MORGAN CREEK ENERGY CORP
Form 10-Q
May 13, 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 March 31, 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: NONE	Name of each exchange on which registered:

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 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 May 4, 2009
Common Stock, $0.001	15,216,196

MORGAN CREEK ENERGY CORP.

Form 10-Q

Part 1.	FINANCIAL INFORMATION	4
Item 1.	FINANCIAL STATEMENTS	
	Balance Sheets	5
	Statements of Operations	6
	Statements of Cash Flows	7

	Notes to Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	9
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	11
Item 4.	Controls and Procedures	12
Part II.	OTHER INFORMATION	25
Item 1.	Legal Proceedings	25
Item 1A.	Risk Factors	25
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 3.	Defaults Upon Senior Securities	26
Item 4.	Submission of Matters to a Vote of Security Holders	26
Item 5.	Other Information	26
Item 6.	Exhibits	26

PART I

ITEM 1. FINANCIAL STATEMENTS

MORGAN CREEK ENERGY CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

MARCH 31, 2009
(unaudited)

-4-

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

BALANCE SHEETS

	March 31, 2009 (Unaudited)	December 2008 (Audite
ASSETS		
CURRENT ASSETS		
Cash	$ 584	$ 14
Other current assets	25,804	25
TOTAL CURRENT ASSETS	26,388	40
OIL AND GAS PROPERTIES, unproven (Note 3)	1,802,943	1,802
TOTAL ASSETS	$ 1,829,331	$ 1,843
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 337,979	$ 303
Due to related parties (Note 6)	397,828	331
TOTAL CURRENT LIABILITIES	735,807	635
GOING CONCERN (Note 1)		
STOCKHOLDERS' EQUITY (Note 4)		
Common stock, 33,333,333 shares authorized with $0.001 par value		
Issued and outstanding		
15,216,196 common shares (December 31, 2008 -15,216,196)	15,216	15
Additional paid-in-capital	8,178,001	8,178
Deficit accumulated during exploration stage	(7,099,693)	(6,984
TOTAL STOCKHOLDERS' EQUITY	1,093,524	1,208

TOTAL LIABILITIES & STOCK HOLDERS' EQUITY	$ 1,829,331	$ 1,843

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

-5-

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended March 31 2009	2008	October 1 (incepti March 31
GENERAL AND ADMINISTRATIVE EXPENSES			
Investor relations	$ -	$ 112,845	$ 32
Consulting fees	15,000	60,000	87
Management fees - related party	45,600	-	93
Management fees - stock based compensation	-	-	1,96
Impairment of oil and gas properties	-	-	1,27
Office and general	19,889	31,119	54
Professional fees	27,904	51,562	66
NET OPERATING LOSS	(108,393)	(255,526)	(6,57
OTHER EXPENSE			
Financing costs	-	(424,660)	(42
Interest expense	(6,592)	(9,343)	(10
TOTAL OTHER EXPENSE	(6,592)	(434,003)	(52
NET LOSS	$ (114,985)	$ (689,529)	$ (7,09
BASIC LOSS PER COMMON SHARE	$ (0.01)	$ (0.06)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING-BASIC	15,216,196	11,776,454	

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

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended March 31 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$(114,985)	$ (689,52
Adjustments to reconcile net loss to net cash used in operating activities:		
- Stock based compensation	-	
- Impairment of oil and gas properties	-	
- Financing costs	-	424,66
CHANGES IN OPERATING ASSETS AND LIABILITIES		
- Other current assets	-	(2,27
- Due to related parties accrued	16,666	39,34
- Accounts payable and accrued liabilities	34,020	(53,52
NET CASH USED IN OPERATING ACTIVITIES	(64,299)	(281,32
CASH FLOWS FROM INVESTING ACTIVITIES		
Oil and gas property expenditures	-	(55,59
NET CASH FLOWS USED IN INVESTING ACTIVITIES	-	(55,59
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on sale and subscriptions of common stock	-	
Drilling Advances	-	
Advances from related parties-net	50,000	335,00
NET CASH PROVIDED BY FINANCING ACTIVITIES	50,000	335,00
INCREASE (DECREASE) IN CASH	(14,299)	(1,92
CASH, BEGINNING OF PERIOD	14,883	16,09
CASH, END OF PERIOD	$ 584	$ 14,17

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)	$ -	$ 2,856,99

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

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 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 March 31, 2009, the Company has an accumulated deficit of $7,099,693 and a working capital deficit of $709,419. 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 three months ended March 31, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009
(unaudited)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 March 31, 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.

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 March 31, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RECENT ACCOUNTING PRONOUNCEMENT

In May 2008, the FASB issued SFAS No. 163, Accounting for Financial Guarantee Insurance Contracts ("SFAS 163"). SFAS 163 clarifies how SFAS 60, Accounting and Reporting by Insurance Enterprises applies to financial guarantee insurance contracts issued by insurance enterprises, including the recognition and measurement of premium revenue and claim liabilities. It also requires expanded disclosures about financial guarantee insurance contracts. SFAS 163 is effective for the Company's interim period commencing January 1, 2009, except for disclosures about an insurance enterprise's risk-management activities, which were effective for the Company's interim period commencing July 1, 2008. 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 March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities ("SFAS 161"). SFAS 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS 161 achieves these improvements by requiring disclosure of the fair values of derivative instruments and their gains and losses in a tabular format. It also provides more information about an entity's liquidity by requiring disclosure of derivative features that are credit risk-related. Finally, it requires cross-referencing within footnotes to enable financial statement users to locate important information about derivative instruments. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, and was adopted by the Company beginning in the first quarter of 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 December 2007, the FASB issued SFAS No. 160, Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB No. 51 ("SFAS No. 160"), which will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity within the consolidated balance sheets. SFAS No. 160 is effective as of the beginning of an entity's first fiscal year beginning on or after December 15, 2008. Earlier adoption is prohibited. 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 December 2007, the FASB issued SFAS No. 141 (Revised 2007), Business Combinations ("SFAS No. 141R"). SFAS No. 141R will change the accounting for business combinations. Under SFAS No. 141R, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141R will change the accounting treatment and disclosure for certain specific items in a business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the entity's first annual reporting period beginning on or after December 15, 2008. Accordingly, any business combinations completed by the Company prior to January 1, 2009 will be recorded and disclosed following existing GAAP. 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.

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.

NOTE 3 - OIL AND GAS PROPERTIES (continued)

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 7,763 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 7,763 net acres; consisting of a 78.5% N.R.I. in the leases in approximately 2,017 net acres and an 81.5% N.R.I. in the leases in approximately 5,746 net acres. Under the terms of the agreement the Company has until April 16, 2009 to complete the transactions. (Refer to note 8).

(Subsequent to March 31, 2009, the term for completion of the transactions was extended to June 1, 2009).

NOTE 4 - STOCKHOLDERS' EQUITY (DEFICIT)

(a) SHARE CAPITAL

The Company's capitalization is 33,333,333 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.

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 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 4,000,000 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.

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

(b) PRIVATE PLACEMENTS

On November 26, 2004, the Company issued 2,066,666 shares of common stock at $0.075 per share for proceeds of $155,000.

On December 15, 2004, the Company issued 2,516,667 shares of common stock at $0.075 per share for proceeds of $188,750 and 880,267 shares of common stock at $0.375 per share for proceeds of $330,100.

On March 9, 2005, the Company issued 93,333 shares of common stock at a price of $0.375 per share for proceeds of $35,000.

On October 16, 2006, the Company completed a private placement consisting of 314,702 units at $4.50 per unit for proceeds of $1,416,158. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at $9.00 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, 187,778 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%.

During 2008, the Company completed a private placement consisting of 1,224,000 units at $0.75 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 $1.50 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.

(c) OTHER ISSUANCES

On February 13, 2008, the Company issued 2,525,356 shares of common stock at a price of $0.75 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 1,528,538 shares of common stock at a price of $0.63 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).

(d) SHARE PURCHASE WARRANTS

Details of the Company's share purchase warrants issued and outstanding as of March 31, 2009 are as follows:

Exercise price	Number of warrants to purchase shares	Expiry Date
$1.50	397,000	June 27, 2009
$1.50	827,000	October 23, 2009

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

The Company's share purchase warrants activity for the period ended March 31, 2009 is summarized as follows:

	Number of Warrants	Weighted average exercise Price per share	Weighted average remaining In contractual life (in years)
Balance, December 31, 2007	314,702	$ 9.00	0.80
Issued	1,224,000	1.50	-
Expired	(314,702)	9.00	-
Exercised	-	-	-
Balance, December 31, 2008	1,224,000	1.50	0.71
Issued	-	-	-
Expired	-	-	-
Exercised	-	-	-

Balance, March 31, 2009	1,224,000	$ 1.50	0.46

All warrants are exercisable as at March 31, 2009.

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 1,666,667 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 616,668 stock options to certain officers, directors and management of the Company at $3.30 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 1,250,000 stock options to certain officers, directors and management of the Company at $1.00 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%.

NOTE 5 - STOCK OPTION PLAN (continued)

The Company's stock option activity for the period ended March 31, 2009 is summarized as follows:

	Number of Options	Weighted average exercise Price per share	Weighted average remaining In contractual life (in years)
Balance, December 31, 2007	616,668	$ 3.30	3.95
Granted	1,250,000	1.00	-
Expired	-	-	-
Exercised	-	-	-
Balance, December 31, 2008	1,866,668	1.76	7.22
Granted	-	-	-
Expired	-	-	-
Exercised	-	-	-
Balance, March 31, 2009	1,866,668	$ 1.76	6.97

All options are exercisable as at March 31, 2009.

NOTE 6 - RELATED PARTY TRANSACTIONS

As of December 31, 2007, $1,365,500 was owed to a separate 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 2,525,356 shares of common stock at a price of $0.75 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 $50,000. As a result, as of March 31, 2009, $360,000 (December 31, 2008 - $310,000) was owed which bears interest at 8% per annum and has no specific repayment terms. As of March 31, 2009, total accrued interest was $25,755 (December 31, 2008 - $19,164).

MANAGEMENT FEES

During the three month period ended March 31, 2009, the Company incurred $45,600 (2008 -$60,000) for management fees to officers and directors. As of March 31, 2009, total amount owing in management fees was $12,073 (December 31, 2008 - $1,998).

NOTE 7 - INCOME TAXES

The Company has adopted the FASB No. 109 for reporting purposes. As of March 31, 2009, the Company had net operating loss carry forwards of approximately $4,711,000 that may be available to reduce future years' taxable income through 2029. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carryforwards.

NOTE 8 - SUBSEQUENT EVENTS

Subsequent to the period on March 31, 2009, the Company extended its option agreement on approximately 7,763 net acres on its New Mexico Prospect to June 1, 2009. (Refer to note 3)

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.

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 March 31, 2009, we incurred $1,357,208 in drilling and completion costs. As of March 31, 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 1,265,000 shares (Post-Reverse Stock Split) of our restricted common stock at $0.63 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 and a 78.5% net revenue interest pertaining to 2,017 net acres (the "New Mexico Leases"); (b) Westrock has an option until June 23, 2009 to exercise a five year lease at $100 per net acre for acquisition of the 2,017 net acres; (iii) we desire to acquire a 100% working interest in the New Mexico Leases at $50.00 per net acre 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").

Subsequently, Westrock granted to us an extension to June 1, 2009 within which to complete our due diligence. 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 June 1, 2009.

RESULTS OF OPERATION

	THREE MONTH PERIOD ENDED MARCH 31, 2009 AND 2008		FOR THE PERIOD FROM OCTOBER 19, 2004 (INCEPTION) TO MARCH 31, 2009
STATEMENT OF OPERATIONS DATA			
GENERAL AND ADMINISTRATIVE EXPENSES			
Investor relations expenses	$ -0-	$112,845	$ 322,018
Consulting expenses	15,000	-0-	871,960
Management fees-related party	45,600	60,000	933,683
Management fees-stock based compensation	-0-	-0-	1,964,125
Impairment of oil and gas properties	-0-	-0-	1,273,410
Office and general	19,889	31,119	541,864
Professional Fees	27,904	51,562	663,656
NET OPERATING LOSS	($108,393)	($255,526)	($6,570,716)
OTHER EXPENSE			
Financing Costs	-0-	(424,660)	(424,660)
Interest expense	(6,592)	(9,343)	(104,317)
NET LOSS	($114,985)	($689,529)	($7,099,693)

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.

THREE MONTH PERIOD ENDED MARCH 31, 2009 COMPARED TO THREE MONTH PERIOD ENDED MARCH 31, 2008.

Our net loss for the three month period ended March 31, 2009 was ($114,985) compared to a net loss of ($689,529) during the three month period ended March 31, 2008 (a decrease of $574,544). During the three month periods ended March

31, 2009 and 2008, we did not generate any revenue.

During the three month period ended March 31, 2009, we incurred general and administrative expenses of approximately $108,393 compared to $255,526 incurred during the three month period ended March 31, 2008 (a decrease of $147,133). These general and administrative expenses incurred during the three month period ended March 31, 2009 consisted of: (i) consulting fees of $15,000 (2008: $60,000); (ii) office and general of $19,889 (2008: $31,119); (iii) professional fees of $27,904 (2008: $51,562); (iv) management fees - related party of $45,600 (2008: $0); and (v) investor relations of $-0- (2008: $112,845).

During the three month periods ended March 31, 2009 and March 31, 2008, we did not record any impairment of oil and gas properties. Thus, general and administrative expenses incurred during the three month period ended March 31, 2009 compared to the three month period ended March 31, 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 $108,393 incurred as general and administrative expenses during the three month period ended March 31, 2009, we incurred consulting expenses of $15,000 (2008- $60,000). We further incurred management fees of $45,600 payable to our officers and directors. As of March 31, 2009, the total amount owing in management fees was $12,073.

Financing costs incurred during the three month periods ended March 31, 2009 and March 31, 2008 of $-0- and $424,660, respectively, were recorded as other expense. In addition, interest expense during the three month periods ended March 31, 2009 and March 31, 2008 of $6,592 and $9,343, respectively, was recorded as other expense. This resulted in a net loss of ($114,985) or ($0.01) per share for the three month period ended March 31, 2009 compared to a net loss of ($689,529) or ($0.06) per share for the three month period ended March 31, 2008. The weighted average number of shares outstanding was 15,216,196 for the three month period ended March 31, 2009 compared to 11,776,454 for the three month period ended March 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

AS AT MARCH 31, 2009

As at the three month period ended March 31, 2009, our current assets were $26,388 and our current liabilities were $735,807, which resulted in a working capital deficiency of ($709,419). As at the three month period ended March 31, 2009, current assets were comprised of: (i) $584 in cash; and (ii) $25,804 in other current assets. As at the three month period ended March 31, 2009, current liabilities were comprised of: (i) $337,979 in accounts payable and accrued liabilities; and (ii) $397,828 in amounts due to related parties.

As at the three month period ended March 31, 2009, our total assets were $1,829,331 comprised of: (i) $26,388 in current assets; and (ii) $1,802,943 in unproven oil and gas properties. The slight decrease in total assets during the three month period ended March 31, 2009 from fiscal year ended December 31, 2008 was primarily due to the decrease in cash.

As at the three month period ended March 31, 2009, our total liabilities were $735,807 comprised entirely of current liabilities. The increase in liabilities during the three month period ended March 31, 2009 from fiscal year ended 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 $1,093,524 as of March 31, 2009.

CASH FLOWS FROM OPERATING ACTIVITIES

We have not generated positive cash flows from operating activities. For the three month period ended March 31, 2009, net cash flows used in operating activities was ($64,299), consisting primarily of a net loss of ($114,985). Net cash flows used in operating activities was changed by $16,666 relating to an accrual due to related parties and $34,020 in accounts payable and accrued liabilities. For the three month period ended March 31, 2008, net cash flows used in operating activities was ($281,325), consisting primarily of a net loss of ($689,529), adjusted by $424,660 in financing costs and further changed by $39,344 relating to an accrual due to related parties, ($2,275) in other current assets and ($53,525) in accounts payable and accrued liabilities.

CASH FLOWS FROM INVESTING ACTIVITIES

For the three month period ended March 31, 2009, net cash flows used in investing activities was $-0-. For the three month period ended March 31, 2008, net cash flows used in investing activities was ($55,598) 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 three month period ended March 31, 2009, net cash flows provided from financing activities was $50,000 compared to $335,000 for the three month period ended March 31, 2008. Cash flows from

financing activities for the three month period ended March 31, 2009 consisted of $50,000 in advances from related parties. Cash flows from financing activities for the three month period ended March 31, 2008 consisted of $335,000 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 1,224,000 units at the price of $0.75 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 7,576,068 shares pre reverse stock split (2,525,356 shares post reverse stock split) 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 4,585,616 shares pre reverse stock split (1,528,538 shares post reverse stock split) 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.

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 7,576,068 shares pre reverse stock split (2,525,356 shares post reverse stock split) of our restricted common stock at $0.25 ($0.75 post reverse stock split) 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 March 31, 2009, an aggregate $360,000 was due and owing to this shareholder, which bears interest at 8% per annum and has no specific repayment terms. As at March 31, 2009, total accrued interest was $25,755.

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 March 31, 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 March 31, 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 three month period ended March 31, 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

No report required.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits:

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.

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: May 4, 2009

By: /s/ PETER WILSON

Peter Wilson
President and Chief Executive Officer

Dated: May 4, 2009

By: /s/ WILLIAM D. THOMAS

William D. Thomas
Chief Financial Officer