MORGAN CREEK ENERGY CORP
Form 10-Q
August 10, 2009

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Mark One
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended June 30, 2009

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

For the transition period from ______ to _______

COMMISSION FILE NO. 000-52139

MORGAN CREEK ENERGY CORP.
(Name of small business issuer in its charter)

NEVADA	201777817
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5050 QUORUM DRIVE, SUITE 700, DALLAS, TEXAS 75254
(Address of principal executive offices)

(214) 722-6490
(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Act:	Name of each exchange on which registered:
NONE	

Securities registered pursuant to Section 12(g) of the Act:
COMMON STOCK, $0.001
(Title of Class)

Indicate by checkmark whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.

Yes [X] No[ ]

Indicate by check mark whether the registrant is a large accelerated filed, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

Applicable Only to Issuer Involved in Bankruptcy Proceedings During the Preceding Five Years.

N/A

Indicate by checkmark whether the issuer has filed all documents and reports required to be filed by Section 12, 13 and 15(d) of the Securities Exchange Act of 1934 after the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

Applicable Only to Corporate Registrants

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the most practicable date:

Class	Outstanding as of August 4, 2009
Common Stock, $0.001	34,032,392*

*Increased from 17,016,196 shares of common stock to 34,032,392 shares of common stock as a result of the August 3, 2009 Forward Stock Split.

MORGAN CREEK ENERGY CORP.

Form 10-Q

PART I

ITEM 1. FINANCIAL STATEMENTS

MORGAN CREEK ENERGY CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

JUNE 30, 2009
(UNAUDITED)

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MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

BALANCE SHEETS

	June 30, 2009	Decembe 2008
	(Unaudited)	(Audit
ASSETS		
CURRENT ASSETS		
Cash	$ 20,843	$ 14
Prepaid expenses and other	12,049	25
TOTAL CURRENT ASSETS	32,892	40
OIL AND GAS PROPERTIES, unproven (Note 3)	1,811,943	1,802
TOTAL ASSETS	$ 1,844,835	$ 1,843
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 351,434	$ 303
Due to related parties (Note 6)	485,013	331
TOTAL CURRENT LIABILITIES	836,447	635
TOTAL LIABILITIES	836,447	635
GOING CONCERN (Note 1)		
STOCKHOLDERS' EQUITY (Note 4)		
Common stock, 66,666,666 shares authorized with $0.001 par value		
Issued and outstanding		

30,432,392 common shares (December 31, 2008 - 30,432,392)	30,432	30
Additional paid-in-capital	8,162,785	8,162
Private placement subscriptions	65,000	
Deficit accumulated during exploration stage	(7,249,829)	(6,984
TOTAL STOCKHOLDERS' EQUITY	1,008,388	1,208
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 1,844,835	$ 1,843

The accompanying notes are an integral part of these financial statements.

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30 2009	Three Months Ended June 30 2008	Six Months June 2009
GENERAL AND ADMINISTRATIVE EXPENSES			
Investor relations	$ -	$ 33,644	$ -
Consulting fees	-	64,937	15,000
Management fees - related party	65,000	91,500	110,600
Management fees - stock based compensation	-	436,955	-
Impairment of oil and gas properties	-	-	-
Office and general	46,445	96,389	66,332
Professional fees	30,680	68,687	58,584
NET OPERATING LOSS:	(142,125)	(792,112)	(250,516)
OTHER EXPENSE			
Financing costs	-	-	-
Interest expense	(8,011)	(13,105)	(14,603)
TOTAL OTHER EXPENSE	(8,011)	(9,425)	(14,603)
NET LOSS	$ (150,136)	$ (805,217)	$ (265,120)

BASIC LOSS PER COMMON SHARE	$ (0.00)	$ (0.03)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING -BASIC	30,432,392	27,984,392	30,432,392

The accompanying notes are an integral part of these financial statements.

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months June 2009
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (265,120)
Adjustments to reconcile net loss to net cash used in operating activities:	
- Stock based compensation	-
- Impairment of oil and gas properties	-
- Interest accrued	14,603
- Financing costs	-
CHANGES IN OPERATING ASSETS AND LIABILITIES	
- Prepaid expenses and other	13,755
- Due to related parties	39,247
- Accounts payable and accrued liabilities	47,475
NET CASH USED IN OPERATING ACTIVITIES	(150,040)
CASH FLOWS FROM INVESTING ACTIVITIES	
Oil and gas property expenditures	(9,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(9,000)
CASH FLOWS FROM FINANCING ACTIVITIES	

Proceeds on subscriptions of common stock	65,000
Drilling Advances	-
Advances from related parties	100,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	165,000
INCREASE IN CASH	5,960
CASH, BEGINNING OF PERIOD	14,883
CASH, END OF PERIOD	$ 20,843
SUPPLEMENTAL CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES:	
Cash paid for interest	$ -
Cash paid for income taxes	$ -
Common stock issued for acquisition of oil and gas property	$ -
Transfer of bond against settlement of debt	$ -
Non-cash sale of oil and gas property	$ -
Common stock issued for settlement of debts (Note 4)	$ -

The accompanying notes are an integral part of these financial statements.

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(UNAUDITED)

NOTE 1 - NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Morgan Creek Energy Corp. (the "Company") is an exploration stage company that was organized to enter into the oil and gas industry. The Company intends to locate, explore, acquire and develop oil and gas properties in the United States and within North America. The primary activity and focus of the Company is its leases in New Mexico ("New Mexico Prospect"). The leases are unproven. To date we have leased approximately 7,576 net acres within the State of New Mexico. The company has also entered into an option to acquire an additional 7,763 net acres in New Mexico. (Refer to Note 3) In addition, we acquired leases in Texas (the "Quachita Prospect"). To date the Company has acquired approximately 1,971 net acres. During the production testing and evaluation period on the first well on the property, the Boggs #1, four of the five tested zones produced significant volumes of natural gas. Analysis of the gas indicates a "sweet" condensate rich gas with BTU values of 1,000. This quality will yield a premium price over the current U.S. average natural gas price. As formation water was also produced with the natural gas in the tested zones, the Boggs #1 is currently under evaluation.

GOING CONCERN
The Company commenced operations on October 19, 2004 and has not realized any revenues since inception. As of June 30, 2009, the Company has an accumulated deficit of $7,249,829 and a working capital deficit of $803,555. The ability of the Company to continue as a going concern is dependent on raising capital to fund ongoing operations and carry out its business plan and ultimately to attain profitable operations. Accordingly, these factors raise substantial doubt as to the Company's ability to continue as a going concern. The financials statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the company cannot continue in existence. To date the Company has funded its initial operations by way of private placements of common stock and advances from related parties.

UNAUDITED INTERIM FINANCIAL STATEMENTS
The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for financial information and with the instructions to Form 10-Q of Regulation S-X. They do not include all information and footnotes required by United States generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material changes in the information disclosed in the notes to the financial statements for the year ended December 31, 2008 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. The unaudited financial statements should be read in conjunction with those financial statements included in the Form 10-K. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION
The Company was incorporated on October 19, 2004 in the State of Nevada. The Company's fiscal year end is December 31.

BASIS OF PRESENTATION
These financial statements are presented in United States dollars and have been prepared in accordance with United States generally accepted accounting principles.

OIL AND GAS PROPERTIES
The Company follows the full cost method of accounting for its oil and gas operations whereby all costs related to the acquisition of methane, petroleum, and natural gas interests are capitalized. Under this method, all productive and non-productive costs incurred in connection with the exploration for and development of oil and gas reserves are capitalized. Such costs include land and lease acquisition costs, annual carrying charges of non-producing properties, geological and geophysical costs, costs of drilling and equipping productive and non-productive wells, and direct exploration salaries and related benefits. Proceeds from the disposal of oil and gas properties are recorded as a reduction of the related capitalized costs without recognition of a gain or loss unless the disposal would result in a change of 20 percent or more in the depletion rate. The Company currently operates solely in the U.S.

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OIL AND GAS PROPERTIES (CONTINUED)
Depreciation and depletion of proved oil and gas properties is computed on the units-of-production method based upon estimates of proved reserves, as determined by independent consultants, with oil and gas being converted to a common unit of measure based on their relative energy content.

The costs of acquisition and exploration of unproved oil and gas properties, including any related capitalized interest expense, are not subject to depletion, but are assessed for impairment either individually or on an aggregated basis. The costs of certain unevaluated leasehold acreage are also not subject to depletion. Costs not subject to depletion are periodically assessed for possible impairment or reductions in recoverable value. If a reduction in recoverable value has occurred, costs subject to depletion are increased or a charge is made against earnings for those operations where a reserve base is not yet established.

Estimated future removal and site restoration costs are provided over the life of proven reserves on a units-of-production basis. Costs, which include production equipment removal and environmental remediation, are estimated each period by management based on current regulations, actual expenses incurred, and technology and industry standards. The charge is included in the provision for depletion and depreciation and the actual restoration expenditures are charged to the accumulated provision amounts as incurred.

The Company applies a ceiling test to capitalized costs which limits such costs to the aggregate of the estimated present value, using a ten percent discount rate of the estimated future net revenues from production of proven reserves at year end at market prices less future production, administrative, financing, site restoration, and income tax costs plus the lower of cost or estimated market value of unproved properties. If capitalized costs are determined to exceed estimated future net revenues, a write-down of carrying value is charged to depletion in the period.

ASSET RETIREMENT OBLIGATIONS
The Company has adopted the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires the fair value of a liability for an asset retirement obligation to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the related oil and gas properties.

USE OF ESTIMATES
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that

affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant areas requiring management's estimates and assumptions are the determination of the fair value of transactions involving common stock and financial instruments. Other areas requiring estimates include deferred tax balances and asset impairment tests.

CASH AND CASH EQUIVALENTS
For the statements of cash flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of June 30, 2009 and December 31, 2008 that exceeded federally insured limits.

FINANCIAL INSTRUMENTS
The fair value of the Company's financial assets and financial liabilities approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

EARNINGS (LOSS) PER COMMON SHARE
Basic earnings (loss) per share includes no dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Dilutive earnings (loss) per share reflects the potential dilution of securities that could share in the earnings of the Company. Dilutive earnings (loss) per share is equal to that of basic earnings (loss) per share as the effects of stock options and warrants have been excluded as they are anti-dilutive.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES
The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax balances. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to the taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. As at June 30, 2009, the Company had net operating loss carryforwards, however, due to the uncertainty of realization, the Company has provided a full valuation allowance for the deferred tax assets resulting from these loss carryforwards.

STOCK-BASED COMPENSATION

On January 1, 2006, the Company adopted the fair value recognition provisions of Financial Accounting Standards Board ("FASB") Statement No. 123(R), SHARE-BASED PAYMENT, ("SFAS 123R"). The Company adopted SFAS 123R using the modified-prospective-transition method. Under this method, compensation cost recognized for the year ended December 31, 2006 includes: a) compensation cost for all share-based payments granted prior to, but not yet vested as of December 31, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123, and b) compensation cost for all share-based payments granted subsequent to December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. In addition, deferred stock compensation related to non-vested options is required to be eliminated against additional paid-in capital upon adoption of SFAS 123R. The results for the prior periods were not restated.

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123 and the conclusions reached by the Emerging Issues Task Force ("EITF") in Issue No. 96-18. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by EITF 96-18.

RECENT ACCOUNTING PRONOUNCEMENT

In May 2009, the FASB issued SFAS No. 165, SUBSEQUENT EVENTS ("SFAS 165"). SFAS 165 provides authoritative accounting literature related to evaluating subsequent events that was previously addressed only in the auditing literature, and is largely similar to the current guidance in the auditing literature with some exceptions that are not intended to result in significant changes in practice. SFAS 165 defines subsequent events and also requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. SFAS 165 is effective on a prospective basis for interim or annual financial periods ending after June 15, 2009. The adoption of this standard during the period did not have any impact on the Company's financial position, cash flows or results of operations.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 166, "Accounting for Transfers of Financial Assets, an amendment to SFAS No. 140," ("SFAS 166"). SFAS 166 eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity's continuing involvement in and exposure to the risks related to transferred financial assets. SFAS 166 is effective for fiscal years beginning after November 15, 2009. The Company will adopt SFAS 166 in fiscal 2010. The Company does not expect that the adoption of SFAS 166 will have a material impact on the financial statements.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 167, "Amendments to FASB Interpretation No. 46(R)," ("SFAS 167"). The amendments include: (1) the elimination of the exemption for qualifying special purpose entities, (2) a new approach for determining who should consolidate a variable-interest entity, and (3) changes to when it is necessary to reassess who should consolidate a variable-interest entity. SFAS 167 is effective for the first annual reporting period beginning after November 15, 2009 and for interim

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENT (CONTINUED)

periods within that first annual reporting period. The Company will adopt SFAS 167 in fiscal 2010. The Company does not expect that the adoption of SFAS 167 will have a material impact on the financial statements.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles," ("SFAS 168"). SFAS 168 replaces FASB Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles", and establishes the FASB Accounting Standards Codification ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). SFAS 168 is effective for interim and annual periods ending after September 15, 2009. The Company will begin to use the new Codification when referring to GAAP in its annual report on Form 10-K for the fiscal year ending December 31, 2009. This will not have an impact on the results of the Company.

NOTE 3 - OIL AND GAS PROPERTIES

(a) QUACHITA PROSPECT
The Company has leased various properties totalling approximately 1,971 net acres within the Quachita Trend within the state of Texas for a three year term, all expiring during the year ended 2009, in consideration for $338,353. The Company has a 100% Working Interest and a 77% N.R.I. in the leases.

BOGGS #1
On June 7, 2007, the Company began drilling its first well on the Quachita Prospect (Boggs #1). During 2007 the Company began production testing and evaluation of the well. Of the five tested zones, four produced significant volumes of natural gas. As formation water was also produced with the natural gas in the tested zones, the Boggs # 1 is currently under evaluation. To date, $1,357,208 has been incurred on drilling and completion expenditures on the Boggs #1. The Boggs #1 was initially privately funded with the funding investors receiving a 75% Working Interest and a 54% Net Revenue Interest in exchange for providing 100% of all drilling and completion costs. To December 31, 2007, the Company had incurred $1,335,781 of costs on Boggs #1 and had received $759,000 in funding from the private investors. On March 24, 2008, the Company negotiated with the funding investors to acquire their interest in the well for an amount equal to the total amount of their initial investment being $759,000 and forgiveness of any additional amounts owing. Effective March 24, 2008, the Company completed this acquisition and settlement through the issuance of 1,265,000 shares of common stock at $0.63 per share (refer to Note 4).

(b) NEW MEXICO PROSPECT

The Company to date has leased various properties totalling approximately 7,576 net acres within the state of New Mexico for a five year term in consideration for $112,883. The Company has a 100% Working Interest and an 84.5% N.R.I. in the leases. On October 31, 2008, the Company entered into an agreement to acquire from Westrock Land Corp. approximately 5,763 additional net acres of property within the State of New Mexico for a five year term in consideration for $388,150. The Company optioned to acquire a 100% working interest in approximately 5,763 net acres; and an 81.5% N.R.I. in the leases in approximately 5,763 net acres. Under the terms of the agreement the Company had until April 16, 2009 to complete the transactions. The Option Agreement was subsequently extended on March 31, 2009 and June 1, 2009 whereby the option period has been extended to September 15, 2009.

Subsequent to the period on July 9, 2009, the Company entered into a Letter Agreement with FormCap Corp. ("FormCap"), for joint drilling on the Company's New Mexico prospect. FormCap is required to drill and complete two mutually defined targets on the Company's leases in return for an earned 50% Working Interest in the entire New Mexico Prospect. (Refer to note 7).

NOTE 3 - OIL AND GAS PROPERTIES (CONTINUED)

(c) OKLAHOMA PROSPECT

On May 28, 2009, the Company entered into a Letter Agreement with Bonanza Resources Corporation ("Bonanza") for an option to earn a 60% interest of Bonanza's 85% interest in the North Fork 3-D prospect in Beaver County, Oklahoma. The parties intend to enter into a definitive agreement regarding the option and purchase of the 60% interest within 60 days. A non-refundable payment of $150,000 will be paid to Bonanza, whereby Bonanza will grant Morgan Creek an exercise period of one year. As per a verbal agreement, the 60 day period has been extended to August 17, 2009.

In order to exercise the option, the Company will be required to incur $2,400,000 in exploration and drilling expenditures during the Option Period which will be one year. In the event that Morgan Creek does not do so the option will terminate, Morgan Creek will cease to have any interest in the prospect and Bonanza will retain the benefit of any drilling or exploration expenditures made by Morgan Creek during the Option Period.

NOTE 4 - STOCKHOLDERS' EQUITY (DEFICIT)

(a) SHARE CAPITAL

The Company's capitalization is 66,666,666 common shares with a par value of

$0.001 per share.

On April 22, 2008, the directors of the Company approved a special resolution to undertake a reverse split of the common stock of the Company on a basis of 1 new share for 3 old shares. On July 26, 2006, the directors of the Company approved a special resolution to undertake a further forward split of the common stock of the Company on a basis of 2 new shares for 1 old share. On May 10, 2006, the directors of the Company approved a special resolution to undertake a forward split of the common stock of the Company on a basis of 2 new shares for 1 old share. On July 14, 2009, the directors of the Company approved a special resolution to undertake a forward split of the common stock of the Company on a basis of 2 new shares for 1 old share.

All references in these financial statements to number of common shares, price per share and weighted average number of common shares outstanding prior to the 2:1 forward stock split on May 10, 2006, the 2:1 forward split on August 8, 2006 and the 3:1 reverse stock split on April 22, 2008 and the 2:1 forward split on August 3, 2009, have been adjusted to reflect these stock splits on a retroactive basis, unless otherwise noted.

On December 19, 2006, a founding shareholder of the Company returned 8,000,000 restricted shares of common stock to treasury and the shares were subsequently cancelled by the Company. The shares were returned to treasury for no consideration to the shareholder.

(b) PRIVATE PLACEMENTS

On November 26, 2004, the Company issued 4,133,332 shares of common stock at $0.0375 per share for proceeds of $155,000.

On December 15, 2004, the Company issued 5,033,334 shares of common stock at $0.0375 per share for proceeds of $188,750 and 1,760,534 shares of common stock at $0.1875 per share for proceeds of $330,100.

On March 9, 2005, the Company issued 186,666 shares of common stock at a price of $0.1875 per share for proceeds of $35,000.

On October 16, 2006, the Company completed a private placement consisting of 629,404 units at $2.25 per unit for proceeds of $1,416,158. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at $4.50 per share for the period commencing on October 16, 2006 and ending on October 16, 2008, being the day which is the earlier of 24 months from the date of issuance of the units or 18 months from the effective date of a planned registration statement. Of this private placement, 375,556 of the units issued were in exchange for $845,000 previously advanced to the Company by a shareholder. The estimated fair value of the warrants at the date of grant of $592,210, which has been included in additional paid in capital, was determined using the Black-Scholes option pricing model with an expected life of 2 years, risk free interest rate of 4.49%, a dividend yield of 0% and an expected volatility of 153%.

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(UNAUDITED)

NOTE 4 - STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)

(b) PRIVATE PLACEMENTS (CONTINUED)

During 2008, the Company completed a private placement consisting of 2,448,000 units at $0.375 per unit for total gross proceeds of $918,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at $0.75 per share for a period of 12 months from the date of share issuance. A finders fee of 3.5% ($20,913) was paid on $597,500 of the private placement proceeds received.

Subsequent to June 30, 2009, the Company completed a private placement consisting of 1,960,000 units at $0.125 per unit for total proceeds of $245,000 of which $65,000 had been received as of June 30, 2009. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at $0.25 per share for a period of 12 months from the date of issuance. A finders fee of 7% ($3,500) was paid on $50,000 of the private placement proceeds received

(c) OTHER ISSUANCES
On February 13, 2008, the Company issued 5,050,712 shares of common stock at a price of $0.375 per share on settlement of related party advances and accrued interest totaling $1,515,214. The difference between the estimated fair value of the common shares issued at issuance and the amount of debt settled totaling $378,803 was recorded as a finance cost during the period (refer to Note 6).

On March 24, 2008, the Company issued 3,057,076 shares of common stock at a price of $0.315 per share on settlement of related party advances and the acquisition of the interest in the Boggs #1 well totalling $962,980. The difference between the estimated fair value of the common shares at issuance and the amount of debt settled totaling $45,857 was recorded as a finance cost during the period (refer to Notes 3 and 6).

Subsequent to June 30, 2009, the Company issued 1,640,000 units at $0.125 per unit on settlement of related party advances of $200,000 and accounts payable of $5,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at $0.25 per share for a period of 12 months from the date of issuance (refer Note 6 & 7)

(d) SHARE PURCHASE WARRANTS
Details of the Company's share purchase warrants issued and outstanding as of June 30, 2009 are as follows:

Exercise price	Number of warrants to purchase shares	Expiry Date
$0.75	1,654,000	October 23, 2009

The Company's share purchase warrants activity for the period ended June 30, 2009 is summarized as follows:

	Number of Warrants	Weighted average exercise Price per share	I

Balance, December 31, 2007	629,404	$ 4.50
Issued	2,448,000	0.75
Expired	(629,404)	4.50
Exercised	-	-
Balance, December 31, 2008	2,448,000	0.75
Issued	-	-
Expired	(794,000)	0.75
Exercised	-	-
Balance, June 30, 2009	1,654,000	$ 0.75

NOTE 4 - STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)

(d) SHARE PURCHASE WARRANTS (CONTINUED)

All warrants are exercisable as at June 30, 2009.

Subsequent to June 30, 2009, the Company issued 3,600,000 warrants exercisable at $0.25 per share for a period of 12 months from the date of issuance.

NOTE 5 - STOCK OPTION PLAN

On April 3, 2006, the Board of Directors of the Company ratified, approved and adopted a Stock Option Plan for the Company in the amount of 3,333,334 shares with an exercisable period up to 10 years. In the event an optionee ceases to be employed by or to provide services to the Company for reasons other than cause, any Stock Option that is vested and held by such optionee may be exercisable within up to ninety calendar days after the effective date that his position ceases. No Stock Option granted under the Stock Option Plan is transferable. Any Stock Option held by an optionee at the time of his death may be exercised by his estate within one year of his death or such longer period as the Board of Directors may determine. On April 28, 2008, the Board of Directors deemed it necessary to approve an amendment to the Stock Option Plan to an aggregate of 5,000,000 shares.

As approved by the Board of Directors, on December 12, 2006, the Company granted 1,233,336 stock options to certain officers, directors and management of the Company at $1.65 per share. The term of these options are five years. The total fair value of these options at the date of grant was estimated to be $1,527,170 and was recorded as a stock based compensation expense during 2006. The fair value of these options was estimated using the Black-Scholes option pricing model with the following assumptions: expected life of 3 years; risk free interest rate of 4.49%; dividend yield of 0% and expected volatility of 187%.

As approved by the Board of Directors on April 30, 2008, the Company granted 2,500,000 stock options to certain officers, directors and management of the Company at $0.50 per share. The term of these options are ten years. The total fair value of these options at the date of grant was estimated to be $436,955 and was recorded as a stock based compensation expense during the period. The fair value of these options was estimated using the Black-Scholes option pricing model with the following assumptions: expected life of 10 years; risk free interest rate of 3.77%; dividend yield of 0% and expected volatility of 210%.

Subsequent to June 30, 2009 on July 14, 2009, the Company cancelled 3,566,670 stock options to certain officers, directors and management of the Company and authorized the issuance of 3,000,000 new stock options to certain officers, directors and management of the Company at $0.25 per share. The term of the new options is ten years.

The Company's stock option activity for the period ended June 30, 2009 is summarized as follows:

	Number of Options	Weighted average exercise Price per share	I
Balance, December 31, 2007	1,233,336	$ 1.65	
Granted	2,500,000	0.50	
Expired	-	-	
Exercised	-	-	
Balance, December 31, 2008	3,733,336	0.88	
Granted	-	-	
Expired	-	-	
Exercised	-	-	
Balance, June 30, 2009	3,733,336	$ 0.88	

All options are exercisable as at June 30, 2009.

MORGAN CREEK ENERGY CORP.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(UNAUDITED)

NOTE 6 - RELATED PARTY TRANSACTIONS

As of December 31, 2007, $1,365,500 was owed to a shareholder for advances made to the Company. During 2008, this shareholder made further advances to the Company of $885,000 and $500,000 was repaid to the shareholder. On February 13, 2008, the Company issued 5,050,712 shares of common stock at a price of $0.375 per share on settlement of related party advance and related accrued interest totaling $1,894,017 (Refer to Note 4). During the period, this shareholder made further advances of $100,000. As a result, as of June 30, 2009, $410,000 (December 31, 2008 - $310,000) was owed which bears interest at 8% per annum and has no specific repayment terms. As of June 30, 2009, total accrued interest was $33,767 (December 31, 2008 - $19,164).

Subsequent to June 30, 2009, the Company issued 1,600,000 units at $0.125 per unit on settlement of shareholder advances of $200,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at $0. 25 per share for a period of 12 months from the date of issuance.

MANAGEMENT FEES
During the six month period ended June 30, 2009, the Company incurred $110,600 (2008 -$151,500) for management fees to officers and directors. As of June 30, 2009, total amount owing in accrued and unpaid management fees was $43,845 (2008 - $nil).

NOTE 7 - SUBSEQUENT EVENTS

On July 9, 2009, the Company entered into a Letter Agreement with FormCap, for joint drilling on the Company's New Mexico prospect. FormCap is required to drill and complete two mutually defined targets on the Company's leases in return for an earned 50% Working Interest in the entire New Mexico Prospect.

On July 14, 2009, the Company cancelled 3,566,670 stock options to certain officers, directors and management of the Company and authorized the issuance of 3,000,000 new stock options to certain officers, directors and management of the Company at $0.25 per share. The term of the new options is ten years.

Subsequent to June 30, 2009, the Company completed a private placement consisting of 1,960,000 units at $0.125 per unit for total proceeds of $245,000 of which $65,000 had been received as of June 30, 2009. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at $0.25 per share for a period of 12 months from the date of issuance. A finders fee of 7% ($3,500) was paid on $50,000 of the private placement proceeds received (refer Note 4).

Subsequent to June 30, 2009, the Company issued 1,640,000 units at $0.125 per unit on settlement of related party advances of $200,000 and accounts payable of $5,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at $0.25 per share for a period of 12 months from the date of issuance.

On July 14, 2009, the directors of the Company approved a special resolution to undertake a forward split of the common stock of the Company on a basis of 2 new shares for 1 old share. The forward stock split became effective August 3, 2009.

The Letter Agreement with Bonanza Resources Corporation ("Bonanza") dated May 28, 2009 for an option to earn a 60% interest of Bonanza's 85% interest in the North Fork 3-D prospect in Beaver County, Oklahoma. As per a verbal agreement, the 60 day period due diligence period has been extended to August 17, 2009.

FORWARD LOOKING STATEMENTS

Statements made in this Form 10-Q that are not historical or current facts are "forward-looking statements" made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933 (the "Act") and Section 21E of the Securities Exchange Act of 1934. These statements often can be identified by the use of terms such as "may," "will," "expect," "believe," "anticipate," "estimate," "approximate" or "continue," or the negative thereof. We intend that such forward-looking statements be subject to the safe harbors for such statements. We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Any forward-looking statements represent management's best judgment as to what may occur in the future. However, forward-looking statements are subject to risks, uncertainties and important factors beyond our control that could cause actual results and events to differ materially from historical results of operations and events and those presently anticipated or projected. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Morgan Creek Energy Corp. is a corporation organized under the laws of the State of Nevada. After the effective date of our registration statement filed with the Securities and Exchange Commission (February 14, 2006), we commenced trading on the Over-the-Counter Bulletin Board under the symbol "MCRE:OB" (currently under the symbol"MCKE:OB"). We are engaged in the business of exploration of oil and gas bearing properties in the United States. Our shares are also traded on the Frankfurt Stock Exchange in Germany under the symbol "M6C".

Please note that throughout this Quarterly Report, and unless otherwise noted, the words "we," "our," "us," the "Company," or "Morgan Creek," refers to Morgan Creek Energy Corp.

RECENT DEVELOPMENTS

AUGUST 3, 2009 FORWARD STOCK SPLIT

On July 14, 2009, our Board of Directors pursuant to a Board of Directors meeting authorized and approved a forward stock split of two for one of our total issued and outstanding shares of common stock (the "Forward Stock Split").

The Forward Stock Split was effectuated based on market conditions and upon a determination by our Board of Directors that the Forward Stock Split was in our best interests and of the shareholders. Certain factors were discussed among the members of the Board of Directors concerning the need for the Forward Stock Split, including the increased potential for financing. The intent of the Forward Stock Split is to increase the marketability of our common stock.

The Forward Stock Split was effectuated on August 3, 2009 upon filing the appropriate documentation with NASDAQ. The Forward Stock Split increased our total issued and outstanding shares of common stock from 17,016,196 to approximately 34,032,392 shares of common stock. The common stock will continue to be $0.001 par value.

Amendment to Articles of Incorporation

Commensurate with the Forward Stock Split, the authorized share capital was increased from 33,333,333 shares of common stock to 66,666,666 shares of common stock with a par value of $0.001 per share. An amendment to our Articles of Incorporation was filed with the Nevada Secretary of State on July 31, 2009 affecting the increase in our authorized capital.

CURRENT BUSINESS OPERATIONS

We are a natural resource exploration and production company currently engaged in the exploration, acquisition and development of oil and gas properties in the United States and within North America. Our primary activity and focus is our leases in New Mexico (the "New Mexico Prospect"). The leases are unproven and were acquired for approximately $338,000. We have leased various properties totaling approximately 7,576 net acres within the State of New Mexico for a five-year term in consideration for $112,883. We have a 100% working interest and an 84.5% net revenue interest in the leases. In addition, we have acquired leases in Texas (the "Quachita Prospect"). To date, we have acquired approximately 1,971 net acres within the Quachita Prospect in the State of Texas for a three-year term all expiring during the year ended 2009. We acquired a 100% working interest and a 77% net revenue interest in natural gas targeted Quachita Prospect leases.

OIL AND GAS PROPERTIES

The acreage and location of our oil and gas properties is summarized as follows:

	NET ACRES(*)
Texas	1,971
New Mexico	7,576
Total:	9,547

(*) Certain of our interests in our oil and gas properties may be less than 100%. Accordingly, we have presented the acreage of our oil and gas properties on a net acre basis.

QUACHITA PROSPECT

As of the date of this Quarterly Report, we lease approximately 1,971 net acres within the Quachita Trend in the State of Texas for a three-year term in consideration of approximately $338,000. We have a 100% working interest and a 77% net revenue interest in the Quachita Prospect leases.

BOGGS #1 WELL. We completed the drilling portion of the Boggs #1 well on July 13, 2007. Subsequently, we began production testing and evaluation of the well. Of the five tested zones, four produced significant volumes of natural gas. As formation water was also produced with the natural gas in the tested zones, the Boggs #1 is currently under evaluation. We intend to secure all immediate rights relating to oil and gas in the areas providing control over any potential major structural play that develops as a result of this in-depth exploration.

The Boggs #1 had been privately funded with the funding investors receiving a 75% working interest and a 54% net revenue interest in exchange for providing 100% of all drilling and completion costs. Therefore, we initially retained a 25% working interest and a 23% net revenue interest in the Boggs #1 well. As of June 30, 2009, we incurred $1,357,208 in drilling and completion costs. As of June 30, 2009, we had received a total of $759,000 in funding from private investors. On March 24, 2008, we negotiated with the funding investors to acquire their interest in the Boggs #1 for $759,000 (which amount is equal to the total amount of the funding investors' initial investment) and forgiveness of any additional amounts owing. Effective on March 24, 2008, we completed the acquisition and settlement through the issuance of 2,530,000 shares of our restricted common stock at $0.315 per share. The difference between the estimated fair value of the common shares at issuance and the amount of the debt settled totaling $37,950 was recorded as a finance cost.

NEW MEXICO PROSPECT

As of the date of this Quarterly Report, we have leased various properties in the New Mexico Prospect totaling approximately 7,576 net acres within the State of New Mexico for a five year term in consideration for $112,883. We have a 100% working interest and an 84.5% net revenue interest in the leases comprising the New Mexico Prospect.

WESTROCK LAND CORP. OPTION AGREEMENT. Effective on October 31, 2008, our Board of Directors authorized the execution of an option agreement (the "Option Agreement") with Westrock Land Corp, a private Texas corporation ("Westrock"). In accordance with the terms and provisions of the Option Agreement: (i) Westrock owns all right, title and interest in and to approximately 7,763 net acres of property within the State of New Mexico with a net revenue interest of 81.5% pertaining to 5,746 of the net acres (the "New Mexico Leases"); (b) Westrock ; (iii) we desire to acquire a 100% working interest in the New Mexico Leases for a total purchase price of approximately $388,150; and (iv) we have until April 16, 2009 to complete our due diligence (the "Option Period").

The Option Agreement was subsequently extended on March 31, 2009 and June 1, 2009 whereby the option period has been extended to September 15, 2009. It is anticipated that in the event the due diligence is completed satisfactory to us, the effective date of conveyance of the working interest in the New Mexico Leases to us will occur on approximately September 15, 2009.

BONANZA RESOURCES CORPORATION OPTION AGREEMENT.

Effective on June 2, 2009, our Board of Directors, pursuant to unanimous vote at a special meeting of the Board, authorized the execution of a letter agreement dated May 28, 2009 (the "Option Agreement") with Bonanza Resources (Texas) Inc., the wholly owned subsidiary of Bonanza Resources Corporation ("Bonanza Resources"), to purchase a certain percentage of Bonanza Resources' eighty-five percent (85%) leasehold interest in and to certain leases located in Beaver County, State of Oklahoma (the "Bonanza Resources Interest"). In accordance with the terms and provisions of the Option Agreement: (i) we have agreed to make a non-refundable payment to Bonanza Resources of $150,000 within sixty (60) days from the date of this Option Agreement; and (ii) Bonanza Resources has agreed to grant to us an option having an exercise period of one year (the "Option Period") to purchase a sixty percent (60%) partial interest (the "Partial Interest") in the Bonanza Resources Interest. In the event we do not pay the $150,000 to Bonanza Resources within sixty days from the date of the Option Agreement, the Option Agreement will terminate.

The Bonanza Resources Interest is held by Bonanza Resources pursuant to that certain letter agreement between Bonanza Resources, Ryan Petroleum LLC and Radian Energy L.C. dated February 25, 2009 (the "Original Agreement"). Therefore, in the event we pay the $150,000 to Bonanza Resources within the sixty day period from the date of the Option Agreement, and in accordance with the further terms and provisions of the Option Agreement: (i) we shall assume that amount of Bonanza Resources' right, title and interest and obligations under the Original Agreement as is proportionate to the Partial Interest; and (ii) we must incur $2,400,000 in exploration and drilling expenditures (the "Exploration Expenditures") during the Option Period. In the event that we do not exercise the Option Agreement, Bonanza shall retain the $150,000 as liquidated damages for our failure to incur the Exploration Expenditures.

In the event we incur the Exploration Expenditures and exercise the Option Agreement, a definitive agreement shall be executed by both parties with respect to the Parial Interest.

FORMCAP CORPORATION OPTION AGREEMENT

Effective on July 14, 2009, our Board of Directors, pursuant to unanimous vote at a special meeting of the Board, authorized the execution of a letter agreement dated July 9, 2009 (the "Option Agreement") with Formcap Corporation ("Formcap"), to purchase a 50% working interest (40.75% net revenue interest) of our 81.5% leasehold interest in and to certain leases located in Curry County, State of New Mexico (the "Frio Draw Prospect Interest").

In accordance with the terms and provisions of the Option Agreement: (i) Formcap has agreed to pay us a $100,000 initial payment (the "Initial Payment") within five business days from the completion of its due diligence; (ii) the balance of funds for the initial well will be advanced by FormCap to us within five business days from receipt of a mutually agreed upon approval for expenditure, which balance of such funds for the initial well are to be received by us no later than September 8, 2009; and (iii) the Initial Payment will be applied towards the total consideration to be paid by FormCap to us, which will include the cost of drilling and completing two wells at a total estimated cost of approximately $1,300,000.

In accordance with the further terms and provisions of the Option Agreement: (i) FormCap will provide to us the dry hole and completion costs estimated at $650,000 in advance of drilling the first well; (ii) upon drilling and completion of the first well, we will assign to FormCap a 25% working interest (20.375% net revenue interest) in the Frio Draw Prospect Interest; and (iii) upon receipt by us of the funds from Formcap in advance of drilling the second well, we will assign to FormCap the additional 25% working interest (20.375% net revenue interest). Costs associated with the drilling of all subsequent wells will be shares on an equal basis between us and FormCap.

We have granted to FormCap the time period between the date of execution of the Option Agreement and August 15, 2009 to complete its due diligence (the "Option Period").

RESULTS OF OPERATION

	SIX MONTH PERIOD ENDED JUNE 30, 2009 AND 2008		FOR THE PERIOD FROM OCTOBER 19, 2004 (INCEPTION) TO JUNE 30, 2009
STATEMENT OF OPERATIONS DATA			
GENERAL AND ADMINISTRATIVE EXPENSES			
Investor relations expenses	$ -0-	$ 33,644	$ 322,018
Consulting expenses	15,000	177,782	871,960
Management fees -	110,600	151,500	998,683

related party			
Management fees - stock based compensation	-0-	436,955	1,964,125
Impairment of oil and gas properties	-0-	-0-	1,273,410
Office and general	66,332	127,509	588,307
Professional Fees	58,584	120,249	694,336
NET OPERATING LOSS	$(250,516)	$(1,047,639)	$(6,712,839)
OTHER EXPENSE			
Financing Costs	-0-	(424,660)	(424,660)
Interest expense	(14,603)	(22,448)	(112,330)
NET LOSS	$(265,120)	$(1,494,747)	$(7,249,829)

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We have incurred recurring losses to date. Our financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation.

We expect we will require additional capital to meet our long term operating requirements. We expect to raise additional capital through, among other things, the sale of equity or debt securities.

SIX MONTH PERIOD ENDED JUNE 30, 2009 COMPARED TO SIX MONTH PERIOD ENDED JUNE 30, 2008

Our net loss for the six-month period ended June 30, 2009 was approximately ($265,120) compared to a net loss of ($1,494,747) during the six-month period ended June 30, 2008 (a decrease of $1,229,627). During the six-month periods ended June 30, 2009 and 2008, we did not generate any revenue.

During the six-month period ended June 30, 2009, we incurred general and administrative expenses of approximately $250,516 compared to $1,047,639 incurred during the six-month period ended June 30, 2008 (a decrease of $797,123). These general and administrative expenses incurred during the six-month period ended June 30, 2009 consisted of: (i) investor relations of $-0- (2008: $33,644); (ii) consulting fees of $15,000 (2008: $177,782); (iii) office and general of $66,332 (2008: $127,509); (iv) professional fees of $58,584 (2008: $120,249); (v) management fees - related party of $110,600 (2008: $151,500); and (vi) management fees - stock based compensation of $-0- (2008: $436,955).

During the six-month periods ended June 30, 2009 and 2008, we did not record any impairment of oil and gas properties. Thus, general and administrative expenses incurred during the six-month period ended June 30, 2009 compared to the six-month period ended June 30, 2008 decreased primarily due to the reduction of management fees - stock based compensation relating to the valuation of stock options granted to our officers and directors. General and administrative expenses were reduced expenses further due to the decrease in investor relations, consulting fees, office and general expenses and professional fees relating to the decrease scope of business operations during the period. General and administrative expenses generally include corporate overhead, financial and administrative contracted services, marketing, and consulting costs.

Of the $250,516 incurred as general and administrative expenses during the six-month period ended June 30, 2009, we incurred consulting fees of $15,000 and management fees of $110,600 payable to our officers, managers and directors.

Financing costs incurred during the six-month period ended June 30, 2009 were $-0- (2008: $424,660). Our net loss during the six-month period ended June 30, 2009 was ($265,120) or ($0.01) per share compared to a net loss of ($1,494,747) or ($0.06) per share during the six-month period ended June 30, 2008. The weighted average number of shares outstanding was 30,432,392 for the six-month period ended June 30, 2009 compared to 25,352,382 for the six-month period ended June 30, 2008.

THREE MONTH PERIOD ENDED JUNE 30, 2009 COMPARED TO THREE MONTH PERIOD ENDED JUNE 30, 2008.

Our net loss for the three month period ended June 30, 2009 was ($150,136) compared to a net loss of ($805,217) during the three month period ended June 30, 2008 (a decrease of $655,081). During the three month periods ended June 30, 2009 and 2008, we did not generate any revenue.

During the three month period ended June 30, 2009, we incurred general and administrative expenses of approximately $142,125 compared to $792,112 incurred during the three month period ended June 30, 2008 (a decrease of $649,987). These general and administrative expenses incurred during the three month period ended June 30, 2009 consisted of: (i) consulting fees of $-0- (2008: $64,937); (ii) office and general of $46,445 (2008: $96,389); (iii) professional fees of $30,680 (2008: $68,687); (iv) management fees - related party of $65,000 (2008: $91,500); and (v) investor relations of $-0- (2008: $33,644) and (vi) management fee-stock based compensation of $-0- (2008-$436,955)

During the three month periods ended June 30, 2009 and June 30, 2008, we did not record any impairment of oil and gas properties. Thus, general and administrative expenses incurred during the three month period ended June 30, 2009 compared to the three month period ended June 30, 2008 decreased primarily due to the decrease in expenses associated with investor relations, consulting fees, office and general and professional fees. General and administrative expenses generally include corporate overhead, financial and administrative contracted services, marketing, and consulting costs.

Of the $142,125 incurred as general and administrative expenses during the three month period ended June 30, 2009, we incurred consulting expenses of $-0- (2008- $64,937). We further incurred management fees of $65,000 payable to our officers, managers and directors. As of June 30, 2009, the total amount owing in management fees was $43,845.

Interest expense during the three month periods ended June 30, 2009 and June 30, 2008 of $8,011 and $13,105, respectively, was recorded as other expense. This resulted in a net loss of ($150,136) or ($0.00) per share for the three month period ended June 30, 2009 compared to a net loss of ($805,217) or ($0.03) per share for the three month period ended June 30, 2008. The weighted average number of shares outstanding was 30,432,392 for the three month period ended June 30, 2009 compared to 27,984,392 for the three month period ended June 30, 2008.

LIQUIDITY AND CAPITAL RESOURCES

AS AT JUNE 30, 2009

As at June 30, 2009, our current assets were $32,892 and our current liabilities were $836,447, which resulted in a working capital deficiency of ($803,555). As at June 30, 2009, current assets were comprised of: (i) $20,843 in cash; and (ii) $12,049 in other current assets. As at the six month period ended June 30, 2009, current liabilities were comprised of: (i) $351,434 in accounts payable and accrued liabilities; and (ii) $485,013 in amounts due to related parties.

As at ended June 30, 2009, our total assets were $1,844,835 comprised of: (i) $32,892 in current assets; and (ii) $1,811,943 in unproven oil and gas properties. The slight increase total assets at ended June 30, 2009 from December 31, 2008 was primarily due to the increase in cash.

As at ended June 30, 2009, our total liabilities were $836,447 comprised entirely of current liabilities. The increase in liabilities at June 30, 2009 from December 31, 2008 was primarily due to an increase in accounts payable and accrued liabilities and amounts due to related parties. See " - Material Commitments".

Stockholders' equity decreased from $1,208,509 as of December 31, 2008 to stockholders' equity of $1,008,388 as of June 30, 2009.

CASH FLOWS FROM OPERATING ACTIVITIES

We have not generated positive cash flows from operating activities. For the six month period ended June 30, 2009, net cash flows used in operating activities was ($150,040), consisting primarily of a net loss of ($265,120). Net cash flows used in operating activities was changed by $39,247 relating to an accrual due to related parties, interest accrued for $14,603, prepaid expenses for $13,755 and $47,475 in accounts payable and accrued liabilities.

CASH FLOWS FROM INVESTING ACTIVITIES

For the six month period ended June 30, 2009, net cash flows used in investing activities was ($9,000) for the acquisition of oil and gas properties.

CASH FLOWS FROM FINANCING ACTIVITIES

We have financed our operations primarily from either advancements or the issuance of equity and debt instruments. For the six month period ended June 30, 2009, net cash flows provided from financing activities was $165,000 compared to $880,000 for the six month period ended June 30, 2008. Cash flows from financing activities for the six month period ended June 30, 2009 consisted of $65,000 in proceeds from subscriptions of common stock and $100,000 in advances from related parties.

We expect that working capital requirements will continue to be funded through a combination of our existing funds and further issuances of securities. Our working capital requirements are expected to increase in line with the growth of our business.

PLAN OF OPERATION AND FUNDING

Existing working capital, further advances and debt instruments, and anticipated cash flow are expected to be adequate to fund our operations over the next six months. We have no lines of credit or other bank financing arrangements. Generally, we have financed operations to date through the proceeds of the private placement of equity and debt instruments. In connection with our business plan, management anticipates additional increases in operating expenses and capital expenditures relating to: (i) oil and gas operating properties; (ii) possible drilling initiatives on current properties and future properties; and

(iii) future property acquisitions. We intend to finance these expenses with further issuances of securities, and debt issuances. Thereafter, we expect we will need to raise additional capital and generate revenues to meet long-term operating requirements. Additional issuances of equity or convertible debt securities will result in dilution to our current shareholders. Further, such securities might have rights, preferences or privileges senior to our common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of prospective new business endeavors or opportunities, which could significantly and materially restrict our business operations.

During fiscal year ended December 31, 2008, we completed a private placement consisting of 2,448,000 units at the price of $0.375 per unit for total gross proceeds of $918,000 excluding finders fees of ($20,913). During fiscal year ended December 31, 2008, we closed a private placement offering under Regulation S of the Securities Act pursuant to which we issued an aggregate of 5,050,712 shares and received gross proceeds of $1,515,214, of which all consisted of settlement of debt relating to amounts previously advanced to us by one of our shareholders and related accrued interest. Effective March 24, 2008, we also closed a further private placement offering under Regulation S of the Securities Act pursuant to which we issued an aggregate of 3,057,076 shares and received gross proceeds of $962,980, of which all consisted of settlement of debt and acquisition of the interest in the Boggs #1 well. Effective July 14, 2009, the Company closed a further private placement under Regulation S of the Securities Act pursuant to which we issued an aggregate of 3,600,000 units, each unit consists of one common share and one non-transferable share purchase warrant exercisable at $0.25 per share for a period of 12 months from the date of issuance, and received gross proceeds of $450,000 of which $245,000 was in cash and $205,000 consisted of settlement of related party advances and accounts payable.

MATERIAL COMMITMENTS

During fiscal year ended December 31, 2007, an aggregate of $1,365,500 was due and owing to one of our shareholders relating to advances. Subsequently, during fiscal year ended December 31, 2008, additional advances were made by this same shareholder to us of $885,000 for an aggregate amount of $2,250,500 due and owing. During fiscal year ended December 31, 2008, we repaid $500,000 to this shareholder. Further, the shareholder assigned the amount of $1,515,214 to various assignees and settled the $1,515,214 pursuant to the issuance of 5,050,712 shares of our restricted common stock at $0.375 per share. The difference between the estimated fair value of the common shares at issuance and the amount of debt settled totaling $378,803 was recorded as a finance cost. As a result, as at June 30, 2009, an aggregate $410,000 was due and owing to this shareholder, which bears interest at 8% per annum and has no specific repayment terms. As at June 30, 2009, total accrued interest was $33,767. Effective July 14, 2009, the Company issued 1,600,000 units at $0.125 per unit on settlement of shareholders advances of $200,000. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at $0.25 per share for a period of 12 months from the date of issuance.

PURCHASE OF SIGNIFICANT EQUIPMENT

We do not intend to purchase any significant equipment during the next twelve months.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this Quarterly Report, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

GOING CONCERN

The independent auditors' report accompanying our December 31, 2008 and December 31, 2007 financial statements contains an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. The financial statements have been prepared "assuming that we will continue as a going concern," which contemplates that we will realize our assets and satisfy our liabilities and commitments in the ordinary course of business.

ITEM III. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse change in foreign currency and interest rates.

EXCHANGE RATE

Our reporting currency is United States Dollars ("USD"). In the event we acquire any properties outside of the United States, the fluctuation of exchange rates may have positive or negative impacts on our results of operations. However, since all of our properties are currently located within the United States, any potential revenue and expenses will be denominated in U.S. Dollars, and the net income effect of appreciation and devaluation of the currency against the U.S. Dollar would be limited to our costs of acquisition of property.

INTEREST RATE

Interest rates in the United States are generally controlled. Any potential future loans will relate mainly to acquisition of properties and will be mainly short-term. However our debt may be likely to rise in connection with expansion and if interest rates were to rise at the same time, this could become a significant impact on our operating and financing activities. We have not entered into derivative contracts either to hedge existing risks for speculative purposes.

ITEM IV. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We have performed an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures, (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures were effective as of June 30, 2009 to provide reasonable assurance that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Under the supervision and with the participation of our management, including our CEO and CFO, we evaluated the effectiveness of our internal control over financial reporting as of June 30, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework.

This Quarterly Report does not include an attestation report of our registered public accounting firm De Joya Griffith & Company, LLC regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this Quarterly Report on Form 10-Q.

INHERENT LIMITATIONS ON EFFECTIVENESS OF CONTROLS

We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, and our CEO and our CFO have concluded that these controls and procedures are effective at the "reasonable assurance" level.

CHANGES IN INTERNAL CONTROLS

Our management had remediated the material weaknesses that were reported from our 10-K/A for the fiscal year end December 31, 2007 which were filed on October 2, 2008. (A) Management implemented an audit committee that oversees and monitors our financials (See Paragraph on Audit committee report below). (B) Adequate segregation of duties were put in place to reduce the likelihood that errors (intentional or unintentional) will remain undetected by providing for separate processing by different individuals at various stages of a transaction and for independent reviews of the work performed. No further significant changes were implemented in our internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

AUDIT COMMITTEE REPORT

The Board of Directors has established an audit committee. The members of the audit committee are Mr. Marcus Johnson, Mr. Angelo Viard and Mr. D. Bruce Horton. All of the members of the audit committee are "independent" within the meaning of Rule 10A-3 under the Exchange Act. The current audit committee was organized on December 18, 2008 and operates under a written charter adopted by our Board of Directors.

The audit committee has received and reviewed the written disclosures and the letter from De Joya Griffith & Company, LLC required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as amended.

Based on the reviews and discussions referred to above, the audit committee has recommended to the Board of Directors that the financial statements referred to above be included in our Quarterly Report on Form 10-Q for the six month period ended June 30, 2009 filed with the Securities and Exchange Commission.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Management is not aware of any legal proceedings contemplated by any governmental authority or any other party involving us or our properties. As of the date of this Quarterly Report, no director, officer or affiliate is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceedings. Management is not aware of any other legal proceedings pending or that have been threatened against us or our properties.

ITEM 1A. RISK FACTORS

No report required.

ITEM 2. UNREGISTERED SALES OF SECURITIES AND USE OF PROCEEDS

No report required.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

No report required.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No report required.

ITEM 5. OTHER INFORMATION

JULY 2009 PRIVATE PLACEMENT OFFERING

Effective July 2009, we completed a private placement offering (the "2009 Private Placement") with certain non-United States residents (collectively, the "Investors"). In accordance with the terms and provisions of the 2009 Private Placement, we issued to the Investors an aggregate of 1,960,000 units at a per unit price of $0.125 (the "Unit") in our capital for aggregate proceeds of $245,000, of which as at the date of this Quarterly Report an aggregate of $65,000 has been received. Each Unit was comprised of one share of restricted common stock and one non-transferable warrant (the "Warrant"). Each Warrant is exercisable at $0.25 per share for a period of one year from the date of issuance (the "Exercise Period").

The Units under the 2009 Private Placement were sold to non-United States Investors in reliance on Regulation S promulgated under the United States Securities Act of 1933, as amended (the "Securities Act"). The 2009 Private Placement has not been registered under the Securities Act or under any state securities laws and may not be offered or sold without registration with the United States Securities and Exchange Commission or an applicable exemption from the registration requirements. The per share price of the Units was arbitrarily determined by our Board of Directors based upon analysis of certain factors including, but not limited to, stage of development and exploration of properties, industry status, investment climate, perceived investment risks, our assets and net estimated worth. The Investors executed subscription agreements and acknowledged that the securities to be issued have not been registered under the Securities Act, that they understood the economic risk of an investment in the securities, and that they had the opportunity to ask questions of and receive answers from our management concerning any and all matters related to acquisition of the securities.

DEBT SETTLEMENT

Effective during July 2009, we issued 1,640,000 Units at a per share price of $0.125 in accordance with the terms and provisions of a settlement agreement. We settled an aggregate of $200,000 in related party advances and $5,000 in accounts payable. Each Unit was comprised of one share of restricted common stock and one non-transferable Warrant. Each Warrant is exercisable at $0.25 per share for a period of one year from the date of issuance (the "Exercise Period"). The shares of common stock were issued in reliance on Regulation S promulgated under the Securities Act. The per share price of the Units was arbitrarily determined by our Board of Directors based upon analysis of certain factors including, but not limited to, stage of development and exploration of properties, industry status, investment climate, perceived investment risks, our assets and net estimated worth.

We had adopted a stock option plan (the "2006 Stock Option Plan"), pursuant to which there was an aggregate of 5,000,000 shares available for issuance under the 2008 Stock Option Plan, reduced to 3,333,334 shares in accordance with a reverse stock split effective April 22, 2008, and subsequently increased to 5,000,000 shares by Board of Director approval and resolution on April 28, 2008. Our Board of Directors had authorized the grant of an aggregate 3,733,336 stock options under the 2006 Stock Option Plan, of which 1,066,670 stock options were granted exercisable at $1.65 per share expiring on December 12, 2016, taking into effect the reverse stock split (collectively, the "2006 Stock Options") and 2,500,000 stock options were granted exercisable at $0.50 per share expiring on April 30, 2018 (collectively, the "2008 Stock Options").

On July 14, 2009, our Board of Directors approved the cancellation of certain of the 2006 Stock Options and the 2008 Stock Options, which aggregated 3,566,670 options. Our Board of Directors further approved the re-issuance of 3,000,000 stock options (the "2009 Stock Options") to certain of our officers, directors and consultants at an exercise price of $0.25 for a period of ten years. Effective July 31, 2009, our Board of Directors authorized the specific number of 2009 Stock Options to be granted to each of our officers, directors and consultants.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits:

10.1	Letter Agreement dated May 28, 2009 between Morgan Creek Energy Corp. and Bonanza Resources (Texas) Inc. (1)
10.2	Letter Agreement dated July 9, 2009 between Morgan Creek Energy Corp. and FormCap Corporation. (2)
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
32.1	Certifications pursuant to Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.

(1) Incorporated by reference from Form 8-K filed with the Commission on June 9, 2009.

(2) Incorporated by reference from Form 8-K filed with the Commission on July 16, 2009.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MORGAN CREEK ENERGY CORP.

Dated: August 7, 2009

By: /s/ PETER WILSON

Peter Wilson
President and Chief Executive Officer

Dated: August 7, 2009

By: /s/ WILLIAM D. THOMAS

William D. Thomas
Chief Financial Officer