amendment and restatement of the charter.

SEVENTH: The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment and restatement was 1,000, consisting of 1,000 shares of Common Stock, $.001 par value per share. The aggregate par value of all shares of stock having par value was $1.

EIGHTH: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment and restatement of the charter is 250,000,000 shares of Common Stock, $.001 par value per share. The aggregate par value of all authorized shares of stock having par value is $250,000.

NINTH: The undersigned President acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned President acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its President and attested to by its Secretary on this 29th day of October, 2004.

ATTEST:

/s/ Richard A. Bernardy
Richard A. Bernardy, Secretary

NGP CAPITAL RESOURCE COMPANY

By: /s/ John H. Homier (SEAL)
John H. Homier, President

Exhibit 10.1

INVESTMENT ADVISORY AGREEMENT

Agreement dated as of November 9, 2004 (the "Agreement"), by and between NGP Capital Resources Company, a Maryland corporation (the "Company"), and NGP Investment Advisor, LP a Delaware limited partnership (the "Adviser").

WHEREAS, the Company is a newly organized closed-end, non-diversified management investment company that intends to elected to be treated as a business development company under the Investment Company Act of 1940 (the "Investment Company Act"), and is in the business of making investments in securities issued in private placements, primarily in connection with structured finance investments consisting of a subordinate debt instrument or a combination of senior and subordinate debt instruments with some equity component;

WHEREAS, the Adviser is an investment adviser registered as such under the Investment Advisers Act of 1940, as amended (collectively, with the rules and regulations promulgated thereunder, the "Advisers Act") and is engaged in the business of providing management and investment advisory services with respect to companies participating in structured finance transactions and making temporary short-term investments; and

WHEREAS, the Company deems it advisable to retain the Adviser to furnish certain management and investment advisory services to the Company, and the Adviser wishes to be retained to provide such services, on the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, it is agreed by and between the parties hereto as follows:

SECTION 1

DUTIES OF THE ADVISER

1.1 Engagement. Commencing on the date hereof, the Company hereby engages and retains the Adviser to act as the investment adviser to the Company and to manage the investment and reinvestment of the assets of the Company, subject to the supervision of the Board of Directors of the Company (the "Board"), for the period and upon the terms herein set forth, in accordance with (i) the investment objectives, policies, and restrictions that are set forth in the Company's prospectus dated November 9, 2004 (the "Prospectus"), as such investment objectives, policies, and restrictions may be amended from time to time, (ii) the Investment Company Act, (iii) the policies adopted by the Board to the extent such policies do not conflict with any provisions of this Agreement, (iv) all other applicable federal and state securities and commodities laws, rules, and regulations, and (v) the Company's articles of incorporation and by-laws, as such articles of incorporation and by-laws may be amended from time to time.

1.2 Services. Without limiting the generality of Section 1.1, the Adviser shall, during the term and subject to the provisions of this Agreement provide, or arrange for suitable third parties to provide, any and all management and investment advisory services necessary for the operation of the Company and the conduct of its business. Such management and investment advisory services shall include, but not be limited to, the following:

(a) determining the composition of the portfolio of the Company, the nature and timing of the changes therein, and the manner of implementing such changes;

(b) identifying, evaluating, and negotiating the structure of the investments made by the Company;

(c) monitoring the performance of, and managing the Company's investments;

(d) determining the securities and other assets that the Company will purchase, retain, or sell and the terms on which any such securities are purchased and sold;

(e) arranging for the disposition of investments for the Company;

(f) recommending to the Board the fair value of the Company's investments that are not publicly traded debt or equity securities based upon the valuation guidelines adopted by the Board;

(g) voting proxies in accordance with the proxy voting policies and procedures adopted by the Adviser; and

(h) providing the Company with such other investment advice, research, and related services as the Company may, from time to time, reasonably require for the investment of the Company's assets.

The Adviser shall have the power and authority on behalf of the Company to effect its investment decisions for the Company, including the execution and delivery of all documents relating to the Company's investments and the placing of orders for purchase or sale transactions on behalf of the Company. In the event that the Company determines to acquire debt financing, the Adviser will arrange for such financing on the Company's behalf, subject to the oversight and approval of the Board. If it is necessary for the Adviser to make investments or arrange financing on behalf of the Company through a special purpose vehicle, the Adviser shall have authority to create or arrange for the creation of such special purpose vehicle in accordance with the Investment Company Act.

1.3 Records. The Adviser shall keep and preserve for the period required by the Investment Company Act any books and records related to the provision of investment advisory services to the Company and required to be maintained under Rule 31a-2 under the Investment Company Act for an investment adviser to a business development company and shall maintain all books and records with respect to the Company's portfolio transactions. The Adviser agrees that any records that it maintains for the Company as required under the Investment Company Act are the property of the Company and it will surrender promptly to the Company any such records upon the Company's request, provided that (i) the Adviser may retain a copy of such records and (ii) nothing contained herein shall prevent the Adviser from using the performance track record of the Company following any termination of this Agreement.

1.4 Control and Supervision. The performance by the Adviser of its duties and obligations hereunder shall be subject to the control and supervision of the Board and the

Adviser's determination of what services are necessary or required for operation or to reasonably conduct the business of the Company shall be subject to review by the Board. The Adviser shall provide periodic and special reports to the Board of its performance of its obligations hereunder as the Board may request.

1.5 Acceptance. The Adviser hereby accepts such engagement and agrees during the term hereof, at its expense, to provide the services described herein and to assume the obligations herein set forth for the compensation provided herein.

1.6 Independent Contractor. The Adviser shall for all purposes herein provided be deemed to be an independent contractor and, except as expressly provided or authorized herein, shall have no authority to act for or represent the Company in any way or otherwise be deemed an agent of the Company.

1.7 Compliance. The Adviser represents that it is registered with the Securities and Exchange Commission (the "SEC") as an investment adviser under the Advisers Act. The Adviser agrees that its activities with respect to the Company will at all times be in compliance in all material respects with applicable federal securities and state securities laws governing its operations and investments. The Adviser shall adopt and implement prior to October 5, 2004, written policies and procedures reasonably designed to prevent violation of the Federal Securities Laws (as defined in Rule 38a-1 under the Investment Company Act) by the Adviser. The Adviser shall provide the Company, at such times as the Company may reasonably request, with a copy of such policies and procedures and a written report that addresses the operation of the policies and procedures; such report shall be of sufficient scope and sufficient detail, as may reasonably be required to comply with Rule 38a-1 and to provide reasonable assurance that any weaknesses in the design or implementation of the policies and procedures would be disclosed by such examination, and, if there are no such weaknesses, the report shall so state.

1.8 Excess Brokerage Commissions. The Adviser is hereby authorized, to the fullest extent now or hereafter permitted by law, to cause the Company to pay a member of a national securities exchange, broker, or dealer an amount of commission for effecting a securities transaction in excess of the amount of commission another member of such exchange, broker, or dealer would have charged for effecting that transaction, if the Adviser determines in good faith, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities, that such amount of commission is reasonable in relation to the value of the brokerage and/or research services provided by such member, broker or dealer, viewed in terms of either that particular transaction or its overall responsibilities with respect to the Company's portfolio, and constitutes the best net results for the Company.

SECTION 2

USE OF SUB-INVESTMENT ADVISER

The Adviser may, subject to requirements of the Investment Company Act, employ one or more sub-investment advisers (each, a "Sub-Adviser") to assist the Adviser in the

performance of its duties under this Agreement. Specifically, the Adviser may retain a Sub-Adviser to recommend specific securities or other investments based upon the Company's investment objectives and policies, and work, along with the Adviser, in structuring, negotiating, arranging or effecting the acquisition or disposition of such investments and monitoring investments on behalf of the Company, subject to the oversight of the Adviser and the Company. Such use of a Sub-Adviser does not relieve the Adviser of any duty or liability it would otherwise have under this Agreement. Compensation of any such Sub-Adviser for services provided and expenses assumed under any agreement between the Adviser and such Sub-Adviser permitted under this paragraph is the sole responsibility of the Adviser. Any sub-advisory agreement entered into by the Adviser shall be in accordance with the requirements of the Investment Company Act and other applicable federal and state law and shall contain a provision requiring any Sub-Adviser to comply with Sections 1.3 and 1.7.

SECTION 3

SERVICES OF THE ADVISER NOT EXCLUSIVE

3.1 Limitations on the Employment of the Adviser. The obligations of the Adviser to the Company and the services furnished by the Adviser hereunder are not exclusive. The Adviser and its Affiliates (as hereinafter defined) may engage in any other business or furnish the same or similar services to others, including businesses that may be in direct or indirect competition with the business of the Company and may be in direct competition with the Company for particular investments, so long as its services to the Company under this Agreement are not impaired thereby. It is contemplated that from time to time one or more Affiliates of the Adviser may serve as directors, officers, or employees of the Company or otherwise have an interest or affiliation with the Company or have the same or similar relationships with competitors of the Company. Nothing in this Agreement shall limit or restrict the right of any manager, partner, officer, agent, or employee of the Adviser or its Affiliates, who may also be a manager, officer, agent, or employee of the Company, to engage in any other business or to devote his or her time and attention in part to the management or other aspects of any other business, whether of a similar nature or dissimilar nature, or to receive fees or compensation in connection therewith (including fees for serving as a director of, or providing consulting services to, one or more of the Company's portfolio companies, subject to applicable law). Neither the Adviser nor any of its Affiliates shall in any manner be liable to the Company by reason of the foregoing activities of the Adviser or such Affiliate. Within 60 days after the end of each calendar quarter of the Company, the Adviser will furnish the Board with information on a confidential basis, as to any investment within the investment objective of the Company made during such quarter by the Adviser or any Sub-Adviser for their own account or the account of others. So long as this Agreement remains in effect, the Adviser shall be the only investment adviser for the Company, subject to the Adviser's right to enter into sub-advisory agreements. The Adviser assumes no responsibility under this Agreement other than to provide the services called for hereunder.

3.2 Responsibility of Dual Directors, Officers, and Employees. It is understood that directors, officers, employees, and stockholders of the Company are or may become interested in the Adviser and its Affiliates, as directors, officers, employees, partners, stockholders, members, and managers or otherwise, and that the Adviser and directors, officers, employees, partners, stockholders, members, and managers of the Adviser and its Affiliates are or may become similarly interested in the Company as stockholders or otherwise. If any person who is a

manager, partner, officer, or employee of the Adviser is or becomes a director, officer, or employee of the Company and acts as such in any business of the Company, then such manager, partner, officer, or employee of the Adviser shall be deemed to be acting in such capacity for the Company, and not as a manager, partner, officer, or employee of the Adviser or under the control or direction of the Adviser, even if paid by the Adviser.

SECTION 4

ALLOCATION OF COSTS AND EXPENSES

4.1 Costs and Expenses Allocated to the Company. Except as otherwise expressly provided for in Section 4.2, during the term of this Agreement the Company will bear (and to the extent paid by the Adviser will reimburse the Adviser for) all of costs and expenses of the Company's business, operations, and investments including, but not limited to, the following:

(a) accounting, legal, printing, clerical, filing, and other expenses incurred in connection with the organization of the Company and the initial offering of its shares of its common stock (the "Offering");

(b) expenses with respect to acquisition and disposition of investments, including all costs and fees incident to the identification, selection, and investigation of prospective Company investments, including associated due diligence expenses such as travel expenses and professional fees:

(c) brokerage and commission expense and other transaction costs incident to the acquisition and dispositions of investments;

(d) federal, state, and local taxes and fees, including transfer taxes and filing fees, incurred by or levied upon the Company;

(e) interest charges and other fees in connection with borrowings by the Company;

(f) fees and expenses payable to the SEC and any fees and expenses of state securities regulatory authorities;

(g) expenses of preparing, printing, filing, and distributing reports and notices to stockholders and regulatory bodies including the SEC;

(h) costs of proxy solicitation and meetings of stockholders and the Board;

(i) administration fees payable under the Administration Agreement between the Company and NGP Administration LLC (the "Administrator") dated November 9 , 2004 (the "Administration Agreement");

(j) charges and expenses of the Company's custodian, administrator, and transfer and dividend disbursing agent;

(k) compensation and expenses of the Company's directors who are not interested persons of the Company or the Adviser, and of any of the Company's officers who are not interested persons of the Adviser; expenses of all directors in attending meetings of the Board or stockholders;

(l) legal and auditing fees and expenses, including expenses incident to the documentation for, and consummation of, transactions;

(m) costs of certificates representing the shares of the Company's common stock;

(n) direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, stationery, supplies, and all other expenses incurred by the Company or the Administrator in connection with administering the Company's business, such as the Company's allocable portion of overhead under the Administration Agreement;

(o) the costs of membership by the Company or its directors or executive officers in any trade organizations;

(p) expenses associated with litigation and other extraordinary or non-recurring expenses;

(q) any insurance premiums (including fidelity bond and directors and officers errors and omission liability insurance premiums);

(r) expenses of offering the Company's common stock and other securities including registering securities under federal and state securities laws;

(s) costs of calculating the Company's net asset value including the costs of third party evaluations or appraisals of the Company (or its assets) or its investments;

(t) the costs of providing significant managerial assistance offered to and accepted by the recipient of Company investments;

(u) fees payable to third parties, including agents or consultants in monitoring financial and legal affairs of the Company and the Company's investments; and

(v) other costs and expenses directly allocable and identifiable to the Company or its business or investments.

4.2 Costs and Expenses Allocated to the Adviser. The expenses to be borne by the Adviser are limited to the following:

(a) to the extent allocable for the provision of investment advisory or management services required to be provided to the Company by the Adviser under this Agreement, the cost of adequate office space for the investment professionals of the Adviser and their respective staffs, and all necessary office equipment and services, including telephone service, heat, utilities, and similar items, and supplies; and

(b) to the extent allocable for the provision of the investment advisory or management services required to be provided to the Company by the Adviser under this Agreement, the wages, salaries, and benefits of the Adviser's investment professionals, employees, and personnel.

4.3 Company's Payment of Costs Allocated to the Adviser. The Company may pay directly any expenses incurred by it in its normal operations and, if any such payment is consented to by the Adviser and acknowledged as otherwise payable by the Adviser pursuant to this Agreement, the Company may reduce the fee payable to the Adviser pursuant to Section 5 thereof by such amount. To the extent that such deductions exceed the fee payable to the Adviser on any quarterly payment date, the Adviser shall reimburse the Company for the amount of such excess within five (5) business days of such notification by the Company.

4.4 Payment or Assumption by the Adviser. The payment or assumption by the Adviser of any expense of the Company that the Adviser is not required by this Agreement to pay or assume shall not obligate the Adviser to pay or assume the same or any similar expense of the Company on any subsequent occasion.

SECTION 5

MANAGEMENT FEES

5.1 Compensation for Services. In consideration of the services to be provided by the Adviser under this Agreement, the Company agrees to pay the Adviser, and the Adviser agrees to accept as compensation for the services provided hereunder, a base management fee ("Base Management Fee") and an incentive fee ("Incentive Fee") as hereafter set forth. The Adviser may agree to temporarily or permanently waive or defer, in whole or in part, the Base Management Fee and/or the Incentive Fee.

5.2 Base Management Fee. The Base Management Fee shall be equal to:

(a) Until November 30, 2005, for each quarter the lesser of (i) 0.375% of the average value of the Company's total assets on the last day of the quarter for the two most recently completed quarters or (ii) $900,000; provided, however, that for the first two fiscal quarters of the Company following completion of the offering described in the Prospectus (the "Closing Date"), total assets of the Company shall be deemed to be equal to the net proceeds to the Company from the sale of common stock described in the Prospectus (which is gross proceeds less the initial purchaser's discount but before deducting any offering expenses) and

(b) Thereafter, for each quarter 0.45% of the average value of the Company's total assets on the last day of the quarter for the two most recently completed fiscal quarters.

The Base Management Fee shall be paid monthly in arrears until November 30, 2005, and quarterly in arrears thereafter and will be appropriately prorated for any partial quarter.

5.3 Incentive Fee. The Incentive Fee shall consist of two parts, as follows:

(a) The first part, which is payable quarterly in arrears, will equal 20% of the amount, if any, by which (i) the Company's Net Investment Income (as hereinafter defined) for the quarter exceeds (ii) the product of (A) the Net Assets (as hereinafter defined) of the Company at the end of the preceding quarter multiplied by (B) 2.0% ("Hurdle Rate"). "Net Investment Income" means (i) interest income (including accrued original issue discount and interest payable in kind), dividend income, royalty payments, net profits interest payments, and any other income (including any other fees such as commitment, origination, syndication, structuring, diligence, monitoring, and consulting fees, or other fees that the Company receives from portfolio companies) accrued by the Company during the fiscal quarter, minus (ii) the Company's expenses for the quarter (including, without limitation, the Base Management Fee, expenses payable by the Company under the Administration Agreement, interest expense, and dividends paid on any issued and outstanding preferred stock, if any, of the Company, but excluding the Incentive Fee payable under this Section 5.3 during such quarter). The fee shall be payable quarterly in arrears. The Hurdle Rate will be pro rated for any period of less than three months. "Net Assets" means the total assets, less total liabilities, of the Company, determined in accordance with generally accepted accounting principles consistently applied.

(b) The second part of the Incentive Fee (the "Capital Gains Fee") will be determined and payable in arrears as of the end of each fiscal year (or upon termination of this Agreement as set forth below) commencing on December 31, 2006, and will equal (i) 20% of (A) the Company's cumulative Net Capital Gains from the closing date to the last day of such fiscal year, if any, less (B) the amount of Unrealized Capital Depreciation on the last day of such fiscal year; less (ii) the aggregate amount of Capital Gains Fees payments to the Advisor in prior fiscal years.

The Capital Gains Fee shall be payable on the day after the Company files its Annual Report on Form 10-K for such year. In the event that this Agreement shall terminate as of a date that is not a fiscal year end, the termination date shall be treated as though it were a fiscal year end for purposes of calculating and paying the Capital Gains Fee.

The terms used in calculating the Capital Gains Fee have the following meanings:

"Realized Capital Gains" means with respect to a security (i) the amount by which the net amount realized from the sale or other disposition of such security,

exceeds (ii) the original cost of such security as determined by the Company in accordance with generally accepted accounting principles ("GAAP") and the Investment Company Act.

"Realized Capital Losses" means with respect to a security (i) the amount by which the net amount received from the sale or other disposition of such security is less than (ii) the original cost of such security as determined by the Company in accordance with GAAP and the Investment Company Act.

"Net Realized Capital Gains" means Realized Capital Gains minus Realized Capital Losses (but not less than zero).

"Unrealized Capital Depreciation" means with respect to a security the amount by which the fair value of such security at the end of a fiscal year as determined by the Company in accordance with GAAP and the Investment Company Act is less than the original cost of such security.

5.4 Proration of Fees. If this Agreement becomes effective or terminates before the end of any fiscal quarter, the Base Management Fee and Incentive Fee for the period from the effective day to the end of the fiscal quarter or from the beginning of such quarter to the date of termination, as the case may be, shall be prorated according to the proportion which such period bears to the full fiscal quarter in which such effectiveness or termination occurs. In the event that this Agreement shall terminate as of a date that is not a fiscal year end, the termination date shall be treated as though it were a fiscal year end for purposes of calculating and paying an Incentive Fee.

5.5 Fee Reduction. If (a) the Adviser, (b) a manager, officer, agent, or employee of the Adviser, (c) a company controlling, controlled by, or under common control with the Adviser, or (d) a director, officer, agent, or employee of any such company receives any compensation from a company whose securities are held in the Company's portfolio in connection with the provision to that company of significant managerial assistance, the compensation due to the Adviser hereunder shall be reduced by the amount of such fee. If such amounts have not been fully offset at the time of termination of this Agreement, the Adviser shall pay such excess amounts to the Company upon termination.

5.6 Calculation and Payment of Management and Incentive Fees. The Adviser and the Company shall make a good faith estimate of the Base Management Fee payable for each month or quarter (the "Estimated Base Management Fee") within ten (10) business days after the end of each month or quarter. The Company will pay the Adviser an amount equal to such Estimated Base Management Fee promptly after determination of the Estimated Base Management Fee. A final calculation of the Base Management Fee (the "Final Base Management Fee") shall be completed in conjunction with the completion of the Company's Quarterly Reports of Form 10-Q or Annual Report on Form 10-K, as the case may be. To the extent the Estimated Base Management Fee paid to the Adviser for any period exceeds the Final Base Management Fee for such period, within five (5) business days of such notification by the Company, the Adviser shall pay such difference to the Company. To the extent the Estimated Base Management Fee paid to

the Adviser for any period is less than the Final Base Management Fee for such period, the Company shall pay the Adviser such difference on the day after the Company files its Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as the case may be. The Incentive Fee payable for any period shall be calculated in conjunction with the completion of the Company's Annual Report on Form 10-K for such period. The Incentive Fee, if any, shall be payable by the Company on the day after it files its Annual Report on Form 10-K.

SECTION 6

LIMITATION OF LIABILITY OF THE ADVISER

The Adviser (and its partners and the Adviser's and its partners' officers, managers, agents, employees, controlling persons, members, and any other person or entity affiliated with the Adviser including, without limitation, its general partner and the Administrator (collectively, "Affiliates")) shall not be liable to the Company, or any stockholder of the Company, for any error of judgment, mistake of law, any loss or damage with respect to any investment of the Company, or any action taken or omitted to be taken by the Adviser in connection with the performance of any of its duties or obligations under this Agreement or otherwise as an investment adviser of the Company, except to the extent specified in Section 36(b) of the Investment Company Act concerning loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services.

SECTION 7

INDEMNIFICATION OF THE ADVISER

The Company shall indemnify the Adviser (and its partners and the Adviser's and its partners' officers, managers, agents, employees, committee members, controlling persons, members, and any other person or entity affiliated with the Adviser or any of the foregoing, including its general partner and the Administrator, each of whom shall be deemed a third party beneficiary hereof) (collectively, the "Indemnified Parties") and hold them harmless from and against all damages, liabilities, costs, and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) incurred by the Indemnified Parties in or by reason of any pending, threatened, or completed action, suit, investigation, or other proceeding whether civil, criminal, administrative, or investigative (including an action or suit by or in the right of the Company or its security holders) arising out of or otherwise based upon the performance of any of the Adviser's duties or obligations under this Agreement or otherwise as an investment adviser of the Company. Notwithstanding Section 6 to the contrary, nothing contained herein shall protect or be deemed to protect the Indemnified Parties against or entitle or be deemed to entitle the Indemnified Parties to indemnification in respect of, any liability to the Company or its security holders to which the Indemnified Parties would otherwise be subject by reason of willful misfeasance, bad faith, or gross negligence in the performance of the Adviser's duties or by reason of the reckless disregard of the Adviser's duties and obligations under this Agreement (as determined in accordance with the Investment Company Act and the interpretations and guidance of the SEC or its staff thereunder). Notwithstanding any termination of this Agreement, the provisions of this Section 7 of this Agreement shall remain in full force and effect, and the Indemnified Parties shall remain entitled to the benefits thereof. The satisfaction of any indemnification and any holding harmless hereunder shall be from and limited to assets of the

Company. Notwithstanding the foregoing, absent a court determination that the person seeking indemnification was not liable by reason of "disabling conduct" within the meaning of Section 17(h) of the Investment Company Act, the decision by the Company to indemnify such person shall be based upon the reasonable determination, based upon a review of the facts, that such person was not liable by reason of such disabling conduct, by (a) the vote of a majority of a quorum of directors of the Company who are neither "interested persons" of the Company as defined in Section 2(a)(19) of the Investment Company Act nor parties to such action, suit, or proceeding or (b) an independent legal counsel in a written opinion.

Expenses incurred by the Adviser in defending a civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit, or proceeding as authorized by the Board in the specific case upon receipt of an undertaking by or on behalf of the Adviser to repay such amount unless it shall ultimately be determined that the Adviser is entitled to be indemnified by the Company as authorized in this Section 7, provided that at least one of the following conditions precedent has occurred in the specific case: (a) the Administrator has provided security for its undertaking; (b) the Company is insured against losses arising by reason of any lawful advances; or (c) a majority of a quorum of the disinterested non-party directors of the Company or an independent legal counsel in a written opinion, shall determine, based upon a review of the readily available facts, that there is reason to believe that the Adviser ultimately will be found entitled to indemnification. The advancement and indemnification provisions in this Section 7 shall apply to all threatened, pending, and completed actions, suits, or proceedings in which the Adviser is a party or is threatened to be made a party during the term of this Agreement.

For purposes of this Section 7, any provision hereof applicable to the Adviser shall also be applicable to any person serving as a partner of the Adviser or any of their directors, officers, employees, agents, members, committee members, controlling persons or Affiliates of the Adviser or any of the foregoing if such person is made a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding in such capacity. The indemnification and advancement provisions of this Section 7 shall be independent of and in addition to any indemnification and advancement provisions that may apply to any director, officer, employee, agent, or Affiliate of the Adviser because of any other position that such person may hold with the Company.

SECTION 8

DURATION AND TERMINATION

8.1 Duration. This Agreement shall become effective as of the date hereof and shall continue in effect until October 31, 2006, and subsequently for successive periods of one year, subject to the provisions for termination and all of the other terms and conditions hereof if such continuation shall be specifically approved at least annually (a) by the vote of a majority of the directors of the Company, cast in person at a meeting called for that purpose, or by the vote of a majority of the outstanding voting securities of the Company and (b) by the vote of a majority of the Company's directors who are not "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act) of the Company, in accordance with the requirements of the Investment Company Act.

8.2 Termination. This Agreement may be terminated at any time, without payment of any penalty, by the Board or by the shareholders of the Company acting by the vote of at least a majority of the outstanding voting securities of the Company, provided in either case that 60 days' written notice of termination be given to the Adviser at its principal place of business. The Adviser may also terminate this Agreement at any time by giving 60 days' written notice of termination to the Company, addressed to its principal place of business.

8.3 Effect of Termination of Expiration. The provisions of Section 6 and 7 shall remain in full force and effect and the Adviser and its representatives shall remain entitled to the benefits thereof, notwithstanding any termination or expiration of this Agreement. Further, notwithstanding the termination or expiration of this Agreement, the Adviser shall be entitled to any amounts owed under Section 5 through the date of termination or expiration.

SECTION 9

GENERAL PROVISIONS

9.1 Notice. Any notice under this Agreement shall be in writing, addressed and delivered or mailed, postage prepaid, to the other party at such address as such other party may designate for the receipt of such notice.

9.2 Proprietary Rights. The Adviser has proprietary rights in the Company's name. The Company acknowledges and agrees that the Adviser may withdraw the use of such names from the Company should it cease to act as the investment adviser to the Company.

9.3 Notice of Filing of Articles of Incorporation. All parties hereto are expressly put on notice of the Company's Articles of Incorporation and all amendments thereto, all of which are on file with the State Department of Assessments and Taxation of the State of Maryland, and the limitation of director, officer, agent, employee, and stockholder liability contained therein. This Agreement has been executed by and on behalf of the Company by its representatives as such representatives and not individually, and the obligations of the Company hereunder are not binding upon any of the directors, officers, agents, employees, or stockholders of the Company individually but are binding upon only the assets and property of the Company.

9.4 Amendment of this Agreement. This Agreement may be amended by the mutual consent of the parties in writing, but the consent of the Company must be obtained in accordance with the requirements of the Investment Company Act.

9.5 Assignment. This Agreement may not be assigned by either party hereto and shall terminate automatically in the event of any assignment (within the meaning of the Investment Company Act) of this Agreement.

9.6 Governing Law. This Agreement shall be construed in accordance with the laws of the State of Maryland, without giving effect to the conflicts of laws principles thereof, and in accordance with the Investment Company Act. To the extent that the applicable laws of the State of Maryland conflict with the applicable provisions of the Investment Company Act, the Investment Company Act shall control.

9.7 Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule, or otherwise, the remainder of this Agreement shall not be affected thereby. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors. As used in this Agreement, the terms "majority of the outstanding voting securities," "affiliated person," "interested person," "assignment," "investment adviser," "security," and "making available significant managerial assistance" shall have the same meaning as such terms have in the Investment Company Act, subject to such exemption as may be granted by the Commission by any rule, regulation, or order. Where the effect of a requirement of the Investment Company Act reflected in any provision of this Agreement is relaxed by a rule, regulation, or order of the Commission, whether of special or general application, such provision shall be deemed to incorporate the effect of such rule, regulation, or order.

9.8 Entire Agreement. This Agreement is the entire contract between the parties relating to the subject matter hereof and supersedes all prior agreements between the parties relating to the subject matter hereof.

IN WITNESS WHEREOF, the Company and the Adviser have caused this Agreement to be executed as of the day and year first above written.

NGP CAPITAL RESOURCES COMPANY

By: /s/ John H. Homier

Name: John H. Homier
Title: President & Chief Executive Officer

NGP INVESTMENT ADVISOR, LP

By: /s/ Richard A. Bernardy

Name: Richard A. Bernardy
Title: Managing Director & Chief Financial Officer

Exhibit 10.2

ADMINISTRATION AGREEMENT

THIS AGREEMENT dated as of November 9, 2004 (this "Agreement"), by and between NGP Capital Resources Company, a Maryland corporation (the "Company"), and NGP Administration, LLC, a Delaware limited liability company (the "Administrator").

WHEREAS, the Company is a newly organized closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940 (the "Investment Company Act") and in the business making investments in securities issued in private placements, primarily in connection with structured finance investments consisting of a subordinate debt instrument or a combination of senior and subordinate debt instruments with some equity component;

WHEREAS, the Administrator is engaged in the business of providing administrative services with respect to companies participating in structured finance transactions and making temporary short-term investments; and

WHEREAS, the Company deems it advisable to retain the Administrator to furnish certain administrative services to the Company, and the Administrator wishes to be retained to provide such services, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Company and the Administrator hereby agree as follows:

SECTION 1

DUTIES OF THE ADMINISTRATOR

1.1 Engagement of Administrator. Commencing on the date hereof, the Company engages and retains the Administrator to act as administrator of the Company, and to provide, or arrange for suitable third parties to provide, the administrative services, personnel, and facilities described below, subject to supervision of the Board of Directors of the Company (the "Board"), for the period and on the terms and conditions set forth in this Agreement. The Administrator hereby accepts such engagement and agrees during such period to provide, or arrange for suitable third parties to provide, such services and to assume the obligations herein set forth subject to the reimbursement of costs and expenses provided for below. The Administrator and such others shall for all purposes herein be deemed to be independent contractors and shall, unless otherwise expressly provided or authorized herein, have no authority to act for or represent the Company in any way or otherwise be deemed agents of the Company.

1.2 Services. Except to the extent that the provision of any such service is allocated to NGP Investment Advisor, LP (the "Adviser"), pursuant to the Investment Advisory Agreement dated November 9, 2004 (the "Advisory Agreement"), between the Company and the Adviser, the Administrator shall provide (or oversee, or arrange for, suitable third parties to provide) all administrative services necessary for the operation of the Company and the conduct of its business. Such administrative services shall include, but not be limited to, the following:

(a) providing the Company with such office space, equipment, facilities, and supplies; the services of such clerical, bookkeeping, record keeping, and other personnel of the Administrator; and such other services as the Administrator, subject to review by the Board, shall from time to time determine to be necessary, useful, or required for the reasonable conduct of the business of the Company;

(b) on behalf of the Company, conducting relations with custodians, depositories, transfer agents, dividend disbursing agents, other stockholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks, stockholders of the Company, and such other persons in any such other capacity as may be requested by the Company or may be reasonably necessary or desirable for the conduct of the business of the Company;

(c) making reports to the Directors of the Company of its performance of obligations hereunder and furnishing advice and recommendations with respect to such other aspects of the business and affairs of the Company as it shall determine to be desirable; provided that nothing herein shall be construed to require the Administrator to, and the Administrator shall not, provide any advice or recommendation relating to the securities and other assets that the Company should purchase, retain, or sell or any other investment advisory services to the Company;

(d) being responsible for the financial and other books and records that the Company is required to maintain; preparing such accounting and other reports and documents as may be necessary or appropriate for the reasonable conduct of the business of the Company, and preparing reports to stockholders, and reports and other materials filed with the Securities and Exchange Commission (the "SEC");

(e) to the extent permitted under the Investment Company Act, providing on the Company's behalf significant managerial assistance to those portfolio companies to which the Company is required to make available such assistance;

(f) assisting the Company in determining and publishing the Company's net asset value, overseeing the preparation and filing of the Company's tax returns, and the printing and dissemination of reports to stockholders of the Company, and generally overseeing the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others;

(g) providing such other administrative services with respect to the business and affairs of the Company as the Administrator shall deem to be desirable or appropriate.

1.3 Legal Compliance; Workers' Compensation Insurance. In performing its services under this Agreement, the Administrator shall comply with all applicable provisions of the Investment Company Act, federal law, and Texas laws, including all laws relating to the provision of services and employment laws. The Company shall not be considered to be an

employer or co-employer of the employees of the Administrator for any purpose other than for purposes of the application of the Texas Workers' Compensation Act. The services provided by the Administrator under this Agreement are not and are not intended to be "staff leasing services" as defined in Section 91.001 of the Texas Labor Code. The Administrator shall carry workers' compensation insurance coverage for its employees and shall cause the Company to be named as an additional insured under such policy.

1.4 Sub-Administrators. The Administrator is authorized is to enter into one or more sub-administration agreements with other service providers (each a "Sub-Administrator") pursuant to which the Administrator may obtain the services of the service providers in fulfilling its responsibilities hereunder. Any such sub-administration agreement shall be in accordance with the requirements of the Investment Company Act and other applicable federal and state law and shall contain a provision requiring the Sub-Administrator to comply with Sections 2 as if it were the Administrator.

SECTION 2

RECORDS

1.1 Records. The Administrator agrees to maintain and keep all books, accounts, and other records of the Company that relate to activities performed by the Administrator hereunder and, if required by the Investment Company Act, will maintain and keep such books, accounts, and records in accordance with such Act. In compliance with the requirements of Rule 31a-3 under the Investment Company Act, the Administrator agrees that all records which it maintains for the Company shall at all times remain the property of the Company, shall be readily accessible during normal business hours, and shall be promptly surrendered upon the termination of the Agreement or otherwise on written request. The Administrator further agrees that all records that it maintains for the Company pursuant to Rule 31a-1 under the Investment Company Act will be preserved for the periods prescribed by Rule 31a-2 under the Investment Company Act unless any such records are earlier surrendered as provided above. Records shall be surrendered in usable machine-readable form. The Administrator shall have the right to retain copies of such records subject to observance of its confidentiality obligations under this Agreement.

1.2. Compliance Program. The Administrator shall adopt and implement prior to October 5, 2004, written policies and procedures reasonably designed to prevent violation of the Federal Securities Laws (as defined in Rule 38a-1 under the Investment Company Act) by the Administrator. The Administrator shall provide the Company, at such times as the Company may reasonably request, with a copy of such policies and procedures and a written report that addresses the operation of the policies and procedures; such report shall be of sufficient scope and sufficient detail, as may reasonably be required to comply with Rule 38a-1 and to provide reasonable assurance that any weaknesses in the design or implementation of the policies and procedures would be disclosed by such examination, and, if there are no such weaknesses, the report shall so state.

SECTION 3

CONFIDENTIALITY

The parties hereto agree that each shall treat confidentially all information provided by each party to the other regarding its business and operations. All confidential information provided by a party hereto, including nonpublic personal information pursuant to Regulation S-P of the SEC, shall be used by any other party hereto solely for the purpose of rendering services pursuant to this Agreement and, except as may be required in carrying out this Agreement, shall not be disclosed to any third party, without the prior consent of such providing party. The foregoing shall not be applicable to any information that is publicly available when provided or thereafter becomes publicly available other than through a breach of this Agreement, or that is required to be disclosed by any regulatory authority, any authority or legal counsel of the parties hereto, by judicial or administrative process, or otherwise by applicable law or regulation.

SECTION 4

COMPENSATION; ALLOCATION OF COSTS AND EXPENSES

In full consideration of the provision of the services of the Administrator, the Company shall reimburse the Administrator for the costs and expenses incurred by the Administrator in performing its obligations and providing personnel and facilities hereunder. The Company will bear all costs and expenses that are incurred in its operation and transactions and not specifically assumed by the Adviser pursuant to the Advisory Agreement. Costs and expenses to be borne by the Company include, but are not limited to, those relating to:

(a) accounting, legal, printing, clerical, filing, and other organization and offering expenses incurred in connection with the organization of the Company and the initial offering of its shares of its common stock (the "Offering");

(b) expenses with respect to acquisition and disposition of investments, including all costs and fees incident to the identification, selection, and investigation of prospective Company investments, including associated due diligence expenses such as travel expenses and professional fees:

(c) brokerage and commission expense and other transaction costs incident to the acquisition and dispositions of investments;

(d) federal, state, and local taxes and fees, including transfer taxes and filing fees, incurred by or levied upon the Company;

(e) interest charges and other fees in connection with borrowings by the Company;

(f) fees and expenses payable to the SEC and any fees and expenses of state securities regulatory authorities;

(g) expenses of preparing, printing, filing, and distributing reports and notices to stockholders and regulatory bodies including the SEC;

(h) costs of proxy solicitation and meetings of stockholders and the Board;

(i) charges and expenses of the Company's custodian, administrator, and transfer and dividend disbursing agent;

(j) compensation and expenses of the Company's directors who are not interested persons of the Company or the Adviser, and of any of the Company's officers who are not interested persons of the Adviser; expenses of all directors in attending meetings of the Board or stockholders;

(k) all costs of registration and listing of the Company's shares on any securities exchange;

(l) legal and auditing fees and expenses, including expenses incident to the documentation for, and consummation of, transactions;

(m) costs of certificates representing the shares of the Company's common stock;

(n) costs and expenses of administration, including rent, technology systems, printing, mailing, long distance telephone, copying, secretarial and other staff, stationery, and supplies;

(o) the costs of membership by the Company or its directors or executive officers in any trade organizations;

(p) expenses associated with litigation and other extraordinary or non-recurring expenses;

(q) any insurance premiums (including fidelity bond and directors and officers errors and omission liability insurance premiums);

(r) expenses of offering the Company's common stock and other securities including registering securities under federal and state securities laws;

(s) costs of calculating the Company's net asset value including the costs of third party evaluations or appraisals of the Company (or its assets) or its investments;

(t) the costs of providing significant managerial assistance offered to and accepted by the recipient of Company investments;

(u) fees and expenses (including expenses incurred by the Adviser) payable to third parties, including agents, consultants, or other advisors in monitoring the financial and legal affairs of the Company and the Company's investments; and

(v) investment advisory and management fees;

(w) administration fees, if any, payable under this Agreement;

(x) all other costs and expenses directly allocable and identifiable to the Company or its business or investments; and

(y) all other expenses incurred by the Company or the Administrator in connection with administering the Company's business, including payments under this Administration Agreement based upon the Company's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under this Administration Agreement, including rent and the allocable portion of the cost of the Company's chief compliance officer and chief financial officer and their respective staffs.

SECTION 5

LIMITATION OF LIABILITY OF THE ADMINISTRATOR

The Administrator (and its members and the Administrator's and its members' officers, managers, agents, employees, controlling persons, members, and any other person or entity affiliated with the Administrator, including without limitation its sole member, and the Adviser (collectively, "Affiliates")) shall not be liable to the Company, or its stockholders, for any error of judgment, mistake of law, or any action taken or omitted to be taken by the Administrator in connection with the performance of any of its duties or obligations under this Agreement or otherwise as administrator for the Company.

SECTION 6

INDEMNIFICATION

6.1 Indemnification of the Administrator. The Company shall indemnify, defend, and protect the Administrator (and its members and the Administrator's and its members' officers, managers, agents, employees, committee members, controlling persons, members, and any other person or entity affiliated with the Administrator or any of the foregoing, including without limitation the Adviser, each of whom shall be deemed a third party beneficiary hereof) (collectively, the "Indemnified Parties") and hold them harmless from and against all damages, liabilities, costs, and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) incurred by the Indemnified Parties in or by reason of any pending, threatened, or completed action, suit, investigation, or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of or otherwise based upon the performance of any of the Administrator's duties or obligations under this Agreement or otherwise as administrator for the Company. Notwithstanding the preceding sentence, nothing contained herein shall protect or be deemed to protect the Indemnified Parties against or entitle or be deemed to entitle the Indemnified Parties to indemnification in respect of, any liability to the Company or its security holders to which the Indemnified Parties would otherwise be subject by reason of willful misfeasance, bad faith, or negligence in the performance of the Administrator's duties or by reason of the reckless disregard of the Administrator's duties and obligations under this Agreement (to the extent applicable, as the same shall be determined in accordance with the Investment Company Act and any interpretations or guidance by the SEC or its staff thereunder). The satisfaction of any indemnification and any holding harmless hereunder

shall be from and limited to assets of the Company. Notwithstanding the foregoing, absent a court determination that the person seeking indemnification was not liable by reason of "disabling conduct" within the meaning of Section 17(h) of the Investment Company Act, the decision by the Company to indemnify such person shall be based upon the reasonable determination, based upon a review of the facts, that such person was not liable by reason of such disabling conduct, by (a) the vote of a majority of a quorum of directors of the Company who are neither "interested persons" of the Company as defined in Section 2(a)(19) of the Investment Company Act nor parties to such action, suit, or proceeding or (b) an independent legal counsel in a written opinion.

Expenses incurred by the Administrator in defending a civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Directors of the Company in the specific case upon receipt of an undertaking by or on behalf of the Administrator to repay such amount unless it shall ultimately be determined that the Administrator is entitled to be indemnified by the Company as authorized in this Section 6, provided that at least one of the following conditions precedent has occurred in the specific case: (a) the Administrator has provided security for its undertaking; (b) the Company is insured against losses arising by reason of any lawful advances; or (c) a majority of a quorum of the disinterested non-party directors of the Company or an independent legal counsel in a written opinion, shall determine, based upon a review of the readily available facts, that there is reason to believe that the Administrator ultimately will be found entitled to indemnification. The advancement and indemnification provisions in this Section 6 shall apply to all threatened, pending, and completed actions, suits, or proceedings in which the Administrator is a party or is threatened to be made a party during the term of this Agreement, including those actions, suits, or proceedings that were threatened, filed, or otherwise initiated prior to the effective date of this provision.

For purposes of this Section 6, any provision hereof applicable to the Administrator shall also be applicable to any person serving as a director, officer, employee, agent, or affiliate of the Administrator if such person is made a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding in such capacity. The indemnification and advancement provisions of this Section 6 shall be independent of and in addition to any indemnification and advancement provisions that may apply to any director, officer, employee, agent, or affiliate of the Administrator because of any other position that such person may hold with the Company.

6.2 Indemnification of the Company. Notwithstanding Section 6.1, the Administrator shall indemnify, defend, and protect the Company (and its directors, officers, managers, agents, employees, controlling persons, shareholders, and any other person or entity affiliated with the Company, each of whom shall be deemed a third party beneficiary hereof) and hold them harmless from and against all damages, liabilities, costs, and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) incurred by any of them in or by reason of any pending, threatened, or completed action, suit, investigation, or other proceeding arising out of or otherwise based upon claims asserted against the Company or such persons by employees of the Administrator related to their employment by the Administrator including without limitation claims with respect to any work-related injury or employment discrimination.

SECTION 7

ACTIVITIES OF THE ADMINISTRATOR

The obligations of the Administrator to the Company and the services furnished by the Administrator to the Company hereunder are not exclusive. The Administrator and its Affiliates may (a) provide the same or similar services to others (including others whose business may be in direct or indirect competition with the business of the Company), work for other contractors, or send helpers to work for other contractors, during the term of this Agreement and (b) hire as many helpers as the Administrator desires and determine what each helper is paid. It is contemplated that from time to time one or more Affiliates of the Administrator may serve as directors, officers, or employees of the Company or otherwise have an interest or affiliation with the Company or have the same or similar relationships with competitors of the Company. Nothing in this Agreement shall limit or restrict the right of any manager, officer, agent, or employee of the Administrator or its Affiliates, who may also be a manager, officer, agent, or employee of the Company, to engage in any other business or to devote his or her time and attention in part to the management or other aspects of any other business, whether of a similar nature or dissimilar nature. Neither the Administrator nor any of its Affiliates shall in any manner be liable to the Company by reason of the foregoing activities of the Administrator or such Affiliate.

SECTION 8

DURATION AND TERMINATION OF THE AGREEMENT

This Agreement shall become effective as of the date hereof, and shall remain in force with respect to the Company for two years thereafter, and thereafter continue from year to year, but only so long as such continuance is specifically approved at least annually by (a) the Board of Directors of the Company and (b) a majority of those Directors who are not parties to this Agreement or "interested persons" (as defined in the Investment Company Act) of any such party.

This Agreement may be terminated at any time, without the payment of any penalty, by vote of the Directors of the Company, or by the Administrator, upon 60 days' written notice to the other party. This Agreement may not be assigned by a party without the consent of the other party. This agreement will automatically terminate in the event of its "assignment" (as such term is defined in Section 15(a)(4) of the Investment Company Act.

SECTION 9

GENERAL PROVISIONS

10.1 Governing Law. This Agreement shall be construed in accordance with laws of the State of Texas and the applicable provisions of the Investment Company Act, if any. To the extent that the applicable laws of the State of Texas, or any of the provisions herein, conflict with the applicable provisions of the Investment Company Act, if any, the latter shall control.

10.2 Entire Agreement. This Agreement contains the entire agreement of the parties and supercedes all prior agreements, understandings and arrangements with respect to the subject matter hereof. In the case of any conflicts between the provisions of this Agreement and the Advisory Agreement, the provisions of the Advisory Agreement shall govern.

10.3 Amendment. This Agreement may be amended pursuant to a written instrument by mutual consent of the parties.

10.4 Notices. Any notice under this Agreement shall be given in writing, addressed and delivered or mailed, postage prepaid, to the other party at its principal office.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

NGP CAPITAL RESOURCES COMPANY

By: /s/ John H. Homier

Name: John H. Homier
Title: President & Chief Executive Officer

NGP ADMINISTRATION, LLC

By: Richard A. Bernardy

Name: Richard A. Bernardy
Title: Managing Director & Chief Financial Officer

Exhibit 10.3

TRADEMARK LICENSE AGREEMENT

THIS TRADEMARK LICENSE AGREEMENT (this "Agreement"), is made and effective as of the 9th day of November, 2004 (the "Effective Date"), between **Natural Gas Partners, L.L.C.,** a Texas limited liability company ("Licensor"), and **NGP Capital Resources Company**, a Maryland corporation ("Licensee") (each a "party" and collectively, the "parties").

1. DEFINITIONS

1.01 "***Licensed Trademarks***" means the trade names "NATURAL GAS PARTNERS" and "NGP."

2. GRANT

2.01 ***License:*** Subject to the terms, conditions, and limitations set forth in this Agreement, Licensor hereby grants to Licensee, and Licensee hereby accepts from Licensor, a personal, non-exclusive, royalty-free right and license to use the Licensed Trademarks solely and exclusively as an element of Licensee's own company name and in connection with Licensee's business as a business development company under the Investment Company Act of 1940 managed by NGP Investment Advisor, L.P., a Delaware limited partnership (the "Advisor"), pursuant to the terms of the Investment Advisory Agreement dated as of November 9, 2004 (the "Advisory Agreement"). Except as provided above, neither Licensee nor any affiliate, owner, director, officer, employee, or agent thereof will otherwise use the Licensed Trademarks or any derivatives thereof without the prior express written consent of Licensor in its sole and absolute discretion. All rights not expressly granted to Licensee hereunder will remain the property of Licensor.

2.02 ***Licensor's Use:*** Nothing in this Agreement will preclude Licensor, its affiliates, or any of their respective successors or assigns from using or permitting other entities to use the Licensed Trademarks whether or not such entity directly or indirectly competes or conflicts with Licensee's business in any manner.

3. OWNERSHIP

3.01 ***Ownership:*** Licensee acknowledges and agrees that Licensor is the owner of all right, title, and interest in and to the Licensed Trademarks, and all such right, title, and interest will remain with the Licensor. Licensee will not otherwise contest, dispute, or challenge Licensor's right, title, and interest in and to the Licensed Trademarks.

3.02 ***Goodwill:*** All goodwill and reputation generated by Licensee's use of the Licensed Trademarks will inure to the benefit of Licensor. Licensee will not by any act or omission use the Licensed Trademarks in any manner that disparages or reflects adversely on Licensor or its business or reputation. Except as expressly provided herein, neither party may use any trademark or service mark of the other party without that party's prior written consent, which consent will be given in that party's sole discretion.

4. QUALITY CONTROL

4.01 ***Specifications:*** In order to preserve the inherent value of the Licensed Trademarks, Licensee agrees to use reasonable efforts to ensure that it maintains the quality of the services offered under the Licensed Trademarks at least equal to the standards prevailing in the operations of Licensor's business under the Licensed Trademarks as of the date of this Agreement. Licensee further agrees to use the Licensed Trademarks in accordance with such quality standards as may be reasonably established by Licensor and communicated to Licensee from time to time in writing, or as may be agreed to by Licensor and Licensee from time to time in writing.

4.02 ***Compliance with Applicable Laws:*** Licensee agrees that the business operated by it in connection with the Licensed Trademarks will comply with all laws, rules, regulations, and requirements of any governmental body as may be applicable to the operation, advertising and promotion of the business.

5. INDEMNIFICATION, WARRANTIES AND INFRINGEMENT

5.01 ***Indemnification and Warranties:*** Licensor assumes no liability to Licensee or to third parties with respect to the services rendered by Licensee under the Licensed Trademarks and Licensee will indemnify Licensor against losses incurred by claims of third parties against Licensor involving Licensee's provision of services under the Licensed Trademarks.

5.02 ***Notification of Infringement:*** Licensee will immediately notify Licensor and provide to Licensor all relevant background facts upon becoming aware of (i) any registrations of, or applications for registration of, marks that do or may conflict with the Licensed Trademarks, and (ii) any infringements, imitations, or illegal use or misuse of the Licensed Trademarks.

5.03 ***Mutual Representations:*** Each party hereby represents and warrants to the other party as follows:

5.03.01 Such party is duly organized and in good standing as of the Effective Date.

5.03.02 Such party has all necessary capacity, power, and authority to enter into and carry out the provisions of this Agreement. This Agreement has been duly authorized, executed, and delivered by each party and constitutes a valid and binding obligation of such party enforceable against such party in accordance with its terms.

6. TERM AND TERMINATION

6.01 ***Term.*** This Agreement shall expire (a) upon expiration or termination of the Advisory Agreement; (b) if the Advisor ceases to serve as the investment adviser to the Licensee; or (c) by Licensee or Licensee upon sixty (60) days' written notice to the other party.

6.02 ***Termination:*** Licensor will have the right to terminate this Agreement if:

6.02.01 Licensee fails to perform any of the terms of this Agreement to be performed by Licensee and fails to correct such breach within sixty (60) days after receipt of Licensor's written notice thereof (unless Licensor agrees that such breach is incapable of being cured within sixty (60) days and provided that, immediately following notice, Licensee diligently pursues correction of such default until cured within a commercially reasonable period);

6.02.02 Licensee engages in any misconduct that may adversely affect the goodwill associated with the Licensed Trademarks.

6.03 ***No Obligation:*** Licensor will be under no obligation to terminate this Agreement on the happening of any of the events set forth above, and Licensor's rights set forth herein are in addition to all other rights which Licensor may have under this License Agreement or at law or in equity.

6.04 ***Non-use:*** If Licensee fails to use the Licensed Trademarks for any uninterrupted period of three years, the license granted hereunder will expire.

6.05 ***Insolvency:*** If Licensee files a petition in bankruptcy or is adjudicated as bankrupt, or if a petition in bankruptcy is filed against Licensee, or if Licensee becomes insolvent, or makes an assignment for the benefit of creditors, or an arrangement pursuant to any bankruptcy law, or if Licensee discontinues its business or if a receiver is appointed for Licensee or Licensee's business, the license granted hereunder will automatically terminate without any notice being necessary, it being acknowledged by both Licensor and Licensee that Licensee possesses unique and special skills of a personal nature, upon which Licensor has relied in entering into this Agreement.

6.06 ***Effect of Termination:*** Upon expiration or termination of this Agreement, all rights granted to Licensee hereunder will revert to Licensor. Licensee will refrain from further use of the Licensed Trademarks or any further reference to them, direct or indirect, in connection with the marketing, advertising, or conduct of Licensee's business. Licensee will turn over to Licensor all materials that reproduce the Licensed Trademarks or, if requested by Licensor, will give Licensor satisfactory evidence of their destruction. For a period of 3 months following termination of this Agreement, Licensee will specify on all public materials, in a prominent place and in prominent typeface, that Licensee is no longer operating under the Licensed Trademarks and is no longer associated with Licensor.

7. MISCELLANEOUS PROVISIONS

7.01 ***Notice:*** Any notice given under this Agreement will be in writing and will be sent to the following addresses: *If to Licensor*: Natural Gas Partners, L.L.C., 125 E. John Carpenter Freeway, Irving, Texas 75062, attention General Counsel. *If to Licensee*: NGP Capital Resources Company, 125 E. John Carpenter Freeway, Irving, Texas 75062, attention Chief Executive Officer, or to such other address as either party may from time to time designate by notice under this paragraph.

7.02 ***Choice of Law:*** This Agreement will be governed, in all respects, by the laws of the State of Texas (without giving effect to the principals thereof relating to conflicts of laws).

7.03 ***Assignment:*** This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Licensee may not assign, delegate or otherwise transfer this Agreement or any of its rights or obligations hereunder, without the prior written consent of the Licensor. Any assignment permitted by Licensor in accordance with the terms of this Agreement will be pursuant to a written assignment agreement in which the assignee expressly assumes the rights and obligations of Licensee hereunder. Licensor may assign its rights and obligations under this Agreement.

7.04 ***No Agency:*** No agency, employment, partnership, or joint venture relationship is created between the parties hereto. Neither party is an affiliate of the other and no representations will be made by either party that would create an apparent agency, employment, partnership or joint venture relationship with the other party. Neither party has the power, right, or authority to act for, create debts or obligations for, or bind the other, nor is either party responsible for the obligations and debts of the other. The only relationship between the parties is that of independent contractors.

7.05 ***Amendment:*** This Agreement may not be amended or modified except by an instrument in writing signed by all parties hereto.

7.06 ***No Waiver:*** The failure of either party to enforce at any time for any period the provisions of or any rights deriving from this Agreement will not be construed to be a waiver of such provisions or rights or the rights of such party thereafter to enforce such provisions, and no waiver will be binding unless executed in writing by all parties hereto.

7.07 ***Severability:*** A ruling by any court or government agency having jurisdiction that any provision of this Agreement is invalid will not result in invalidation of the entire Agreement, but all remaining terms will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there will be automatically as part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

7.08 ***Headings:*** The descriptive headings contained in this Agreement are for convenience or reference only and will not affect in any way the meaning or interpretation of this Agreement.

7.09 ***Counterparts:*** This Agreement may be executed in one or more counterparts, each of which when executed will be deemed to be an original instrument and all of which taken together will constitute one and the same agreement.

7.10 ***Entire Agreement:*** This Agreement is the entire and final agreement pertaining to this subject matter and will supersede all other agreements, discussions, summaries, representations, notes, letters, and written or oral statements with respect to the subject matter hereof and this Agreement cannot be modified except by a written instrument signed by the parties hereto.

7.11 ***Third Party Beneficiaries.*** Nothing in this Agreement, either express or implied, is intended to or shall confer upon any third party and legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as shown below.

NATURAL GAS PARTNERS, L.L.C., a Texas limited liability company

By: /s/ Kenneth A. Hersh

Print Name: Kenneth A. Hersh
Title: Authorized Member

NGP CAPITAL RESOURCES COMPANY, a Maryland corporation

By: /s/ John H. Homier

Print Name: John H. Homier
Title: President & Chief Executive Officer

Exhibit 10.5

INDEMNITY AGREEMENT

This Agreement made and entered into as of this 30th day of March, 2005, by and between NGP Capital Resources Company, a Maryland corporation (the "Company"), and _____ ("Indemnitee"), who is currently serving the Company in the capacity of a director and/or officer;

W I T N E S S E T H:

WHEREAS, the Company and Indemnitee recognize that the interpretation of ambiguous statutes, regulations, and court opinions and of the Certificate of Incorporation and Bylaws of the Company, and the vagaries of public policy, are too uncertain to provide the directors and officers of the Company with adequate or reliable advance knowledge or guidance with respect to the legal risks and potential liabilities to which they may become personally exposed as a result of performing their duties in good faith for the Company; and

WHEREAS, the Company and the Indemnitee are aware that highly experienced and capable persons are often reluctant to serve as directors or officers of a corporation unless they are protected to the fullest extent permitted by law by comprehensive insurance or indemnification, especially since the legal risks and potential liabilities, and the threat of such risks and liabilities, associated with lawsuits filed against the officers and directors of a corporation, and the resultant substantial time, expense, harassment, ridicule, abuse, and anxiety spent and endured in defending against such lawsuits, whether or not meritorious, bear no reasonable or logical relationship to the amount of compensation received by the directors or officers from the corporation; and

WHEREAS, Section 2-418 of the Maryland General Corporation Law and the Certificate of Incorporation of the Company, which set forth certain provisions relating to the mandatory and permissive indemnification of, and advancement of expenses to, officers and directors (among others) of a Maryland corporation by such corporation, is specifically not exclusive of other rights to which those indemnified thereunder may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, and, thus, does not by itself limit the extent to which the Company may indemnify persons serving as its officers and directors; and

WHEREAS, after due consideration and investigation of the terms and provisions of this Agreement and the various other options available to the Company and the Indemnitee in lieu thereof, the board of directors of the Company has determined that the following Agreement is not only reasonable and prudent but necessary to promote and ensure the best interests of the Company and its stockholders; and

WHEREAS, the Company desires to have Indemnitee serve or continue to serve as an officer and/or director of the Company, free from undue concern for unpredictable, inappropriate, or unreasonable legal risks and personal liabilities by reason of his acting in good faith in the performance of his duties to the Company; and Indemnitee desires to serve, or to

continue to serve (provided that he is furnished the indemnity provided for hereinafter), in either or both of such capacities;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Indemnitee, intending to be legally bound, do hereby agree as follows:

1. Agreement to Serve. Indemnitee agrees to serve or continue to serve as an employee, director, and/or officer of the Company and as Indemnitee and the Company may agree, as a director, officer, employee or agent of another Enterprise, for so long as he is duly elected or appointed and qualified in accordance with the provisions of the Maryland General Corporation Law and the Articles of Incorporation and Bylaws of the Company or until such time as he tenders his resignation. The Company acknowledges that the Indemnitee is relying on this Agreement in so serving.

2. Definitions. As used in this Agreement:

(a) "Act" means the Investment Company Act of 1940, as amended.

(b) "Change in Control" means a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange, whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding securities without the prior approval of at least two-thirds of the members of the board of directors of the Company in office immediately prior to such person attaining such percentage interest; (ii) there occurs a proxy contest, or the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the board of directors of the Company then in office, as a consequence of which members of the board of directors in office immediately prior to such transaction or event constitute less than a majority of the board of directors thereafter; (iii) the Company terminates the engagement of the Incumbent Advisor; or (iv) during any period of two consecutive years, other than as a result of an event described in clause (ii) of this subsection (b), individuals who at the beginning of such period constituted the board of directors of the Company (including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the board of directors.

(c) "Disabling Conduct" means Indemnitee's willful misfeasance, bad faith, or gross negligence in the performance of his duties or reckless disregard of his obligations and duties involved in the conduct of his office.

(d) "Disinterested Director" means a director of the Company who is neither an "interested person" of the Company as defined in Section 2(a)(19) of the Act nor a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "Enterprise" means any corporation, partnership, limited liability company, association, joint venture, trust, employee benefit plan, or other entity. employee benefit plans;

(f) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(g) "Expenses" means all expenses, including, without limitation, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in, or otherwise involved in, a Proceeding. Should any payments by the Company under this Agreement be determined to be subject to any federal, state, or local income or excise tax, "Expenses" will also include such amounts as are necessary to place Indemnitee in the same after-tax position, after giving effect to all applicable taxes, Indemnitee would have been in had such tax not have been determined to apply to those payments. In addition, "Expenses" also includes Expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent.

(h) "Incumbent Advisor" means the investment advisor, that as of November 9, 2004, is a party to an Investment Advisory Agreement with the Company and any affiliate of such advisor.

(i) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(j) "Liabilities" means all liabilities, including, without limitation, the amounts of any judgments, fines, penalties, excise taxes, and amounts paid in settlement.

(k) "Person" means any person or entity of any nature whatsoever, specifically including an individual, a firm, a company, a corporation, a partnership, a trust, or other entity. A Person, together with that Person's affiliates and associates (as those terms are defined in Rule 12b-2 under the Exchange Act), and any Persons acting as a partnership, limited partnership, joint venture, association, syndicate, or other group (whether or not formally organized), or otherwise acting jointly or in concert or in a coordinated or consciously parallel manner (whether or not pursuant to any express agreement), for the purpose of acquiring, holding, voting, or disposing of securities of the Company with such Person, shall be deemed a single "Person."

(l) "Potential Change in Control" means if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person, including the Company, publicly announces an intention to take or to consider taking actions that, if consummated, would constitute a Change in Control; or (iii) the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(m) "Proceeding" means any threatened, pending, or completed claim, action (including any action by or in the right of the Company), suit, or proceeding, whether formal or informal, civil, criminal, administrative, legislative, arbitrative, or investigative, any appeal in such a claim, action, suit, or proceeding, and any inquiry or investigation that could lead to such a claim, action, suit, or proceeding irrespective of the initiator thereof. The final disposition of a Proceeding shall be as determined by a settlement or the judgment of a court or other investigative or administrative body. The Board of Directors shall not make a determination as to the final disposition of a Proceeding.

(n) "Serving at the request of the Company" means any person serving at the request of the Company as a director, officer, employee, agent, fiduciary, or other representative of another Enterprise including any service as a director, officer, employee, or agent of the Company that imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acts in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

3. Indemnity in Third Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is a party to or is threatened to be made a party to or is otherwise involved in any Proceeding (other than a Proceeding by or in the right of the Company to procure a judgment in its favor) by reason of the fact that Indemnitee is or was an employee, director, and/or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee, agent, fiduciary, or other representative of another Enterprise, against all Expenses and Liabilities actually and reasonably incurred by Indemnitee (or on his behalf) in connection with such Proceeding or any claim, issue, or matter therein, unless it is determined pursuant to Section 8 of this Agreement or by the court having jurisdiction in the matter, that (a) the act or omission of Indemnitee was material in the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property, or services, (c) with respect to any criminal Proceeding, Indemnitee had reasonable cause to believe his conduct was unlawful, or (d) the Expense or Liability arose by reason of Indemnitee's Disabling Conduct. The termination of any Proceeding or of any claim,

issue, or matter therein, by judgment, order, or settlement, shall not, of itself, adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee acted in a manner contrary to that specified above. Indemnitee shall have the right to employ Indemnitee's own legal counsel in any Proceeding for which indemnification is available under this Section 3.

4. Indemnity in Proceedings By or In the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is a party to or is threatened to be made a party to or otherwise involved in any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was an employee, director, and/or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee, agent, fiduciary, or other representative of another Enterprise, against all Expenses actually and reasonably incurred by Indemnitee (or on his behalf) in connection with such Proceeding unless it is determined that (a) the act or omission of Indemnitee was material in the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property or services, or (c) the Expense arose by reason of Indemnitee's Disabling Conduct, except that no indemnification shall be made under this Section 4 in respect of any claim, issue, or matter as to which Indemnitee shall have been adjudged to be liable to the Company unless and only to the extent that the Maryland court of competent jurisdiction in which such Proceeding was brought or is pending, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity as the Maryland court of competent jurisdiction in which such Proceeding was brought or such other court shall deem proper. Indemnitee shall have the right to employ Indemnitee's own legal counsel in any Proceeding for which indemnification is available under this Section 4.

5. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of the fact that Indemnitee is or was an employee, director, and/or officer of the Company, or is or was serving at the request of the Company as a director, officer, employee, agent, fiduciary, or other representative of another Enterprise, a witness in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee (or on his behalf) in connection therewith.

6. Indemnification for Expenses of Successful Party. Notwithstanding any other provision of this Agreement to the contrary, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding referred to in Sections 3 and/or 4 of this Agreement, or in defense of any claim, issue, or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee (or on his behalf) in connection therewith. If Indemnitee is not wholly successful in any Proceeding referred to in Sections 3 and/or 4 of this Agreement, but is successful on the merits or otherwise (including dismissal without prejudice) as to one or more, but less than all claims, issues, or matters therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee (or on his behalf) in connection with each successfully resolved claim, issue or matter. For purposes of this Section 6, and without limitation, the termination of any claim, issue, or matter in any Proceeding referred to in Sections 3 and/or 4 of this Agreement by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue, or matter.

7. Advances of Expenses. To the fullest extent permitted by applicable law, the Expenses incurred by Indemnitee pursuant to Sections 3 and/or 4 of this Agreement in connection with any Proceeding or any claim, issue or matter therein shall be paid by the Company in advance of the final disposition of such Proceeding or any claim, issue, or matter therein no later than 10 days after receipt by the Company of a written affirmation by Indemnitee of Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Company as authorized by law and by this Agreement has been met and an undertaking by or on behalf of Indemnitee ("Indemnitee Undertaking") to repay such amount to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. The Indemnitee Undertaking, which shall not be secured and shall be interest free, shall be substantially on the form of Exhibit A to this Agreement. For so long as the Company is subject to the Act, any advancement of Expenses shall be subject to at least one of the following as a condition of the advancement: (a) Indemnitee shall provide a security for his or her undertaking, (b) the Company shall be insured against losses arising by reason of any lawful advances or (c) a majority of a quorum of Disinterested Directors of the Company, or Independent Counsel in a written opinion, shall determine, based on a review of readily available facts (as opposed to a trial-type inquiry), that there is reason to believe Indemnitee ultimately will be found entitled to indemnification. Any judgments, fines, or amounts to be paid in settlement of any Proceeding shall also be advanced by the Company upon request by Indemnitee. If the Company advances or pays any amount to Indemnitee under Section 3, 4, 5, 6, or 7 and if Indemnitee shall thereafter receive all or a portion of such amount under one or more policies of directors and officers liability insurance maintained by the Company or pursuant to a trust fund, letter of credit, or other security or funding arrangement provided by the Company, Indemnitee shall promptly repay such amount or such portion thereof, as the case may be, to the Company. .

8. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 8(a) hereof, a reasonable determination, based upon a review of the facts, with

respect to Indemnitee's entitlement to indemnification under Section 3, 4, 5, or 6 hereof shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the board of directors of the Company, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of a quorum of the Disinterested Directors, or (B) if a quorum of Disinterested Directors cannot be obtained or, even if obtainable, if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the board of directors of the Company, a copy of which shall be delivered to Indemnitee; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within 10 days after such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in cooperating with the person, persons, or entity making the determination discussed in this Section 8(b) with respect to Indemnitee's entitlement to indemnification, shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b) hereof, the Independent Counsel shall be selected as provided in this Section 8(c). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the board of directors of the Company, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the board of directors of the Company, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 8(b) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Maryland court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 8(a) hereof.

(d) Indemnitee will be deemed a party to a Proceeding for all purposes hereof if Indemnitee is named as a defendant or respondent in a complaint or petition for relief in that Proceeding, regardless of whether Indemnitee is ever served with process or makes an appearance in that Proceeding.

9. Presumptions and Effect of Certain Provisions.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume, in the absence of a final decision on the merits by a court or other body before whom a Proceeding was brought, that the Indemnitee has not met the applicable standard of conduct or is not entitled to indemnification under this Agreement, if Indemnitee has submitted a request for indemnification in accordance with Section 8(a) of this Agreement, and the Company shall have the burden of proof in overcoming such presumption by clear and convincing evidence. Neither the failure of the Company (including the board of directors or independent legal counsel) to have made a determination prior to the commencement of such action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including its board of directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons, or entity empowered or selected under Section 8 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within 30 days after receipt by the Company therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional 15 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) For purposes of any determination of whether (i) the act or omission of Indemnitee was material in the matter giving rise to the Proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty, (ii) Indemnitee actually received an improper personal benefit in money, property, or services, or (iii) with respect to any criminal Proceeding, Indemnitee had reasonable cause to believe his conduct was unlawful (collectively, "Good Faith"), Indemnitee shall be deemed to have acted in Good Faith if Indemnitee's action is based on the records or books of account of the Company or another Enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent, fiduciary, or other representative, information, opinions, reports, or statements, including financial statements and other financial information, concerning the Enterprise or any other person

that were prepared or supplied to Indemnitee by: (i) one or more officers or employees of the Enterprise; (ii) appraisers, engineers, investment bankers, legal counsel, or other persons as to matters Indemnitee reasonably believed were within the professional or expert competence of those persons; and (iii) any committee of the Board of Directors or equivalent managing body of the Enterprise of which Indemnitee is or was, at the relevant time, not a member. The provisions of this Section 9(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) The knowledge and/or actions, or failure to act, of any director, officer, agent, or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

10. Establishment of a Trust. In the event of a Potential Change in Control or a Change in Control, the Company shall, upon written request by Indemnitee, create a trust for the benefit of Indemnitee (the "Trust") and from time to time upon written request of Indemnitee shall fund the Trust in an amount equal to all Expenses and Liabilities reasonably anticipated at the time to be incurred in connection with any Proceeding. The amount to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the party determining the Indemnitee's entitlement to indemnification pursuant to Section 8. The terms of the Trust shall provide that, upon a Change in Control, (a) the Trust shall not be revoked or the principal thereof invaded, without the written consent of Indemnitee; (b) the trustee of the Trust shall advance, within 10 days of a request by Indemnitee, any and all Expenses to Indemnitee (and Indemnitee hereby agrees to reimburse the Trust under the circumstances in which Indemnitee would be required to reimburse the Company for Expenses under this Agreement); (c) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above; (d) the trustee of the Trust shall promptly pay to Indemnitee all amounts for which Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise; and (e) all unexpended funds in that Trust shall revert to the Company upon a final determination by the party determining the Indemnitee's entitlement to indemnification pursuant to Section 8 or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this Agreement. The trustee of the Trust shall be chosen by Indemnitee. Nothing in this Section 10 shall relieve the Company of any of its obligations under this Agreement.

11. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 8(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 7 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 8(b) of this Agreement within the time period provided in Section 9(b) after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, Section 6, or the last sentence of Section 8(b) of this Agreement within 10 days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to Section 3 or Section 4 of this Agreement is not made within 10 days after a determination has been made that

Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by the Maryland court of competent jurisdiction of his entitlement to such indemnification or advancement of Expenses and appeals therefrom, concluding in a final and unappealable judgment. The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 8(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 11 shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination.

(c) If a determination shall have been made pursuant to Section 8(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 11, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 11, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all expenses (of the types described in the definition of Expenses in Section 2(d) of this Agreement) actually and reasonably incurred by him in such judicial adjudication, but only if (and only to the extent) he prevails therein. If it shall be determined in said judicial adjudication that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the expenses incurred by Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 11 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

12. Indemnification and Advancement of Expenses Under this Agreement Not Exclusive; Survival of Rights. The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under the Certificate of Incorporation or Bylaws of the Company, any other agreement, any vote of stockholders or disinterested directors, the Maryland General Corporation Law, or otherwise. No amendment, alteration, or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such amendment, alteration or repeal. To the extent that a change in the Maryland General Corporation Law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate of Incorporation of the Company and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

13. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification or to receive advancement by the Company for a portion of the Expenses or Liabilities actually and reasonably incurred by Indemnitee (or on his behalf) in connection with such Proceeding, or any claim, issue, or matter therein, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

14. Rights Continued. The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall continue as to Indemnitee even though Indemnitee may have ceased to be a director or officer of the Company and shall inure to the benefit of Indemnitee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

15. No Construction as an Employment Agreement or Any Other Commitment. Nothing contained in this Agreement shall be construed as giving Indemnitee any right to be retained in the employ or as an officer of the Company or any of its subsidiaries, if Indemnitee currently serves as an officer of the Company, or to be renominated or reelected as a director of the Company, if Indemnitee currently serves as a director of the Company.

16. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company or of another Enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms, to the maximum extent of the coverage available for any director, officer, employee, or agent under such policy or policies.

17. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable under this Agreement if,

and to the extent that, Indemnitee has otherwise actually received such payment under any contract, agreement, or insurance policy, the Certificate of Incorporation or Bylaws of the Company, or otherwise.

18. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including without limitation the execution of such documents as may be necessary to enable the Company effectively to bring suit to enforce such rights.

19. Exceptions. Notwithstanding any other provision in this Agreement, but except as provided in Section 11(d), the Company shall not be obligated pursuant to the terms of this Agreement, to indemnify or advance Expenses to Indemnitee with respect to any Proceeding, or any claim, issue, or matter therein, (i) brought or made by Indemnitee, unless the bringing of such Proceeding or the making of such claim, issue, or matter shall have been approved by the Board of Directors of the Company, or (ii) in which final judgment is rendered against Indemnitee for an accounting of profits made from the purchase and sale or the sale and purchase by Indemnitee of securities of the Company pursuant to the provisions of Section 17(b) of the Exchange Act, or similar provisions of any federal, state, or local statute.

20. Notices. Any notice or other communication required or permitted to be given or made to the Company or Indemnitee pursuant to this Agreement shall be given if made in writing and deposited in the United States mail, with postage thereon prepaid, addressed to the person to whom such notice or communication is directed at the address of such person on the records of the Company, and such notice or communication shall be deemed given or made at the time when the same shall be so deposited in the United States mail. Any such notice or communication to the Company shall be addressed to the Secretary of the Company.

21. Contractual Rights. The right to be indemnified or to receive advancement of Expenses under this Agreement (i) is a contract right based upon good and valuable consideration, pursuant to which Indemnitee may sue, (ii) is and is intended to be retroactive and shall be available as to events occurring prior to the date of this Agreement, and (iii) shall continue after any rescission or restrictive modification of this Agreement as to events occurring prior thereto.

22. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby; to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provisions held invalid, illegal or unenforceable; and those provision or provisions held to be invalid, illegal or unenforceable for any reason whatsoever shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto.

23. Successors; Binding Agreement. The Company shall require and cause any successor (whether direct or indirect) by purchase, merger, consolidation or otherwise) to all or

substantially all of the business or assets of the Company, by written agreement in form and substance reasonably satisfactory to Indemnitee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that executes and delivers the agreement provided for in this Section 23 or that otherwise becomes bound by the terms and provisions of this Agreement by operation of law. This Agreement shall be binding upon the Company and its successors and assigns (including, without limitation, any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business or assets of the Company) and will inure to the benefit of Indemnitee (and Indemnitee's spouse, if Indemnitee resides in Texas or another community property state), heirs, executors, and administrators.

24. Counterparts, Modification, Headings, Gender.

(a) This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument, and either party hereto may execute this Agreement by signing any such counterpart.

(b) No provisions of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing and signed by Indemnitee and an appropriate officer of the Company. No waiver by any party at any time of any breach by any other party of, or compliance with, any condition or provision of this Agreement to be performed by any other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time.

(c) Section headings are not to be considered part of this Agreement, are solely for convenience of reference, and shall not affect the meaning or interpretation of this Agreement or any provision set forth herein.

(d) Pronouns in masculine, feminine, and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

25. Exclusive Jurisdiction; Governing Law. The Company and Indemnitee agree that all disputes in any way relating to or arising under this Agreement, including, without limitation, any action for advancement of Expenses or indemnification, shall be litigated, if at all, exclusively in the Maryland courts, and if necessary, the corresponding appellate courts. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws. The Company and Indemnitee (i) expressly submit themselves to the personal jurisdiction of the Maryland courts for purposes of any action or proceeding arising out of or in connection with this Agreement, (ii) irrevocably appoint, to the extent such party is not a resident of the State of Maryland, The Corporation Trust Incorporated as its agent in the State of Maryland as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Maryland, (iii) waive any

objection to the laying of venue of any such action or proceeding in the Maryland court of competent jurisdiction, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Maryland court of competent jurisdiction has been brought in an improper or otherwise inconvenient forum.

26. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) 10 years after the date that Indemnitee shall have ceased to serve as a director and/or officer of the Company or director, officer, employee or agent of any Enterprise which Indemnitee served at the request of the Company; or (b) one year after the final, nonappealable termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 11 of this Agreement relating thereto.

27. Contribution. If it is established, under Section 8 or otherwise, that Indemnitee has the right to be indemnified under this Agreement in respect of any claim, but that right is unenforceable by reason of applicable law or public policy, then, to the fullest extent applicable law permits, the Company, in lieu of indemnifying or causing the indemnification of Indemnitee under this Agreement and to the extent permitted under Section 17(h) of the Act, will contribute to the amount Indemnitee has incurred, whether for Liabilities or for Expenses reasonably incurred, in connection with that Proceeding, in such proportion as is deemed fair and reasonable in light of all the circumstances of that Proceeding in order to reflect:

(a) the relative benefits Indemnitee and the Company have received as a result of the event(s) or transactions(s) giving rise to that Proceeding; or

(b) the relative fault of Indemnitee and of the Company and its other functionaries in connection with those event(s) or transaction(s).

28. Investment Company Act of 1940. Notwithstanding anything to the contrary in this Agreement, for so long as the Company is subject to the Act, the Company shall not indemnify or advance Expenses to Indemnitee to the extent such indemnification or advance would violate the 1940.

IN WITNESS WHEREOF, the Company and Indemnitee have executed this Agreement as of the date and year first above written.

NGP CAPITAL RESOURCES COMPANY

By: _____
Name: _____
Title: _____

INDEMNITEE

_____

_____
(Print Name)

EXHIBIT A

INDEMNITEE'S UNDERTAKING

_____, 2005

NGP Capital Resources Company
1200 Smith Street, Suite 1600
Houston, Texas 77002

Re: Indemnity Agreement

Ladies and Gentlemen:

Reference is made to the Indemnity Agreement dated as of March 30, 2005, by and between NGP Capital Resources Company and the undersigned Indemnitee, and particularly to Section 7 thereof relating to advance payment by the Company of certain Expenses incurred by the undersigned Indemnitee. Capitalized terms used and not otherwise defined in this Indemnitee's Undertaking shall have the respective meanings given to such terms in the Agreement.

The types and amounts of Expenses incurred by or on behalf of the undersigned Indemnitee are itemized on Attachment I to this Indemnitee's Undertaking. The undersigned Indemnitee hereby requests that the total amount of these Expenses (the "Advanced Amount") be paid by the Company in advance of the final disposition of such Proceeding in accordance with the Agreement.

The undersigned Indemnitee hereby affirms that at all times, infosar as the Indemnitee was involved as [a/an director, officer, employee] of the Company, in any of the facts or events giving rise to the Proceeding, the undersigned (1) acted in good faith and honestly, (2) did not receive any improper personal benefit in money, property or services, (3) in the case of any criminal Proceeding, had no reasonable cause to believe that any act or omission was unlawful, and (4) was not liable by reason of Disabling Conduct.

The undersigned Indemnitee hereby agrees to repay the Advanced Amount to the Company to the extent that it is ultimately determined pursuant to Section 8, or, in the event the Indemnitee elects to pursue other remedies pursuant to Section 11, that the undersigned Indemnitee is not entitled to be indemnified therefor by the Company.

Very truly yours,

_____
Signature

_____
Name of Indemnitee (Type or Print)

ATTACHMENT I TO
INDEMNITEE'S UNDERTAKING

ITEMIZATION OF
TYPES AND AMOUNTS OF EXPENSES

Attached hereto are receipts, statements or invoices for the following qualifying Expenses which Indemnitee represents have been incurred by Indemnitee in connection with a Proceeding:

Type	Amount
1.	
Total Advanced Amount	

Exhibit 14.1

NGP CAPITAL RESOURCES COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS
FOR MEMBERS OF THE BOARD OF DIRECTORS,
OFFICERS AND EMPLOYEES

Adopted by the Board of Directors on August 24, 2004

The Board of Directors (the "Board") of NGP Capital Resources Company (the "Fund") has adopted the following Code of Business Conduct and Ethics for members of the Board, officers, and employees of the Fund (this "Code"). This Code is intended to focus the Board, each Director, Officer, and employee on areas of ethical risk, provide guidance to Directors, Officers, and employees to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability. Each Director, Officer, and employee must comply with the letter and spirit of this Code.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles for Directors, Officers, and employees. Directors, Officers, and employees are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chair of the Audit Committee, who may consult with legal counsel as appropriate.

Directors, Officers, and employees of the Fund should read and comply with this Code in conjunction with the Fund's Code of Ethics and Insider Trading Policy.

1. Conflict of Interest

A "conflict of interest" occurs when a Director's, Officer's, or employee's private interest interferes in any way, or appears to interfere, with the interests of the Fund as a whole. Conflicts of interest arise when a Director, Officer, Employee or a member of his or her immediate family, receives improper personal benefits as a result of his or her position as a Director, Officer, or employee of the Fund or of NGP Investment Advisor, LP, the Fund's Investment Advisor ("NGPIA"). Loans or guarantees of obligations may create conflicts of interest. Therefore, the Fund shall not make any personal loans or extensions of credit to nor become contingently liable for any indebtedness of Directors or Officers or any members of their families.

Directors, Officers, and employees must avoid conflicts of interest with the Fund. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Fund must be disclosed immediately to the Chair of the Audit Committee or to the attending of the individual designated in Section II below.

This Code does not attempt to describe all possible conflicts of interest which could develop. Some of the more common conflicts from which Directors, Officers, and employees must refrain, however, are set out below:

- *Relationship of Fund with third parties*. Directors, Officers, and employees may not engage in any conduct or activities that are inconsistent with the Fund's best interests or that disrupt or impair the Fund's relationship with any person or entity with which the Fund has or proposes to enter into an investment, business or contractual relationship.
- *Compensation from non-Fund sources*. Directors, Officers, and employees may not accept compensation, in any form, for services performed for the Fund from any source other than the Fund. Notwithstanding, Directors and Officers may accept board fees and non-employee director stock options from portfolio companies, if such fees and options are offered by the portfolio company to all non-employee directors and disclosed to the Fund and its Audit Committee.
- *Gifts*. Directors, Officers, employees and members of their families may not offer, give or receive gifts from persons or entities who deal with the Fund or its portfolio companies, in those cases where any such gift is being made in order to influence the Directors' or Officers' actions as members of the Board and senior management of the Fund or its portfolio companies, or where acceptance of the gifts could create the appearance of a conflict of interest.

2. Insider Trading

Officers, Directors, and employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Fund and its portfolio companies should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal. Please consult the Fund's policy on insider trading for additional policies related hereto.

3. Corporate Opportunities

Directors, Officers, and employees owe a duty to the Fund to advance its legitimate interests when the opportunity to do so arises. When an opportunity that relates to the Fund's business has been presented to the Directors solely by the Fund, NGPIA or their agents, Officers and Directors are prohibited from: (a) taking for themselves personally opportunities that are discovered through the use of the Fund's property or information, or the Director's, Officer's, and employee's position with the Fund or NGPIA; (b) using the Fund's property, information, or position for personal gain; or (c) personally competing with the Fund, directly or indirectly, for business opportunities. However, if it has been determined that the Fund will not pursue an opportunity presented to the Fund, a Director, Officer, or employee may pursue such opportunity if such involvement is fully disclosed to the Fund and its Audit Committee and does not interfere with the fulfillment of the Director's, Officer's, and employee's responsibility to the Fund.

4. Record-Keeping

The Fund requires honest and accurate recording and reporting of information in order to make responsible business decisions. All of the Fund's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Fund's transactions and must conform both to applicable legal requirements and to the Fund's system of internal controls. Periodic and other reports (financial and otherwise) to federal, state, and local government agencies must present a full, fair, accurate, timely, and understandable disclosure of the Fund. Business records and communications should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Fund's record retention policies.

5. Confidentiality

Directors, Officers, and employees must maintain the confidentiality of information entrusted to them by the Fund or its portfolio companies, and any other confidential information about the Fund or its portfolio companies that comes to them, from whatever source, in their capacity as Director, Officer, or employee except when disclosure is authorized or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Fund or its portfolio companies, if disclosed.

6. Protection and Proper Use of Fund Assets

Theft, carelessness and waste of assets have a direct impact on the Fund's profitability. Directors, Officers, and employees shall protect the Fund's assets and ensure their efficient use. All Fund assets shall be used only for legitimate business purposes, and any suspected incident of fraud or theft should be immediately reported for investigation.

7. Fair Dealing

The conduct required by fair dealing requires honesty in fact and the observance of reasonable commercial standards of fair dealing. Directors, Officers, and employees shall deal fairly and honestly with the Fund's other Directors, Officers, and employees, portfolio companies (including the members of management thereof) vendors and co-investors. No Director, Officer, or employee should do anything that could be interpreted as dishonest or outside reasonable commercial standards of fair dealing. Directors, Officers, and employees should act at all times in good faith, responsibly, with due care, competence and diligence, and without misrepresentation of any material facts.

8. Compliance with Laws, Rules and Regulations

Directors, Officers, and employees shall comply, and oversee compliance by other Directors, Officers, and employees with all laws, rules and regulations applicable to the Fund.

9. Waivers of this Code of Business Conduct and Ethics

Changes in or waivers of this Code may be made only by the Board of Directors of the Fund or, in the case of any change in or waiver of this Code for any of the Officers, only by the independent directors on the Board of Directors of the Fund. All changes in or waivers of this Code for Officers will be promptly disclosed as required by law or stock exchange regulations.

10. Encouraging the Reporting of any Illegal or Unethical Behavior

Directors, Officers, and employees should promote ethical behavior and take steps to create a working environment at the Fund and NGPIA that: (a) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violations of laws, rules, regulations or this Code to appropriate personnel; and (c) fosters the understanding among employees that the Fund and NGPIA will not permit retaliation for reports made in good faith.

11. Failure to Comply; Compliance Procedures

A failure by any Director, Officer, or employee to comply with the laws or regulations governing the Fund's business, this Code or any other Fund policy or requirement may result in disciplinary action, and, if warranted, legal proceedings. Directors, Officers, or employees should communicate any suspected violations of this Code promptly to the Chair of the Audit Committee of the Board. Please call the Fund at 713-752-0062 for contact information. If you prefer to write, address your concerns to: Chair of the Audit Committee, NGP Capital Resources Company, 1200 Smith Street, Suite 1600, Houston, Texas 77002. Violations will be investigated by the Audit Committee or by a person or persons designated by the Audit Committee and appropriate action will be taken in the event of any violations of this Code.

12. Annual Review

Annually, each Director, Officer, and employee shall provide written certification that he or she has read and understands this Code and its contents and that he or she has not violated, and is not aware that any other Director, Officer, or employee has violated, this Code.

NGP CAPITAL RESOURCES COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS FOR MEMBERS OF THE BOARD OF DIRECTORS AND OFFICERS

ACKNOWLEDGEMENT FORM

I have received and read the Code of Business Conduct and Ethics for the Board of Directors and Officers of NGP Capital Resources Company (the "Fund"), and I understand its contents. I agree to comply fully with the standard contained in the Code and the Fund's related policies, procedures and guidelines. I understand that I have an obligation to report any suspected violations of the code to which I become aware to the Chair of the Audit Committee of the Board of Directors.

_____
Printed Name

_____
Signature

_____
Date

Exhibit 31.1

Certification Required by Rule 13a-14(a)
or Rule 15d-14(a)

I, John H. Homier, certify that:

1. I have reviewed this annual report on Form 10-K of NGP Capital Resources Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) or for causing such controls and procedures to be established and maintained, for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors:

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 8, 2005

By: /s/ JOHN H. HOMIER

John H. Homier
President and Chief Executive Officer

Exhibit 31.2

Certification Required by Rule 13a-14(a)
or Rule 15d-14(a)

I, Richard A. Bernardy, certify that:

1. I have reviewed this annual report on Form 10-K of NGP Capital Resources Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) or for causing such controls and procedures to be established and maintained, for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors:

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 8, 2005

By: /s/ RICHARD A. BERNARDY

Richard A. Bernardy
Secretary, Treasurer and Chief Financial Officer

Exhibit 32.1

18 U.S.C. Section 1350 Certification

In connection with the Annual Report of NGP Capital Resources Company (the "Company") on Form 10-K for the period ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John H. Homier, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 8, 2005

/s/ JOHN H. HOMIER

John H. Homier,
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to NGP Capital Resources Company and will be retained by NGP Capital Resources Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

18 U.S.C. Section 1350 Certification

In connection with the Annual Report of NGP Capital Resources Company (the "Company") on Form 10-K for the period ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard A. Bernardy, Secretary, Treasurer and Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 8, 2005

/s/ RICHARD A. BERNARDY

Richard A. Bernardy,
Secretary, Treasurer and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to NGP Capital Resources Company and will be retained by NGP Capital Resources Company and furnished to the Securities and Exchange Commission or its staff upon request.