

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

MORGAN CREEK ENERGY CORP
Form 10KSB/A
October 02, 2008

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

FORM 10-KSB/A
(Amendment No. 1)

Mark One

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

For the fiscal year ended December 31, 2007

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. 0-25455

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) 321-0603

(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)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Check whether the issuer (i) 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 (ii) has been subject to such filing requirements for the past 90 days.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

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

State issuers revenues for its most recent fiscal year \$ -0-.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. March 25, 2008: \$8,815,084

ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS

N/A

Check 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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	Outstanding as of March 25, 2008
Common Stock, \$0.001	41,976,589

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (i) any annual report to security holders; (ii) any proxy or information statement; and (iii) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 (the "Securities Act"). The listed documents should be clearly described for identification purposes (e.g. annual reports to security holders for fiscal year ended December 24, 1990).

N/A

Transitional Small Business Disclosure Format (Check one): Yes No

2

MORGAN CREEK ENERGY CORP.

FORM 10-KSB

Page

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

Part I.		
Item 1.	Description of Business	4
Item 2.	Description of Property	23
Item 3.	Legal Proceedings	23
Item 4.	Submission of Matters to a Vote of Security Holders	24
Part II.		
Item 5.	Market for Common Equity and Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities	24
Item 6.	Management's Discussion and Analysis and Plan of Operation	27
Item 7.	Financial Statements	34
Item 8.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	50
Item 8A.	Controls and Procedures	50
Item 8A(T).	Controls and Procedures	51
Item 8B.	Other Information	51
Part III		
Item 9.	Directors, Executive Officers, Promoters, Control Persons and Corporate Governance; Compliance With Section 16(a) of the Exchange Act	51
Item 10.	Executive Compensation	55
Item 11.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	58
Item 12.	Certain Relationships and Related Transactions and Director Independence	60
Item 13.	Exhibits	61
Item 14.	Principal Accountant Fees and Services	62
Signatures		63

Statements made in this Form 10-KSB 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,"

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

"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.

AVAILABLE INFORMATION

Morgan Creek Energy Corp. files annual, quarterly, current reports, proxy statements, and other information with the Securities and Exchange Commission (the "Commission"). You may read and copy documents referred to in this Annual Report on Form 10-KSB that have been filed with the Commission at the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. You can also obtain copies of our Commission filings by going to the Commission's website at <http://www.sec.gov>

PART I

ITEM 1. DESCRIPTION OF BUSINESS

BUSINESS DEVELOPMENT

Morgan Creek Energy Corp. was incorporated under the laws of the State of Nevada on October 19, 2004 and has been engaged in the business of exploration of oil and gas bearing properties in the United States since its inception. 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". Our shares are also traded on the Frankfurt Stock Exchange in Germany under the symbol "M6C".

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

Transfer Agent

Our transfer agent is Transfer Online, Inc., 317 S.W. Alder Street, 2nd Floor Portland, Oregon 97204.

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 Texas (the "Quachita Prospect"). To date, we have acquired approximately 2,365 gross acres within the Quachita Prospect for a three-year term. We acquired a 100% working interest and a 77% net revenue interest in

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

natural gas targeted Quachita Prospect leases. The leases are unproven and were acquired for approximately \$338,000. In addition, we have leased various properties totaling approximately 4,800 gross acres within the State of New Mexico for a five-year term in consideration for \$52,083 (the "New Mexico Prospect"). We have a 100% working interest and an 87.5% net revenue interest in the 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	3,472

Total:	5,443

(*) 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 Annual Report, we lease approximately 1,971 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. As of the date of this Annual Report, we received a permit for drilling of the twin well on the Quachita Prospect and commenced drilling of our first well (the "Boggs #1). We have identified seven separate potential areas of exploration interest in the Quachita Lease and have carried out wide scale leasing on the first of these targets. 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. During fiscal year ended December 31, 2007, we incurred \$1,335,780 in drilling and completion expenditures on the Boggs #1.

The Boggs #1 has 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 retain a 25% working

interest and a 23% net revenue interest in the Boggs #1 well. As of December 31, 2007, we have received approximately \$759,000 in funding from the private investors and incurred \$1,335,780 in drilling and completion costs on Boggs #1. Currently, we are negotiating with the funding investors to acquire their well for an amount equal to the total amount of their investment of \$759,000 and forgiveness of the additional amounts due and owing.

PETERS RANCH LEASE. On approximately January 30, 2007, we acquired a 100% working interest and a 77% net revenue interest in two fully equipped oil leases located in the State of Texas for aggregate consideration of \$55,000. The Mata lease is located in Webb County and the Peters Ranch lease is located in Duval

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

County (collectively, the "Peters Ranch Lease"). On approximately April 23, 2007, we entered into an agreement to sell the Peters Ranch Lease for \$65,000 (the "Peters Ranch Agreement"). In accordance with the terms and provisions of an agreement between the purchaser and one of our shareholders, the amounts due and owing under the Peters Ranch Agreement were offset against amounts we owed to our shareholder. See #Item 12. Certain Relationships and Related Transactions and Director Independence - Loans."

NEW MEXICO PROSPECT

As of the date of this Annual Report, we have leased various properties in the New Mexico Prospect totaling approximately 3,472 net acres within the State of New Mexico for a five year term in consideration for \$52,083. We have a 100% working interest and a 87.5% net revenue interest in the leases comprising the New Mexico Prospect.

PROPOSED FUTURE BUSINESS OPERATIONS

Our strategy is to complete the further acquisition of additional oil and gas opportunities that fall within the criteria of providing a geological basis for development of drilling initiatives that can provide near term revenue potential and fast drilling capital repatriation from production cash flows to create expanding reserves. We anticipate that our ongoing efforts, subject to adequate funding being available, will continue to be focused on successfully concluding negotiations for additional tracts of prime acreage in the coal bed methane and other gas producing domains, and to implement the drilling of new wells to develop reserves and to provide revenues. We plan to build a strategic base of proven reserves and production.

Our ability to continue to complete planned exploration activities and expand land acquisitions and explore drilling opportunities is dependent on adequate capital resources being available and further sources of debt and equity being obtained. The two following alternatives provide the basis for business development options:

DEVELOPMENT OF CURRENT LEASES

The requirement to raise further funding for oil and gas exploration beyond that obtained for the next six month period continues to depend on the outcome of geological and engineering testing occurring over this interval. Based upon the completion of current property evaluations on the Quachita Prospect, and if results provide the basis to continue development and geological studies indicate high probabilities of sufficient production quantities, we will attempt

6

to raise capital to further our drilling program to establish up to six wells on leases in hand, build production infrastructure and pipeline, and raise additional capital for drilling on the New Mexico Prospect and further land acquisitions. This has included the following activity:

- o Site preparation for entry into current wellbores including roadway upgrade and operations site, design, review, and finalize testing procedures, book zone fracture and testing consultants, arrange equipment required.
- o Pull old well tubing, run test tools in wellbore, cut well casing, test target gas zones with acid and water.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

- o If gas content conducive to production, complete well by inserting downhole pump and rods, set pumping unit, wellhead, and gas line.
- o Complete pipeline.
- o Create well development model and investment documents to develop wells on subject leases including funding plan.
- o Create investor communications materials, corporate identity.
- o Raise funding for well development.
- o Drill, complete, and produce from well drilling program and selective re-entry programs.
- o Target further leases for exploration potential and obtain further funding to acquire new development targets.

NEW LEASE ACQUISITION AND DEVELOPMENT

If gas quality and quantities are not deemed sufficient from work to be conducted on our current leases during the first six months of operation, additional land acquisitions will be assessed and obtained subject to adequate capital resources being available and further sources of debt and equity being obtained. The following outlines anticipated activities pursuant to this business option.

- o Site preparation for entry into current wellbores including roadway upgrade and operations site, design, review, and finalize testing procedures, book zone fracture and testing consultants, arrange equipment required.
- o Pull old well tubing, run test tools in wellbore, cut well casing, test target gas zones with acid and water,
- o If gas content not deemed conducive to production, target further leases for exploration potential and obtain further funding to acquire new development targets.

7

We will require additional funding to implement our proposed future business activities. See "Item 6. Management's Discussion and Analysis and Plan of Operation."

We do not expect to purchase any significant equipment or increase significantly the number of our employees during the next twelve months. Our current business strategy is to obtain resources under contract where possible because management believes that this strategy, at its current level of development, provides the best services available in the circumstances, leads to lower overall costs, and provides the best flexibility for our business operations.

COAL BED METHANE GAS

Natural gas consists primarily of methane, which is produced when organic material is physically turned into coal under extreme geologic conditions. When the coal and methane conversion process occurs such that the resultant coal is saturated with water and methane is trapped within the coal, the result is "coal

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

bed methane." Water permeates coal beds and the water pressure traps the gas within the coal. Because coal has a large and complex internal surface area, it can store volumes of gas six or seven times as much as a conventional nature gas reservoir of equal rock volume. Coal bed methane is kept in place usually by the presence of water. Thus the production of coal bed methane in many cases requires the dewatering of the coal gas to be extracted. Therefore, in a coal bed gas well, water can be produced in large volumes especially in the early stages of production. As the amount of water in the coal decreases, gas production increases.

COMPETITION

We operate in a highly competitive industry, competing with major oil and gas companies, independent producers and institutional and individual investors, which are actively seeking oil and gas properties throughout the world together with the equipment, labor and materials required to operate properties. Most of our competitors have financial resources, staffs and facilities substantially greater than ours. The principal area of competition is encountered in the financial ability to acquire good acreage positions and drill wells to explore for oil and gas, then, if warranted, drill production wells and install production equipment. Competition for the acquisition of oil and gas wells is intense with many oil and gas properties and/or leases or concessions available in a competitive bidding process in which we may lack technological information or expertise available to other bidders. Therefore, we may not be successful in acquiring and developing profitable properties in the face of this competition. No assurance can be given that a sufficient number of suitable oil and gas wells will be available for acquisition and development.

GOVERNMENT REGULATION

The production and sale of oil and gas are subject to various federal, state and local governmental regulations, which may be changed from time to time in response to economic or political conditions and can have a significant impact upon overall operations. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, reports concerning operations, the spacing of wells, unitization and pooling of properties, taxation, abandonment and restoration and environmental protection. These laws and regulations are under constant review for amendment or expansion. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and gas wells below actual production capacity in order to conserve supplies of oil and gas. Changes in these

8

regulations could require us to expend significant resources to comply with new laws or regulations or changes to current requirements and could have a material adverse effect on our business operations.

REGULATION OF OIL AND NATURAL GAS PRODUCTION

Our oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local authorities and agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and natural gas industry increases our cost of doing business and affects our profitability. Although we believe we are in substantial compliance with all applicable laws and regulations, because such rules and regulations are frequently amended or reinterpreted, we are unable to predict the future cost or impact of complying with such laws.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

Many states require permits for drilling operations, drilling bonds and reports concerning operations and impose other requirements relating to the exploration and production of oil and natural gas. Such states also have statutes or regulations addressing conservation matters, including provisions for the unitization or pooling of oil and natural gas properties, the establishment of maximum rates of production from wells, and the regulation of spacing, plugging and abandonment of such wells.

FEDERAL REGULATION OF NATURAL GAS

The Federal Energy Regulatory Commission ("FERC") regulates interstate natural gas transportation rates and service conditions, which affect the marketing of natural gas produced by us, as well as the revenues received by us for sales of such production. Since the mid-1980's, FERC has issued a series of orders that have significantly altered the marketing and transportation of natural gas. These orders mandate a fundamental restructuring of interstate pipeline sales and transportation service, including the unbundling by interstate pipelines of the sale, transportation, storage and other components of the city-gate sales services such pipelines previously performed. One of FERC's purposes in issuing the orders was to increase competition within all phases of the natural gas industry. Certain aspects of these orders may be modified as a result of various appeals and related proceedings and it is difficult to predict the ultimate impact of the orders on us and others. Generally, the orders eliminate or substantially reduce the interstate pipelines' traditional role as wholesalers of natural gas in favor of providing only storage and transportation service, and have substantially increased competition and volatility in natural gas markets.

The price, which we may receive for the sale of oil and natural gas liquids, would be affected by the cost of transporting products to markets. FERC has implemented regulations establishing an indexing system for transportation rates for oil pipelines, which, generally, would index such rates to inflation, subject to certain conditions and limitations. We are not able to predict with certainty the effect, if any, of these regulations on any future operations. However, the regulations may increase transportation costs or reduce wellhead prices for oil and natural gas liquids.

ENVIRONMENTAL MATTERS

9

Our operations and properties will be subject to extensive and changing federal, state and local laws and regulations relating to environmental protection, including the generation, storage, handling, emission, transportation and discharge of materials into the environment, and relating to safety and health. The recent trend in environmental legislation and regulation generally is toward stricter standards, and this trend will likely continue. These laws and regulations may (i) require the acquisition of a permit or other authorization before construction or drilling commences and for certain other activities; (ii) limit or prohibit construction, drilling and other activities on certain lands lying within wilderness and other protected areas; and (iii) impose substantial liabilities for pollution resulting from our operations. The permits required for several of our operations are subject to revocation, modification and renewal by issuing authorities. Governmental authorities have the power to enforce their regulations, and violations are subject to fines or injunctions, or both. In the opinion of management, we are in substantial compliance with

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

current applicable environmental law and regulations, and we have no material commitments for capital expenditures to comply with existing environmental requirements. Nevertheless, changes in existing environmental laws and regulations or in interpretations thereof could have a significant impact on our business operations, as well as the oil and natural gas industry in general.

The Comprehensive Environmental, Response, Compensation, and Liability Act ("CERCL ") and comparable state statutes impose strict, joint and several liability on owners and operators of sites and on persons who disposed of or arranged for the disposal of "hazardous substances" found at such sites. It is not uncommon for the neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. The Federal Resource Conservation and Recovery Act ("RCRA") and comparable state statutes govern the disposal of "solid waste" and "hazardous waste" and authorize the imposition of substantial fines and penalties for noncompliance. Although CERCLA currently excludes petroleum from its definition of "hazardous substance," state laws affecting our operations impose clean-up liability relating to petroleum and petroleum related products. In addition, although RCRA classifies certain oil field wastes as "non-hazardous," such exploration and production wastes could be reclassified as A hazardous wastes, thereby making such wastes subject to more stringent handling and disposal requirements.

We intend to acquire leasehold interests in properties that for many years have produced oil and natural gas. Although the previous owners of these interests may have used operating and disposal practices that were standard in the industry at the time, hydrocarbons or other wastes may have been disposed of or released on or under the properties. In addition, some of our properties may be operated in the future by third parties over which we have no control. Notwithstanding our lack of control over properties operated by others, the failure of the operator to comply with applicable environmental regulations may, in certain circumstances, adversely impact our business operations.

The National Environmental Policy Act ("NEPA") is applicable to many of our planned activities and operations. NEPA is a broad procedural statute intended to ensure that federal agencies consider the environmental impact of their actions by requiring such agencies to prepare environmental impact statements ("EIS") in connection with all federal activities that significantly affect the environment. Although NEPA is a procedural statute only applicable to the federal government, a portion of our properties may be acreage located on federal land. The Bureau of Land Management's issuance of drilling permits and

10

the Secretary of the Interior's approval of plans of operation and lease agreements all constitute federal action within the scope of NEPA. Consequently, unless the responsible agency determines that our drilling activities will not materially impact the environment, the responsible agency will be required to prepare an EIS in conjunction with the issuance of any permit or approval.

The Endangered Species Act ("ESA") seeks to ensure that activities do not jeopardize endangered or threatened animals, fish and plant species, nor destroy or modify the critical habitat of such species. Under ESA, exploration and production operation, as well as actions by federal agencies, may not significantly impair or jeopardize the species or their habitat. ESA provides for criminal penalties for willful violations of the Act. Other statutes that provide protection to animal and plant species and that may apply to our operations include, but are not necessarily limited to, the Fish and Wildlife Coordination Act, the Fishery Conservation and Management Act, the Migratory

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

Bird Treaty Act and the National Historic Preservation Act. Although we believe that our operations are in substantial compliance with such statutes, any change in these statutes or any reclassification of a species as endangered could subject us to significant expense to modify our operations or could force to discontinue certain operations altogether.

Management believes that we are in substantial compliance with current applicable environmental laws and regulations.

RESEARCH AND DEVELOPMENT ACTIVITIES

No research and development expenditures have been incurred, either on our account or sponsored by customers, to the date of our inception.

EMPLOYEES

We do not employ any persons on a full-time or on a part-time basis. Marcus Johnson is our President and Chief Executive Officer, and D. Bruce Horton is our Chief Financial Officer and Treasurer. These individuals are primarily responsible for all of our day-to-day operations. Other services are provided by outsourcing and consultant and special purpose contracts.

RISK FACTORS

An investment in our common stock involves a number of very significant risks. You should carefully consider the following risks and uncertainties in addition to other information in evaluating our company and its business before purchasing shares of our common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. The risks described below are all of the material risks that we are currently aware of that are facing our company. Additional risks not presently known to us may also impair our business operations. You could lose all or part of your investment due to any of these risks.

RISKS RELATED TO OUR BUSINESS

WE WILL NEED TO RAISE ADDITIONAL FINANCING TO COMPLETE FURTHER EXPLORATION.

We will require significant additional financing in order to continue our exploration activities and our assessment of the commercial viability of our oil and gas properties. Furthermore, if the costs of our planned exploration programs are greater than anticipated, we may have to seek additional funds through public or private share offerings or arrangements with corporate partners. There can be no assurance that we will be successful in our efforts to raise these require funds, or on terms satisfactory to us. The continued exploration of our oil and gas properties and the development of our business will depend upon our ability to establish the commercial viability of our oil and gas properties and to ultimately develop cash flow from operations and reach profitable operations. We currently are in the exploration stage and we have no revenue from operations and we are experiencing significant negative cash flow. Accordingly, the only other sources of funds presently available to us are through the sale of equity. We presently believe that debt financing will not be an alternative to us as all of our properties are in the exploration stage. Alternatively, we may finance our business by offering an interest in our oil and gas properties to be earned by another party or parties carrying out further

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

exploration and development thereof or to obtain project or operating financing from financial institutions, neither of which is presently intended. If we are unable to obtain this additional financing, we will not be able to continue our exploration activities and our assessment of the commercial viability of our oil and gas properties. Further, if we are able to establish that development of our oil and gas properties is commercially viable, our inability to raise additional financing at this stage would result in our inability to place our oil and gas properties into production and recover our investment.

As our oil and gas properties do not contain any reserves, we may not discover commercially exploitable quantities of oil or gas on our properties that would enable us to enter into commercial production, achieve revenues and recover the money we spend on exploration.

Our properties do not contain reserves in accordance with the definitions adopted by the SEC and there is no assurance that any exploration programs that we carry out will establish reserves. All of our oil and gas properties are in the exploration stage as opposed to the development stage and have no known body of reserves. The known reserves at these projects have not yet been determined to be economic, and may never be determined to be economic. We plan to conduct further exploration activities on our oil and gas properties, which future exploration may include the completion of feasibility studies necessary to evaluate whether commercial reserves exist on any of our mineral properties. There is a substantial risk that these exploration activities will not result in discoveries of commercially recoverable reserves of oil or gas. Any determination that our properties contain commercially recoverable quantities of oil or gas may not be reached until such time that final comprehensive feasibility studies have been concluded that establish that a potential reserve is likely to be economic. There is a substantial risk that any preliminary or final feasibility studies carried out by us will not result in a positive determination that our oil and gas properties can be commercially developed.

OUR EXPLORATION ACTIVITIES ON OUR OIL AND GAS PROPERTIES MAY NOT BE COMMERCIALY SUCCESSFUL, WHICH COULD LEAD US TO ABANDON OUR PLANS TO DEVELOP THE PROPERTY AND OUR INVESTMENTS IN EXPLORATION.

Our long-term success depends on our ability to establish commercially recoverable quantities of oil and natural gas on our properties that can then be developed into commercially viable operations. Oil and gas exploration is highly speculative in nature, involves many risks and is frequently non-productive.

12

These risks include unusual or unexpected geologic formations, and the inability to obtain suitable or adequate machinery, equipment or labor. The success of oil and gas exploration is determined in part by the following factors:

- o identification of potential oil and natural gas reserves based on superficial analysis;
- o availability of government-granted exploration permits;
- o the quality of management and geological and technical expertise; and
- o the capital available for exploration.

Substantial expenditures are required to establish proven and probable reserves through drilling and analysis, to develop processes to extract oil and gas, and to develop the drilling and processing facilities and infrastructure at any

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

chosen site. Whether an oil and gas reserve will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the reserve; oil and natural gas prices, which fluctuate widely; and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of oil and gas and environmental protection. We may invest significant capital and resources in exploration activities and abandon such investments if we are unable to identify commercially exploitable reserves. The decision to abandon a project may reduce the trading price of our common stock and impair our ability to raise future financing. We cannot provide any assurance to investors that we will discover or acquire any oil or gas reserves in sufficient quantities on any of our properties to justify commercial operations. Further, we will not be able to recover the funds that we spend on exploration if we are not able to establish commercially recoverable reserves of oil or natural gas on our properties.

OUR BUSINESS IS DIFFICULT TO EVALUATE BECAUSE WE HAVE A LIMITED OPERATING HISTORY.

In considering whether to invest in our common stock, you should consider that there is only limited historical financial and operating information available on which to base your evaluation of our performance. Our inception was October 19, 2004 and, as a result, we have a limited operating history.

WE HAVE A HISTORY OF OPERATING LOSSES AND THERE CAN BE NO ASSURANCE WE WILL BE PROFITABLE IN THE FUTURE.

We have a history of operating losses, expect to continue to incur losses, and may never be profitable, and we must be considered to be in the exploration stage. Further, we have been dependent on sales of our equity securities and debt financing to meet our cash requirements. We have incurred losses totaling approximately \$4,963,000 from October 19, 2004 (inception) to December 31, 2007. As of December 31, 2007, we had an accumulated deficit of \$4,962,778 and had incurred losses of approximately \$817,000 during fiscal year ended December 31, 2007. Further, we do not expect positive cash flow from operations in the near term. There is no assurance that actual cash requirements will not exceed our estimates. In particular, additional capital may be required in the event that: (i) the costs to acquire additional leases are more than we currently anticipate; (ii) drilling and completion costs for additional wells increase

13

beyond our expectations; or (iii) we encounter greater costs associated with general and administrative expenses or offering costs.

Our development of and participation in what could evolve into an increasing number of oil and gas prospects may require substantial capital expenditures. The uncertainty and factors described throughout this section may impede our ability to economically find, develop, produce, and acquire natural gas and oil reserves. As a result, we may not be able to achieve or sustain profitability or positive cash flows from operating activities in the future.

WE HAVE RECEIVED A GOING CONCERN OPINION FROM OUR INDEPENDENT AUDITORS' REPORT ACCOMPANYING OUR DECEMBER 31, 2007 AND DECEMBER 31, 2006 FINANCIAL STATEMENTS.

The independent auditor's report accompanying our December 31, 2007 and 2006 audited financial statements contains an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. The

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

consolidated financial statements have been prepared "assuming that the Company will continue as a going concern." Our ability to continue as a going concern is dependent on raising additional capital to fund our operations and ultimately on generating future profitable operations. There can be no assurance that we will be able to raise sufficient additional capital or eventually have positive cash flow from operations to address all of our cash flow needs. If we are not able to find alternative sources of cash or generate positive cash flow from operations, our business and shareholders will be materially and adversely affected.

WE WILL REQUIRE ADDITIONAL FUNDING IN THE FUTURE.

Based upon our historical losses from operations, we will require additional funding in the future. If we cannot obtain capital through financings or otherwise, our ability to execute our development plans and achieve production levels will be greatly limited. Our current development plans require us to make capital expenditures for the exploration and development of our oil and natural gas properties. Historically, we have funded our operations through the issuance of equity. We may not be able to obtain additional financing on favorable terms, if at all. Our future cash flows and the availability of financing will be subject to a number of variables, including potential production and the market prices of oil and natural gas. Further, debt financing, if utilized, could lead to a diversion of cash flow to satisfy debt-servicing obligations and create restrictions on business operations. If we are unable to raise additional funds, it would have a material adverse effect upon our operations.

AS PART OF OUR GROWTH STRATEGY, WE INTEND TO ACQUIRE ADDITIONAL OIL AND GAS PROPERTIES.

As part of our growth strategy, we intend to acquire additional oil and gas production properties. Current and subsequent acquisitions may pose substantial risks to our business, financial condition, and results of operations. In pursuing acquisitions, we will compete with other companies, many of which have greater financial and other resources to acquire attractive properties. Even if we are successful in acquiring additional properties, some of the properties may not produce revenues at anticipated levels or failure to conduct drilling on prospects within specified time periods may cause the forfeiture of the lease in that prospect. There can be no assurance that we will be able to successfully integrate acquired properties, which could result in substantial costs and delays or other operational, technical, or financial problems. Further,

14

acquisitions could disrupt ongoing business operations. If any of these events occur, it would have a material adverse effect upon our operations and results from operations.

WE ARE A NEW ENTRANT INTO THE OIL AND GAS EXPLORATION AND DEVELOPMENT INDUSTRY WITHOUT PROFITABLE OPERATING HISTORY.

Since inception, our activities have been limited to organizational efforts, obtaining working capital and acquiring and developing a very limited number of properties. As a result, there is limited information regarding property related production potential or revenue generation potential. Further, our Leases have no probable, proved or developed producing reserves. As a result, our future revenues may be limited or non-existent.

The business of oil and gas exploration and development is subject to many risks and if oil and natural gas is found in economic production quantities, the

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

potential profitability of future possible oil and gas ventures depends upon factors beyond our control. The potential profitability of oil and natural gas properties if economic quantities are found is dependent upon many factors and risks beyond our control, including, but not limited to: (i) unanticipated ground conditions; (ii) geological problems; (iii) drilling and other processing problems; (iv) the occurrence of unusual weather or operating conditions and other force majeure events; (v) lower than expected reserve quantities; (vi) accidents; (vii) delays in the receipt of or failure to receive necessary government permits; (viii) delays in transportation; (ix) labor disputes; (x) government permit restrictions and regulation restrictions; (xi) unavailability of materials and equipment; and (xii) the failure of equipment or drilling to operate in accordance with specifications or expectations.

OUR DRILLING OPERATIONS MAY NOT BE SUCCESSFUL.

We intend to test certain zones in wellbores already drilled on certain of the properties and if results are positive and capital is available, drill additional wells and begin production operations from existing and new wells. There can be no assurance that our current well re-completion activities or future drilling activities will be successful, and we cannot be sure that our overall drilling success rate or our production operations within a particular area will ever come to fruition, and if it does, will not decline over time. We may not recover all or any portion of our capital investment in the wells or the underlying leaseholds. Unsuccessful drilling activities would have a material adverse effect upon our results of operations and financial condition. The cost of drilling, completing, and operating wells is often uncertain, and a number of factors can delay or prevent drilling operations including: (i) unexpected drilling conditions; (ii) pressure or irregularities in geological formations; (iii) equipment failures or accidents; (iv) adverse weather conditions; and (iv) shortages or delays in availability of drilling rigs and delivery of equipment.

OUR PRODUCTION INITIATIVES MAY NOT PROVE SUCCESSFUL.

The coal beds from which we intend to produce natural gas frequently contain water, which may hamper our ability to produce gas in commercial quantities. The amount of natural gas that can be commercially produced depends upon the coal quality, the original gas content of the coal seam, the thickness of the seam, the reservoir pressure, the rate at which gas is released from the coal, and the existence of any natural fractures through which the gas can flow to the well bore. However, coal beds frequently contain water that must be removed in order

15

for the gas to detach from the coal and flow to the well bore. The average life of a coal bed well is only five to six years. Our ability to remove and dispose of sufficient quantities of water from the coal seam will determine whether or not we can produce coal bed methane in commercial quantities.

There is no guarantee that the potential drilling locations we have or acquire in the future will ever produce natural gas or oil, which could have a material adverse effect upon our results of operations.

PROSPECTS THAT WE DECIDE TO DRILL MAY NOT YIELD NATURAL GAS OR OIL IN COMMERCIALLY VIABLE QUANTITIES.

We describe some of our current prospects in this Annual Report. Our prospects are in various stages of preliminary evaluation and assessment and we have not reached the point where we will decide to drill at all on the subject prospects. However, the use of seismic data, historical drilling logs, offsetting well

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

information, and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling and testing whether natural gas or oil will be present or, if present, whether natural gas or oil will be present in sufficient quantities or quality to recover drilling or completion costs or to be economically viable. In sum, the cost of drilling, completing and operating any wells is often uncertain and new wells may not be productive.

WE MAY BE UNABLE TO IDENTIFY LIABILITIES ASSOCIATED WITH THE PROPERTIES OR OBTAIN PROTECTION FROM SELLERS AGAINST THEM.

One of our growth strategies is to capitalize on opportunistic acquisitions of oil and natural gas reserves. However, our reviews of acquired properties are inherently incomplete because it generally is not feasible to review in depth every individual property involved in each acquisition. A detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential. Further, environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. We may not be able to obtain indemnification or other protections from the sellers against such potential liabilities, which would have a material adverse effect upon our results of operations.

THE POTENTIAL PROFITABILITY OF OIL AND GAS VENTURES DEPENDS UPON GLOBAL POLITICAL AND MARKET RELATED FACTORS BEYOND OUR CONTROL.

World prices and markets for oil and gas are unpredictable, highly volatile, potentially subject to governmental fixing, pegging, controls, or any combination of these and other factors, and respond to changes in domestic, international, political, social, and economic environments. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for production and other expenses have become increasingly difficult, if not impossible, to project. These and other changes and events may materially affect our financial performance. The potential profitability of oil and gas properties is dependent on these and other factors beyond our control.

16

PRODUCTION OR OIL AND GAS RESOURCES IF FOUND ARE DEPENDENT ON NUMEROUS OPERATIONAL UNCERTAINTIES SPECIFIC TO THE AREA OF THE RESOURCE THAT AFFECTS ITS PROFITABILITY.

Production area specifics affect profitability. Adverse weather conditions can hinder drilling operations and ongoing production work. A productive well may become uneconomic in the event water or other deleterious substances are encountered which impair or prevent the production of oil and/or gas from the well. Production and treatments on other wells in the area can have either a positive or negative effect on our production and wells. In addition, production from any well may be unmarketable if it is impregnated with water or other deleterious substances. The content of hydrocarbons is subject to change over the life of producing wells. The marketability of oil and gas from any specific reserve which may be acquired or discovered will be affected by numerous factors beyond our control. These factors include, but are not limited to, the proximity and capacity of oil and gas pipelines, availability of room in the pipelines to accommodate additional production, processing and production equipment operating costs and equipment efficiency, market fluctuations of prices and oil and gas marketing relationships, local and state taxes, mineral owner and other

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

royalties, land tenure, lease bonus costs and lease damage costs, allowable production, and environmental protection. These factors cannot be accurately predicted and the combination of these factors may result in us not receiving an adequate return on our invested capital.

IF PRODUCTION RESULTS FROM OPERATIONS, WE ARE DEPENDENT UPON TRANSPORTATION AND STORAGE SERVICES PROVIDED BY THIRD PARTIES.

We will be dependent on the transportation and storage services offered by various interstate and intrastate pipeline companies for the delivery and sale of our gas supplies. Both the performance of transportation and storage services by interstate pipelines and the rates charged for such services are subject to the jurisdiction of the Federal Energy Regulatory Commission or state regulatory agencies. An inability to obtain transportation and/or storage services at competitive rates could hinder our processing and marketing operations and/or affect our sales margins.

OUR RESULTS OF OPERATIONS ARE DEPENDENT UPON MARKET PRICES FOR OIL AND GAS, WHICH FLUCTUATE WIDELY AND ARE BEYOND OUR CONTROL.

If and when production from oil and gas properties is reached, our revenue, profitability, and cash flow depend upon the prices and demand for oil and natural gas. The markets for these commodities are very volatile and even relatively modest drops in prices can significantly affect our financial results and impede our growth. Prices received also will affect the amount of future cash flow available for capital expenditures and may affect our ability to raise additional capital. Lower prices may also affect the amount of natural gas and oil that can be economically produced from reserves either discovered or acquired. Factors that can cause price fluctuations include: (i) the level of consumer product demand; (ii) domestic and foreign governmental regulations; (iii) the price and availability of alternative fuels; (iv) technical advances affecting energy consumption; (v) proximity and capacity of oil and gas pipelines and other transportation facilities; (vi) political conditions in natural gas and oil producing regions; (vii) the domestic and foreign supply of natural gas and oil; (viii) the ability of members of Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls; (ix) the price of foreign imports; and (x) overall domestic and global economic conditions.

17

The availability of a ready market for our oil and gas depends upon numerous factors beyond our control, including the extent of domestic production and importation of oil and gas, the relative status of the domestic and international economies, the proximity of our properties to gas gathering systems, the capacity of those systems, the marketing of other competitive fuels, fluctuations in seasonal demand and governmental regulation of production, refining, transportation and pricing of oil, natural gas and other fuels.

THE OIL AND GAS INDUSTRY IN WHICH WE OPERATE INVOLVED MANY INDUSTRY RELATED OPERATING AND IMPLEMENTATION RISKS THAT CAN CAUSE SUBSTANTIAL LOSSES, INCLUDING, BUT NOT LIMITED TO, UNPRODUCTIVE WELLS, NATURAL DISASTERS, FACILITY AND EQUIPMENT PROBLEMS AND ENVIRONMENTAL HAZARDS.

Our drilling activities are subject to many risks, including the risk that we will not discover commercially productive reservoirs. Drilling for oil and natural gas can be unprofitable, not only from dry holes, but from productive

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

wells that do not produce sufficient revenues to return a profit. In addition, our drilling and producing operations may be curtailed, delayed or canceled as a result of other drilling and production, weather and natural disaster, equipment and service failure, environmental and regulatory, and site specific related factors, including but not limited to: (i) fires; (ii) explosions; (iii) blow-outs and surface cratering; (iv) uncontrollable flows of underground natural gas, oil, or formation water; (v) natural disasters; (vi) facility and equipment failures; (vii) title problems; (viii) shortages or delivery delays of equipment and services; (ix) abnormal pressure formations; and (x) environmental hazards such as natural gas leaks, oil spills, pipeline ruptures and discharges of toxic gases.

If any of these events occur, we could incur substantial losses as a result of: (i) injury or loss of life; (ii) severe damage to and destruction of property, natural resources or equipment; (iii) pollution and other environmental damage; (iv) clean-up responsibilities; (v) regulatory investigation and penalties; (vi) suspension of our operations; or (vii) repairs necessary to resume operations.

If we were to experience any of these problems, it could affect well bores, gathering systems and processing facilities, any one of which could adversely affect our ability to conduct operations. We may be affected by any of these events more than larger companies, since we have limited working capital.

THE OIL AND GAS INDUSTRY IS HIGHLY COMPETITIVE AND THERE IS NO ASSURANCE THAT WE WILL BE SUCCESSFUL IN ACQUIRING LEASES.

The oil and natural gas industry is intensely competitive, and we compete with other companies that have greater resources. Many of these companies not only explore for and produce oil and natural gas, but also carry on refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for productive oil and natural gas properties and exploratory prospects or define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, these companies may have a greater ability to continue exploration activities during periods of low oil and natural gas market prices. Our larger competitors may be able to absorb the burden of

18

present and future federal, state, local and other laws and regulations more easily than we can, which would adversely affect our competitive position. Our ability to acquire additional properties and to discover reserves in the future will be dependent upon our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. In addition, because we have fewer financial and human resources than many companies in our industry, we may be at a disadvantage in bidding for exploratory prospects and producing oil and natural gas properties.

THE MARKETABILITY OF NATURAL RESOURCES WILL BE AFFECTED BY NUMEROUS FACTORS BEYOND OUR CONTROL, WHICH MAY RESULT IN US NOT RECEIVING AN ADEQUATE RETURN ON INVESTED CAPITAL TO BE PROFITABLE OR VIABLE.

The marketability of natural resources which may be acquired or discovered by us will be affected by numerous factors beyond our control. These factors include market fluctuations in oil and gas pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of oil and gas and environmental protection regulations. The exact effect of these factors cannot be accurately predicted, but the combination of

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

these factors may result in us not receiving an adequate return on invested capital to be profitable or viable.

OIL AND GAS OPERATIONS ARE SUBJECT TO COMPREHENSIVE REGULATION WHICH MAY CAUSE SUBSTANTIAL DELAYS OR REQUIRE CAPITAL OUTLAYS IN EXCESS OF THOSE ANTICIPATED CAUSING AN ADVERSE EFFECT ON OUR BUSINESS OPERATIONS.

Oil and gas operations are subject to federal, state, and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Oil and gas operations are also subject to federal, state, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Various permits from government bodies are required for drilling operations to be conducted; no assurance can be given that such permits will be received. Environmental standards imposed by federal, provincial, or local authorities may be changed and any such changes may have material adverse effects on our activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages which we may elect not to insure against due to prohibitive premium costs and other reasons. To date we have not been required to spend material amounts on compliance with environmental regulations. However, we may be required to do so in future and this may affect our ability to expand or maintain our operations.

In general, our exploration and production activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Compliance with these laws and regulations has not had a material effect on our operations or financial condition to date. Specifically, we are subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be

19

abandoned and reclaimed to the satisfaction of state authorities. However, such laws and regulations are frequently changed and we are unable to predict the ultimate cost of compliance. Generally, environmental requirements do not appear to affect us any differently or to any greater or lesser extent than other companies in the industry.

We believe that our operations comply, in all material respects, with all applicable environmental regulations. We need insurance to protect our self against risks associated with the leases obtained. The leases allow for entry onto the properties for the purposes of oil and gas exploration. The insurance we require relates solely to developments on the properties for the purposes of oil and gas exploration.

When and if we are convinced that our current leases or those subsequently acquired are capable of hydrocarbon production and sales, and we plan to drill more than one well, we intend to maintain a \$2,000,000 per year limit policy on bodily injury and general liability with regard to risks incurred for the drilling of up to 25 wells. This will allow for our growth to contain non contract labor that would require us to carry such additional insurance for risks pertaining to oil and gas exploration conducted directly by us. Such a policy would include coverage for numerous locations for pollution,

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

environmental damage, chemical spills and commercial general liability, fire, and personal injury. Such a policy will not be required until such time and date as we believe that we will begin a sustained drilling and operating program, and that at least one well has been drilled and is producing to justify and warrant further drilling and a sustained drilling and operating program.

ANY CHANGE TO GOVERNMENT REGULATION/ADMINISTRATIVE PRACTICES MAY HAVE A NEGATIVE IMPACT ON OUR ABILITY TO OPERATE AND OUR PROFITABILITY.

The laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in the United States or any other jurisdiction, may be changed, applied or interpreted in a manner which will fundamentally alter our ability to carry on business. The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest groups, may have a detrimental effect on us. Any or all of these situations may have a negative impact on our ability to operate and/or our profitability.

WE MAY BE UNABLE TO RETAIN KEY EMPLOYEES OR CONSULTANTS OR RECRUIT ADDITIONAL QUALIFIED PERSONNEL.

Our extremely limited personnel means that we would be required to spend significant sums of money to locate and train new employees in the event any of our employees resign or terminate their employment with us for any reason. Due to our limited operating history and financial resources, we are entirely dependent on the continued service of Marcus Johnson, our Chief Executive Officer, and D. Bruce Horton, our Chief Financial Officer. Further, we do not have key man life insurance on either of these individuals. We may not have the financial resources to hire a replacement if one or both of our officers were to die. The loss of service of either of these employees could therefore significantly and adversely affect our operations.

OUR OFFICERS AND DIRECTORS MAY BE SUBJECT TO CONFLICTS OF INTEREST.

20

Our officers and directors serve only part time and are subject to conflicts of interest. Each devotes part of his working time to other business endeavors, including consulting relationships with other entities, and has responsibilities to these other entities. Such conflicts include deciding how much time to devote to our affairs, as well as what business opportunities should be presented to us. Because of these relationships, our officers and directors will be subject to conflicts of interest. Currently, we have no policy in place to address such conflicts of interest.

NEVADA LAW AND OUR ARTICLES OF INCORPORATION MAY PROTECT OUR DIRECTORS FROM CERTAIN TYPES OF LAWSUITS.

Nevada law provides that our officers and directors will not be liable to us or our stockholders for monetary damages for all but certain types of conduct as officers and directors. Our Bylaws permit us broad indemnification powers to all persons against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing stockholders from recovering damages against our officers and directors caused by their negligence, poor judgment or other circumstances. The indemnification provisions may require us to use our limited assets to defend our officers and directors against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

RISKS RELATED TO OUR COMMON STOCK

SALES OF A SUBSTANTIAL NUMBER OF SHARES OF OUR COMMON STOCK INTO THE PUBLIC MARKET BY CERTAIN STOCKHOLDERS MAY RESULT IN SIGNIFICANT DOWNWARD PRESSURE ON THE PRICE OF OUR COMMON STOCK AND COULD AFFECT YOUR ABILITY TO REALIZE THE CURRENT TRADING PRICE OF OUR COMMON STOCK.

Sales of a substantial number of shares of our common stock in the public market by certain stockholders could cause a reduction in the market price of our common stock. As of the date of this Annual Report, we have 41,976,589 shares of common stock issued and outstanding. Of the total number of issued and outstanding shares of common stock, certain stockholders are able to resell up to 4,167,700 shares of our common stock pursuant to the Registration Statement declared effective on February 14, 2006. As a result of the Registration Statement, 4,167,700 shares of our common stock were issued and are available for immediate resale which could have an adverse effect on the price of our common stock.

As of the date of this Annual Report, there are 25,105,789 outstanding shares of our common stock that are restricted securities as that term is defined in Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). Although the Securities Act and Rule 144 place certain prohibitions on the sale of restricted securities, restricted securities may be sold into the public market under certain conditions. Further, as of the date of this Annual Report, there are an aggregate of 1,850,000 stock options outstanding and an aggregate of 944,105 Warrants outstanding. See "Item 5. Market for Common Equity and Related Stockholder Matters."

Any significant downward pressure on the price of our common stock as the selling stockholders sell their shares of our common stock could encourage short sales by the selling stockholders or others. Any such short sales could place

21

further downward pressure on the price of our common stock.

THE TRADING PRICE OF OUR COMMON STOCK ON THE OTC BULLETIN BOARD WILL FLUCTUATE SIGNIFICANTLY AND STOCKHOLDERS MAY HAVE DIFFICULTY RESELLING THEIR SHARES.

As of the date of this Annual Report, our common stock trades on the Over-the-Counter Bulletin Board. There is a volatility associated with Bulletin Board securities in general and the value of your investment could decline due to the impact of any of the following factors upon the market price of our common stock: (i) disappointing results from our discovery or development efforts; (ii) failure to meet our revenue or profit goals or operating budget; (iii) decline in demand for our common stock; (iv) downward revisions in securities analysts' estimates or changes in general market conditions; (v) technological innovations by competitors or in competing technologies; (vi) lack of funding generated for operations; (vii) investor perception of our industry or our prospects; and (viii) general economic trends.

In addition, stock markets have experienced price and volume fluctuations and the market prices of securities have been highly volatile. These fluctuations are often unrelated to operating performance and may adversely affect the market price of our common stock. As a result, investors may be unable to sell their shares at a fair price and you may lose all or part of your investment.

ADDITIONAL ISSUANCE OF EQUITY SECURITIES MAY RESULT IN DILUTION TO OUR

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

EXISTING STOCKHOLDERS.

Our Articles of Incorporation authorize the issuance of 100,000,000 shares of common stock. Common stock is our only authorized class of stock. The board of directors has the authority to issue additional shares of our capital stock to provide additional financing in the future and the issuance of any such shares may result in a reduction of the book value or market price of the outstanding shares of our common stock. If we do issue any such additional shares, such issuance also will cause a reduction in the proportionate ownership and voting power of all other stockholders. As a result of such dilution, your proportionate ownership interest and voting power will be decreased accordingly. Further, any such issuance could result in a change of control.

OUR COMMON STOCK IS CLASSIFIED AS A "PENNY STOCK" UNDER SEC RULES WHICH LIMITS THE MARKET FOR OUR COMMON STOCK.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks." Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). Penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the SEC, which specifies information about penny stocks and the nature and significance of risks of the penny stock market. A broker-dealer must also provide the customer with bid and offer quotations for the penny stock, the compensation of the broker-dealer, and sales person in the transaction, and monthly account statements indicating the market value of each penny stock held

22

in the customer's account. In addition, the penny stock rules require that, prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for stock that becomes subject to those penny stock rules. If a trading market for our common stock develops, our common stock will probably become subject to the penny stock rules, and shareholders may have difficulty in selling their shares.

A MAJORITY OF OUR DIRECTORS AND OFFICERS ARE OUTSIDE THE UNITED STATES, WITH THE RESULT THAT IT MAY BE DIFFICULT FOR INVESTORS TO ENFORCE WITHIN THE UNITED STATES ANY JUDGMENTS OBTAINED AGAINST US OR ANY OF OUR DIRECTORS OR OFFICERS.

A majority of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to effect service of process on our directors or officers, or enforce within the United States or Canada any judgments obtained against us or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Consequently, you may be effectively prevented from pursuing remedies under U.S. federal securities laws against them. In addition, investors may not be able to commence an action in a Canadian court predicated upon the civil liability provisions of the securities laws of the United States.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

ITEM 2. DESCRIPTION OF PROPERTIES

We lease our principal office space located at 5050 Quorum Drive, Suite 700, Dallas, Texas 75254. The office space is for corporate identification, mailing, and courier purposes only and costs us approximately \$210 monthly. The office and services related thereto may be cancelled at any time with a thirty day notice.

ITEM 3. LEGAL PROCEEDINGS

During fiscal year ended December 31, 2007, we were in a dispute in connection with the services provided by Warwick Advisors Corp. under a consulting agreement dated September 6, 2006 (the "Agreement"). The parties entered into binding arbitration as allowed for within the Agreement. On October 9, 2007 the Arbitrator ruled in favor of Warkwick Advisors Corp. and we were ordered to pay \$24,120. The liability was settled on October 31, 2007.

Management is not aware of any other legal proceedings contemplated by any governmental authority or any other party involving us or our properties. As of the date of this Annual 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.

23

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

During fiscal year ended December 31, 2007, no matters were submitted to our stockholders for approval.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR COMMON EQUITY

Shares of our common stock commenced trading on the OTC Bulletin Board under the symbol "MCRE:OB" on approximately May 24, 2006. The market for our common stock is limited, and can be volatile. The following table sets forth the high and low bid prices relating to our common stock on a quarterly basis for the periods indicated as quoted by the NASDAQ stock market. These quotations reflect inter-dealer prices without retail mark-up, mark-down, or commissions, and may not reflect actual transactions.

QUARTER ENDED	HIGH BID	LOW BID
December 31, 2007	\$0.76	\$0.30
September 30, 2007	\$0.85	\$0.45
June 30, 2007	\$1.20	\$0.36
March 31, 2007	\$0.98	\$0.45

As of March 1, 2008, we had 25 shareholders of record, which does not include shareholders whose shares are held in street or nominee names.

DIVIDEND POLICY

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

No dividends have ever been declared by the Board of Directors on our common stock. Our losses do not currently indicate the ability to pay any cash dividends, and we do not indicate the intention of paying cash dividends either on our common stock in the foreseeable future.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER COMPENSATION PLANS

We have one equity compensation plan, the Morgan Creek Energy Corp. 2006 Stock Option Plan (the "2006 Plan"). The table set forth below presents information relating to our equity compensation plans as of the date of this Annual Report:

24

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (B)	N REM FU EQU (E)
Equity Compensation Plans Approved by Security Holders (2006 Stock Option Plan)	1,850,000	\$1.10	
Equity Compensation Plans Not Approved by Security Holders	944,105	\$3.00	

2006 STOCK OPTION PLAN

On April 3, 2006, our Board of Directors authorized and approved the adoption of the 2006 Plan effective April 3, 2006, under which an aggregate of 5,000,000 of our shares may be issued.

The purpose of the 2006 Plan is to enhance our long-term stockholder value by offering opportunities to our directors, officers, employees and eligible consultants to acquire and maintain stock ownership in order to give these persons the opportunity to participate in our growth and success, and to encourage them to remain in our service.

The 2006 Plan is to be administered by our Board of Directors or a committee appointed by and consisting of one or more members of the Board of Directors, which shall determine (i) the persons to be granted Stock Options under the 2006 Plan; (ii) the number of shares subject to each option, the exercise price of each Stock Option; and (iii) whether the Stock Option shall be exercisable at any time during the option period up to ten (10) years or whether the Stock Option shall be exercisable in installments or by vesting only. The 2006 Plan provides authorization to the Board of Directors to grant Stock Options to purchase a total number of shares of Common Stock of the Company, not to exceed 5,000,000 shares as at the date of adoption by the Board of Directors of the 2006 Plan. At the time a Stock Option is granted under the 2006 Plan, the Board of Directors shall fix and determine the exercise price at which shares of our common stock may be acquired.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

In the event an optionee ceases to be employed by or to provide services to us for reasons other than cause, retirement, disability or death, any Stock Option that is vested and held by such optionee generally may be exercisable within up to ninety (90) calendar days after the effective date that his position ceases, and after such 90-day period any unexercised Stock Option shall expire. In the event an optionee ceases to be employed by or to provide services to us for reasons of retirement, disability or death, any Stock Option that is vested and held by such optionee generally may be exercisable within up to one-year after the effective date that his position ceases, and after such one-year period any unexercised Stock Option shall expire.

25

No Stock Options granted under the Stock Option Plan will be transferable by the optionee, and each Stock Option will be exercisable during the lifetime of the optionee subject to the option period up to ten (10) years or limitations described above. Any Stock Option held by an optionee at the time of his death may be exercised by his estate within one (1) year of his death or such longer period as the Board of Directors may determine.

The exercise price of a Stock Option granted pursuant to the 2006 Plan shall be paid in full to us by delivery of consideration equal to the product of the Stock Option in accordance with the requirements of the Nevada Revised Statutes. Any Stock Option settlement, including payment deferrals or payments deemed made by way of settlement of pre-existing indebtedness may be subject to such conditions, restrictions and contingencies as may be determined.

INCENTIVE STOCK OPTIONS

The 2006 Plan further provides that, subject to the provisions of the Stock Option Plan and prior shareholder approval, the Board of Directors may grant to any key individuals who are our employees eligible to receive options one or more incentive stock options to purchase the number of shares of common stock allotted by the Board of Directors (the "Incentive Stock Options"). The option price per share of common stock deliverable upon the exercise of an Incentive Stock Option shall be at least 100% of the fair market value of the common shares of the Company, and in the case of an Incentive Stock Option granted to an optionee who owns more than 10% of the total combined voting power of all classes of our stock, shall not be less than 100% of the fair market value of our common shares. The option term of each Incentive Stock Option shall be determined by the Board of Directors, which shall not commence sooner than from the date of grant and shall terminate no later than ten (10) years from the date of grant of the Incentive Stock Option, subject to possible early termination as described above.

COMMON STOCK PURCHASE WARRANTS

As of the date of this Annual Report, there are an aggregate of 944,105 common stock purchase warrants issued and outstanding (the "Warrants") We did not issue any Warrants during fiscal year ended December 31, 2007. The Warrants to purchase shares of common stock and the shares of common stock underlying the Warrants were issued in a private placement by us during fiscal year 2006 at an exercise price of \$3.00 per share during the period commencing on October 16, 2006 and ending on the day which is earlier of (a) twenty-four months from the date of issuance of the Warrants or eighteen months from the effective date of a proposed registration statement.

As of the date of this Annual Report, none of the Warrants have been exercised.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

RECENT SALES OF UNREGISTERED SECURITIES

As of the date of this Annual Report and during fiscal year ended December 31, 2007, to provide capital, we sold stock in private placement offerings, issued stock in exchange for our debts or pursuant to contractual agreements as set forth below.

26

FEBRUARY 2008 PRIVATE PLACEMENT OFFERING

On February 13, 2008, we closed a private placement offering (the "Private Placement Offering"), whereby we issued an aggregate of 7,576,068 shares of common stock at a deemed settlement and issuance price of \$0.20 per share in settlement of an aggregate \$1,515,214 in debt due and owing by us to certain non-U.S. residents. See "Item 6 Management's Discussion and Analysis and Plan of Operation - Material Commitments."

The Private Placement Offering was completed in reliance on Regulation S of the Securities Act. Sales were made to only non-U.S. residents. The Private Placement Offering was not registered under the Securities Act or under any state securities laws and may not be offered or sold without registration with the Securities and Exchange Commission or an applicable exemption from the registration requirements. The per share price of the Private Placement Offering was arbitrarily determined by our Board of Directors based upon analysis of certain factors including, but not limited to, stage of development, industry status, investment climate, perceived investment risks, our assets and net estimated worth.

DEBT SETTLEMENT

Our Board of Directors, pursuant to a Board of Directors' meeting held on April 1, 2008, approved and authorized the settlement of an aggregate of \$917,123 in current indebtedness (the "Debt Settlement") by the issuance of an aggregate 4,585,616 shares of our restricted common stock at \$0.20 per share effective as of March 24, 2008. The aggregate 4,585,616 shares of common stock were issued to seven creditors (each a "Creditor") pursuant to the terms and conditions of those certain \$0.20 Share for Debt Private Placement Subscription Agreements (collectively, the "Subscription Agreements") as entered into between us and each such Creditor.

The Debt Settlement was made to five non-United States Creditors in reliance on Rule 903 of Regulation S promulgated under the Securities Act and to two United States accredited Creditors in reliance on Section 4(2) of the Securities Act. The securities issued in the Debt Settlement have 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. See "Item 12. Certain Relationships and Related Transactions and Director Independence - Loans."

There were no finders' fees or commissions payable by us upon the successful completion of the Debt Settlement and we have agreed to file a registration statement with the United States Securities and Exchange Commission in accordance with the Securities Act covering the resale of the shares of common stock as issued to the Creditors.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

The summarized financial data set forth in the table below is derived from and should be read in conjunction with our audited financial statements for the period from inception (October 19, 2004) to year ended December 31, 2007, including the notes to those financial statements which are included in this Annual Report. The following discussion should be read in conjunction with our audited financial statements and the related notes that appear elsewhere in this Annual Report. The following discussion contains forward-looking statements that

27

reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and elsewhere in this Annual Report, particularly in the section entitled "Risk Factors". Our audited financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

We are an exploration stage company and have not generated any revenue to date. The following table sets forth selected financial information for the periods indicated.

RESULTS OF OPERATION

	FISCAL YEAR ENDED DECEMBER 31 2007 AND 2006		FOR THE PERIOD FROM OCTOBER 19, 2004 (INCEPTION) TO DECEMBER 31, 2007
General and Administrative Expenses	\$817,021	\$3,918,002	\$4,962,778
Investor relations expenses	9,120	112,744	162,074
Consulting expenses	189,991	346,992	628,458
Management fees	312,990	311,707	624,697
Impairment of oil and gas properties	-0-	1,273,410	1,273,410
Management fees -stock based compensation	-0-	1,527,170	1,527,170
Office and general	156,639	176,884	356,744
Professional Fees	148,281	169,095	390,225
Net Loss	(\$817,021)	(\$3,918,002)	(\$4,962,778)

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.

28

We expect we will require additional capital to meet our long term operating requirements. We expect to raise additional capital through, among other things,

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

the sale of equity or debt securities.

FISCAL YEAR ENDED DECEMBER 31, 2007 COMPARED TO FISCAL YEAR ENDED DECEMBER 31, 2006.

Our net loss for fiscal year ended December 31, 2007 was (\$817,021) compared to a net loss of (\$3,918,002) during fiscal year ended December 31, 2006 (a decrease of \$3,100,981). During fiscal year ended December 31, 2007 and 2006, we did not generate any revenue.

During fiscal year ended December 31, 2007, we incurred general and administrative expenses of \$817,021 compared to \$3,918,002 incurred during fiscal year ended December 31, 2006 (a decrease of \$3,100,981). These general and administrative expenses incurred during fiscal year ended December 31, 2007 consisted of: (i) consulting fees of \$189,991 (2006: \$346,992); (ii) investor relations of \$9120 (2006: \$112,744); (iii) management fees of \$312,990 (2006: \$311,707); (iv) office and general of \$156,639 (2006: \$176,884); (v) professional fees of \$148,281 (2006: \$169,095); (vi) management fees - stock based compensation of \$-0- (2006: 1,527,170); and (vii) impairment of oil and gas properties of \$-0- (2006: \$1,273,410).

During fiscal year ended December 31, 2007, we did not incur any management fees - stock based compensation relating to the valuation of stock options granted to our officers and directors. We also did not record any impairment of oil and gas properties during fiscal year ended December 31, 2007. Thus, general and administrative expenses incurred during fiscal year ended December 31, 2007 compared to fiscal year ended December 31, 2006 decreased primarily due to the non-incurrence of management fees - stock based compensation and no impairment of oil and gas properties. General and administrative expenses generally include corporate overhead, financial and administrative contracted services, marketing, and consulting costs.

Consulting fees decreased during fiscal year ended December 31, 2007 due to decrease in use of contractual services. Of the \$817,021 incurred as general and administrative expenses during fiscal year ended December 31, 2007, we incurred consulting expenses of \$189,991 payable to International Market Trend, Inc. ("IMT"). In addition, IMT advanced us \$6,000 during fiscal year ended December 31, 2007. As of December 31, 2007, we owed IMT \$56,873, which is unsecured and non-interest bearing and has no definite repayment terms. Effective March 24, 2008, we settled an aggregate \$86,873 with IMT by the issuance of 434,366 shares of our restricted common stock at \$0.20 per share. An officer and director of IMT is also one of our shareholders.

Of the \$817,021 incurred as general and administrative expenses during fiscal year ended December 31, 2007, an aggregate of \$312,990 was incurred payable to our officers and directors in management fees. We also incurred additional compensation to our Chief Geologist and Operations Manager in accordance with certain contractual arrangements that in the event we acquire an oil and gas property which was directly introduced to us by either our Chief Geologist or Operations Manager, we will assign up to a 1.5% overriding royalty interest. Therefore, during fiscal year ended December 31, 2007, we recorded additional compensation of \$1,739, which is the estimated cost of royalty interests earned during the period. See "Item 10. Executive Compensation."

Our net loss during fiscal year ended December 31, 2007 was (\$817,021) or (\$0.03) per share compared to a net loss of (\$3,918,002) or (\$0.14) per share during fiscal year ended December 31, 2006. The weighted average number of

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

shares outstanding was 29,814,905 for fiscal year ended December 31, 2007 compared to 28,811,306 for fiscal year ended December 31, 2006.

LIQUIDITY AND CAPITAL RESOURCES

FISCAL YEAR ENDED DECEMBER 31, 2007

As at fiscal year ended December 31, 2007, our current assets were \$33,989 and our current liabilities were \$2,718,691, which resulted in a working capital deficiency of (\$2,684,702). As at fiscal year ended December 31, 2007, current assets were comprised of: (i) \$16,098 in cash; and (ii) \$17,891 in prepaid expenses and other. As at fiscal year ended December 31, 2007, current liabilities were comprised of: (i) \$389,612 in accounts payable and accrued liabilities; and (ii) \$1,570,079 due to related parties; and (iii) \$759,000 in drilling advances payable.

As at fiscal year ended December 31, 2007, our total assets were \$1,758,091 comprised of: (i) \$33,989 in current assets; and (ii) \$1,724,102 in unproven oil and gas properties. The increase in total assets during fiscal year ended December 31, 2007 from fiscal year ended December 31, 2006 was primarily due to recording of drilling costs relating to the Boggs #1 well.

As at fiscal year ended December 31, 2007, our total liabilities were \$2,718,691 comprised entirely of current liabilities. The increase in liabilities during fiscal year ended December 31, 2007 from fiscal year ended December 31, 2006 was primarily due to the increase in amounts due to related parties and in amounts payable and accrued liabilities and drilling advances payable. See " - Material Commitments."

Stockholders' deficit increased from (\$143,579) for fiscal year ended December 31, 2006 to (\$960,600) for fiscal year ended December 31, 2007.

CASH FLOWS FROM OPERATING ACTIVITIES

We have not generated positive cash flows from operating activities. For fiscal year ended December 31, 2007, net cash flows used in operating activities was (\$385,194), consisting primarily of a net loss of (\$817,021). Net cash flows used in operating activities was adjusted by \$269,877 to reconcile accounts payable and accrued liabilities, \$191,086 to reconcile costs due to related parties, and \$29,136 to reconcile prepaid expenses and other. For fiscal year ended December 31, 2006, net cash flows used in operating activities was (\$839,051), consisting primarily of a net loss of (\$3,918,002), and adjusted by \$1,527,170 in stock based compensation, \$1,273,410 in impairment of oil and gas properties, \$200,000 to reconcile costs due to related parties, \$64,043 to reconcile accounts payable and accrued liabilities, and \$28,083 to reconcile amounts due to related parties.

CASH FLOWS FROM INVESTING ACTIVITIES

30

For fiscal year ended December 31, 2007, net cash flows used in investing activities was (\$1,479,032) consisting of oil and gas property expenditures. For fiscal year ended December 31, 2006, net cash flows used in investing activities was (\$903,393) for the acquisition of oil and gas properties.

CASH FLOWS FROM FINANCING ACTIVITIES

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

We have financed our operations primarily from either advancements or the issuance of equity and debt instruments. For fiscal year ended December 31, 2007, net cash flows provided from financing activities was \$1,874,500 compared to \$1,741,158 for fiscal year ended December 31, 2006. Cash flows from financing activities for fiscal year ended December 31, 2007 consisted primarily of \$759,000 in drilling advances and \$1,115,500 in advances from related parties compared to \$1,416,158 in proceeds on sale of common stock and \$325,000 in advances from related parties for fiscal year ended December 31, 2006.

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, 2007, we did not engage in any private placement offerings. However, during February 2008, we engaged in a private placement offering under Regulation S of the Securities Act pursuant to which we 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. And effective March 24, 2008, we also settled an aggregate \$917,123 in debt by the issuance of 4,585,616 shares of our restricted common stock at \$0.20 per share.

MATERIAL COMMITMENTS

31

During fiscal year ended December 31, 2007, one of our shareholders advanced an aggregate of \$1,130,500 to us. As at December 31, 2006, an aggregate of \$325,500 was already owing to this shareholder, which is subject to interest at the rate of 8% per annum and has no definite repayment terms. During fiscal year ended December 31, 2007, an aggregate of \$65,000 resulting from proceeds received on disposal of the Peters Ranch Lease was utilized to offset the aggregate amount due and owing to the shareholder. Also add the \$25,000 settlement by transferring Railroad bonds owed by the company to the shareholder. Thus, as of December 31, 2007, an aggregate of \$1,365,500 was due and owing and accrued interest totaled \$66,456.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

Subsequently, during January 2008, an additional advance was made by this same shareholder to us for an aggregate amount of \$1,512,214 due and owing. This amount was assigned by the shareholder to various assignees and settled pursuant to the issuance of 7,576,068 shares of our restricted common stock at \$0.20 per share. See "Item 5. Market for Common Equity and Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities - Recent Sales of Unregistered Securities."

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 Annual 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, 2007 and December 31, 2006 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.

RECENT ACCOUNTING PRONOUNCEMENTS

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 will be

32

effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, will be adopted by the Company beginning in the first quarter of 2009. The Company does not expect there to be any significant impact of adopting SFAS 161 on its financial position, cash flows and results of operations.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, THE FAIR VALUE OPTION FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES - INCLUDING AN AMENDMENT OF FASB STATEMENT NO. 115 ("SFAS No. 159"). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments. This statement is effective as of the beginning of our first fiscal year that begins after November 15, 2007, although earlier adoption is permitted. As of December 31, 2007, we have not adopted this statement and management has not determined the effect that adopting this statement would have on our financial position 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. Management has not determined the effect that adopting this statement would have on our financial position 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 us prior to January 1, 2009 will be recorded and disclosed following existing GAAP. Management has not determined the effect that adopting this statement would have on our financial position or results of operations.

In September 2006, FASB issued SFAS No. 157, FAIR VALUE MEASURE ("SFAS No. 157"). This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the FASB anticipates that for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for us is the fiscal year beginning

33

January 1, 2008. We are currently evaluating the impact of adopting SFAS No. 157 but do not expect that it will have a significant effect on its financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, EMPLOYERS' ACCOUNTING FOR DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS "SFAS No. 158". This Statement requires an employer to recognize the over funded or under funded status of a defined benefit post retirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position, and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. The Company has determined that the adoption of this

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

standard did not have any impact on the Company's results of operations or financial position.

In June 2006, FASB issued Interpretation No. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES—AN INTERPRETATION OF FASB STATEMENT NO. 109 ("FIN 48"). This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB No. 109, "ACCOUNTING FOR INCOME TAXES." This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. This Interpretation is effective for fiscal years beginning after December 15, 2006. We have determined that the adoption of FIN 48 did not have any material impact on our results of operations or financial position.

ITEM 7. FINANCIAL STATEMENTS

MORGAN CREEK ENERGY CORP.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

DECEMBER 31, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BALANCE SHEETS

STATEMENTS OF OPERATIONS

STATEMENT OF STOCKHOLDER'S EQUITY

STATEMENTS OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS

34

DALE MATHESON
CARR-HILTON LABONTE LLP

DMCL CHARTERED ACCOUNTANTS
LETTERHEAD

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Morgan Creek Energy Corp.:

We have audited the balance sheets of Morgan Creek Energy Corp. (an exploration stage company) as at December 31, 2006 and 2005 and the statements of operations, stockholders' equity and cash flows for the years then ended and for the period from inception on October 19, 2004 to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and cash flows for the years then ended and for the period from inception on October 19, 2004 to December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, to date the Company has not generated revenues since inception, has incurred losses in developing its business, and further losses are anticipated. The Company requires additional funds to meet its obligations and finance its operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

"DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

March 30, 2007
Vancouver, Canada

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

DE JOYA GRIFFITH & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and Stockholders of
Morgan Creek Energy Corp.
Henderson, Nevada

We have audited the accompanying balance sheet of Morgan Creek Energy Corp. (An Exploration Stage Company) as of December 31, 2007 and the related statements of operations, stockholders' deficit, and cash flows for the year ended December 31, 2007 and for the period from inception (October 19, 2004) to December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit. We did not audit the financial statements of Morgan Creek Energy Corp. for the year ended December 31, 2006 and from inception (October 19, 2004) to December 31, 2006. Those statements were audited by other auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included in the year ended December 31, 2006 and from inception (October 19, 2004) to December 31, 2006, is based solely on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors the financial statements referred to above present fairly, in all material respects, the financial position of Morgan Creek Energy Corp. (An Exploration Stage Company) as of December 31, 2007, and the results of their operations and cash flows for the year then ended and from inception (October 19, 2004) to December 31, 2007 in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

De Joya Griffith & Company, LLC

Henderson, NV
March 25, 2008

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

2580 Anthem Village Drive, Henderson, NV 89052
Telephone (702) 588-5960 Facsimile (702) 588-5979

36

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

BALANCE SHEETS

	De
<hr/>	
ASSETS	
CURRENT ASSETS	
Cash	\$
Prepaid expenses and other	
<hr/>	
TOTAL CURRENT ASSETS	
OIL AND GAS PROPERTIES, unproven (Note 3)	
<hr/>	
TOTAL ASSETS	\$
=====	
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$
Due to related parties (Note 6)	
Drilling advances payable (Note 3)	
<hr/>	
TOTAL CURRENT LIABILITIES	
<hr/>	
GOING CONCERN (Note 1)	
STOCKHOLDERS' DEFICIT (Note 4)	
Common stock, 100,000,000 shares authorized with \$0.001 par value	
Issued and outstanding - 29,814,905 common shares	
(December 31, 2006 - 29,814,905)	
Additional paid-in-capital	
Deficit accumulated during exploration stage	
<hr/>	
TOTAL STOCKHOLDERS' DEFICIT	
<hr/>	

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

TOTAL LIABILITIES & STOCK HOLDERS' DEFICIT

\$

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

37

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

STATEMENTS OF OPERATIONS

	Year ended December 31, 2007	Ye De
	(Audited)	
GENERAL AND ADMINISTRATIVE EXPENSES		
Investor relations	\$ 9,120	\$
Consulting fees	189,991	
Management fees - related party	312,990	
Management fees - stock based compensation	-	
Impairment of oil and gas properties (Note 3)	-	
Office and general	156,639	
Professional fees	148,281	
NET LOSS	\$ (817,021)	\$
BASIC AND DILUTED LOSS PER COMMON SHARE		
	\$ (0.03)	\$
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING-BASIC AND DILUTED		
	29,814,905	

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

38

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

STATEMENT OF STOCKHOLDERS' DEFICIT

FOR THE PERIOD FROM OCTOBER 19, 2004 (INCEPTION) TO DECEMBER 31, 2007
(AUDITED)

	Common Stock		Additional
	Number of Shares	Amount	Paid in Capital
Balance, October 19, 2004	-	\$ -	\$
Common stock issued for oil and gas property at \$0.025 per share - November 19, 2004	24,000,000	24,000	576,000
Capital distribution to founding share holder on acquisition of oil and gas property (Note 3)	-	-	(600,000)
Common stock issued for cash at \$0.025 per share - November 26, 2004 and December 15, 2004	13,750,000	13,750	330,000
Common stock issued for cash at \$0.125 per share - December 15, 2004	2,640,800	2,641	327,450
Net loss for the period	-	-	
Balance, December 31, 2004	40,390,800	40,391	633,450
Common stock issued for cash at \$0.125 per share - March 9, 2005	280,000	280	34,725
Net loss for the year	-	-	
Balance, December 31, 2005	40,670,800	40,671	668,175
Common stock issued for cash at \$1.50 per share - October 16, 2006	944,105	944	1,415,212
Common stock issued for oil and gas property at \$1.75 per share - October 17, 2006 (Note 3)	200,000	200	349,800
Stock-based compensation	-	-	1,527,175
Restricted common shares cancelled - December 19, 2006	(12,000,000)	(12,000)	12,000
Net loss for the year	-	-	
Balance, December 31, 2006	29,814,905	29,815	3,972,367
Net loss for the year	-	-	
Balance, December 31, 2007	29,814,905	\$ 29,815	\$3,972,367

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

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS
(AUDITED)

Year ended
December 31
2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss for the period	\$ (817,021)
Adjustments to reconcile net loss to net cash used in operating activities:	
- Stock based compensation	-
- Impairment of oil and gas properties	-
CHANGES IN OPERATING ASSETS AND LIABILITIES	
- Decrease (increase) in prepaid expenses and other	(29,136)
- Due from related party	-
- Due to / from related parties	191,086
- Increase (decrease) in accounts payable and accrued liabilities	269,877
NET CASH USED IN OPERATING ACTIVITIES	(385,194)
CASH FLOWS FROM INVESTING ACTIVITIES	
Oil and gas property expenditures	(1,479,032)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,479,032)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds on sale of common stock	-
Drilling Advances	759,000
Advances from related parties	1,115,500
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,874,500
INCREASE (DECREASE) IN CASH	10,274
CASH, BEGINNING OF PERIOD	5,824
CASH, END OF PERIOD	\$ 16,098

SUPPLEMENTAL CASH FLOW INFORMATION AND

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

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	\$	25,000
Non-cash sale of oil and gas property in property (Note 3)	\$	65,000

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

40

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 Texas ("Quachita Prospect"). To date the Company has acquired approximately 2,365 gross 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 indicate 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.

During the period the Company has begun leasing acreage in New Mexico. To date the Company has acquired approximately 4800 gross acres.

GOING CONCERN

The Company commenced operations on October 19, 2004 and has not realized any revenues since inception. As of December 31, 2007 the Company has an accumulated deficit of \$4,962,778 and a working capital deficiency of \$2,684,702. 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. To date the Company has funded its initial operations by way of private placements of common stock and advances from related parties. Subsequent to the period on February 13, 2008 the company converted \$1,515,214 of related party debt and accrued interest into 7,576,068 shares of common stock (refer to Note 6).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

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.

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.

41

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OIL AND GAS PROPERTIES (CONTINUED)

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.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

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.

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 December 31, 2007 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.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 have not been restated. The Company's results of operations for the year ended December 31, 2006 were no different than if the Company had not adopted SFAS 123R because (i) there were no previously granted stock options, and (ii) all stock options granted during the year ended December 31, 2006 were granted to consultants with the related fair value accounting consistent under SFAS 123 and SFAS 123R. As a result, no pro forma disclosure of the impact of adopting SFAS 123R has been provided for the year ended December 31, 2006.

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 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 will be effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, will be adopted by the Company beginning in the first quarter of 2009. The Company does not expect there to be any significant impact of adopting SFAS 161 on its financial position, cash flows and results of operations.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, THE FAIR VALUE OPTION FOR FINANCIAL

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

ASSETS AND FINANCIAL LIABILITIES - INCLUDING AN AMENDMENT OF FASB STATEMENT NO. 115 ("SFAS No. 159"). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments. This statement is effective as of the beginning of the Company's first fiscal year that begins after November 15, 2007, although earlier adoption is permitted. As of December 31, 2007, the Company has not adopted this statement and management has not determined the effect that adopting this statement would have on the Company's financial position 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. Management has not determined the effect that adopting this statement would have on the Company's financial position or results of operations.

43

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Management has not determined the effect that adopting this statement would have on the Company's financial position or results of operations.

In September 2006, FASB issued SFAS No. 157, FAIR VALUE MEASURE ("SFAS No. 157"). This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the FASB anticipates that

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, which for the Company is the fiscal year beginning January 1, 2008. The Company is currently evaluating the impact of adopting SFAS No. 157 but does not expect that it will have a significant effect on its financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, EMPLOYERS' ACCOUNTING FOR DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS "SFAS No. 158". This Statement requires an employer to recognize the over funded or under funded status of a defined benefit post retirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position, and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. The Company has determined that the adoption of this standard did not have any impact on the Company's results of operations or financial position.

In June 2006, FASB issued Interpretation No. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES-AN INTERPRETATION OF FASB STATEMENT NO. 109 ("FIN 48"). This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB No. 109, "ACCOUNTING FOR INCOME TAXES." This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. This Interpretation is effective for fiscal years beginning after December 15, 2006. The Company has determined that the adoption of FIN 48 did not have any material impact on the Company's results of operations or financial position.

NOTE 3 - OIL AND GAS PROPERTIES

(A) QUACHITA PROSPECT

The Company leased various properties totalling approximately 2,365 gross acres within the Quachita Trend within the state of Texas for a three year term 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 the year 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. During the year \$1,335,781 was incurred on drilling and completion expenditures on the Boggs #1. The Boggs #1 was 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. For the year ended 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.. As at December 31, 2007, the Company has retained a 25% Working Interest and a 19.25% Net Revenue Interest in the Boggs #1. Subsequent to year end, 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

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 3 - OIL AND GAS PROPERTIES (CONTINUED)

\$759,000 and forgiveness of any additional amounts owing. Effective March 24, 2008, the Company completed this acquisition and settlement through the issuance of 3,795,000 shares of common stock at \$0.20 per share.

(B) PETERS RANCH LEASE

On January 30, 2007 the Company acquired a 100% working interest, 77% net revenue interest, in two fully equipped South Texas oil leases; the Mata lease in Webb County and the Peters Ranch located in Duval County for \$55,000. On April 23, 2007 the Company reached an agreement to sell the property for \$65,000. By agreement between the purchaser and a shareholder of the Company, the amounts owing under this agreement were offset against amounts owing by the Company to this shareholder (refer to Note 6).

(C) NEW MEXICO PROSPECT

The Company to date has leased various properties totalling approximately 4800 gross acres within the state of New Mexico for a five year term in consideration for \$52,083. The Company has a 100% Working Interest and an 87.5% N.R.I. in the leases.

NOTE 4 - STOCKHOLDERS' DEFICIT

(A) SHARE CAPITAL

The Company's capitalization is 100,000,000 common shares with a par value of \$0.001 per 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 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.

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 and the 2:1 forward split on August 8, 2006 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 12,000,000 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 6,200,000 shares of common stock at \$0.025 per share for proceeds of \$155,000.

On December 15, 2004 the Company issued 7,550,000 shares of common stock at \$0.025 per share for proceeds of \$188,750 and 2,640,800 shares of common stock at \$0.125 per share for proceeds of \$330,100.

On March 9, 2005 the Company issued 280,000 shares of common stock at a price of

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

\$0.125 per share for proceeds of \$35,000.

On October 16, 2006 the Company completed a private placement consisting of 944,105 units at \$1.50 per unit for proceeds of \$1,416,158. Each unit consists of one common share and one non-transferable share purchase warrant exercisable at \$3.00 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, 563,333 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%.

(C) OTHER ISSUANCES

On February 13, 2008, the Company issued 7,576,068 shares of common stock at a price of \$0.20 per share on settlement of related party advance and related accrued interest totalling \$1,515,214. (refer to Note 6)

On March 24, 2008, the Company issued 4,585,616 shares of common stock at a price of \$0.20 per share on settlement of related party advances and acquisition of interest in the Boggs well

45

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 4 - STOCKHOLDERS' EQUITY (CONTINUED)

(D) SHARE PURCHASE WARRANTS

Details of the Company's share purchase warrants issued and outstanding as of December 31, 2007 are as follows:

Exercise price	Weighted average price	Number of warrants to purchase shares
\$3.00	\$3.00	944,105

The Company's share purchase warrants activity for the years ended December 31, 2007 and 2006 is summarized as follows:

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

	Number of Warrants	Weighted average exercise Price per share
Balance, December 31, 2005	-	\$ -
Issued	944,105	3.00
Expired	-	-
Exercised	-	-
Balance, December 31, 2006	944,105	3.00
Issued	-	-
Expired	-	-
Exercised	-	-
Balance, December 31, 2007	944,105	\$ 3.00

All Warrants are exercisable as of December 31, 2007

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 5,000,000 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 maybe 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.

As approved by the Board of directors, on December 12, 2006, the Company granted 1,850,000 stock options to certain officers, directors and management of the Company at \$1.10 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%.

46

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 5 - STOCK OPTION PLAN (CONTINUED)

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

The Company's stock option warrants activity for the years ended December 31, 2007 and 2006 is summarized as follows:

	Number of Options	Weighted average exercise Price per share	
Balance, December 31, 2005	-	\$ -	
Granted	1,850,000	1.10	
Expired	-	-	
Exercised	-	-	
<hr/>			
Balance, December 31, 2006	1,850,000	1.10	
Granted	-	-	
Expired	-	-	
Exercised	-	-	
<hr/>			
Balance, December 31, 2007	1,850,000	\$ 1.10	
<hr style="border-top: 1px dashed black;"/>			

All options are exercisable as of December 31, 2007.

NOTE 6 - RELATED PARTY TRANSACTIONS

INTERNATIONAL MARKET TREND, INC. ("IMT")

An officer and director of IMT, a private company, is a shareholder of the Company. During the year ended December 31, 2007 the Company incurred consulting fees of \$120,000 to IMT (December 31, 2006 - \$167,500). In addition, during the year IMT advanced the Company \$6,000. As of December 31, 2007 the Company owed IMT \$56,873 which is unsecured non-interest bearing, and has no specific repayment terms. Subsequent to the period the Company converted \$86,873 in consulting fees and advances through the issuance of 434,366 common shares of the Company at \$0.20 per share (Refer Note 4).

During the year ended December 31, 2007 a shareholder of the Company advanced \$10,000 to the Company. In addition, as at December 31, 2007, \$71,250 is owing to the President of the Company for expenses incurred by the President on behalf of the Company. These amounts are unsecured non-interest bearing and without specific repayment terms.

As at December 31, 2006, \$325,000 was owing to a separate shareholder for advances made to the Company. During the year, December 31, 2007, this shareholder made further advances to the Company of \$1,130,500. In addition, the \$65,000 proceeds on disposal of the Peters Ranch Lease (as described in Note 3) were offset against these amounts owing by agreement between this shareholder and the purchaser, as well as the assignment of the \$25,000 Railroad Commission bond. As a result, as of December 31, 2007 \$1,365,500 was owing which bears interest at 8% per annum and has no specific repayment terms. As of December 31, 2007 total accrued interest was \$66,456 (December 31, 2006 - \$1,211).

Subsequent to December 31, 2007, the above advances, accrued interest, and further advances from this shareholder that were received in January 2008, for a

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

total of \$1,512,214 were assigned to other parties. These amounts were subsequently settled by the Company through the issuance of 7,576,068 shares of the Company's common stock at \$0.20 per share (Refer Note 8- "Subsequent Events").

MANAGEMENT FEES

During the year ended December 31, 2007, the Company paid officers and directors \$311,250 for management fees (2006 -\$311,707).

As part of their compensation agreements the Company's chief Geologist and Operations Manager (hereafter referred to as "Executives") each receives and is assigned at the time of acquisition up to a 1.5% overriding royalty interest in any oil and gas properties which are directly introduced by the Executives to the Company. During the year ended December 31, 2007 the Company recorded related additional compensation to the Executives of \$1,739 (2006 - \$nil), being the estimated cost of royalty interests earned during the year.

47

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 6 - RELATED PARTY TRANSACTIONS (CONTINUED)

MANAGEMENT FEES (CONTINUED)

Subsequent to the period the Company converted \$71,250 of management fees of the President of the Company through the issuance of 356,250 common shares of the Company at \$0.20 per share (Refer to Note 4 and Note 8).

NOTE 7 - INCOME TAXES

The Company has adopted the FASB No. 109 for reporting purposes. As of December 31, 2007, and 2006 the Company had net operating loss carry forwards of approximately \$2,162,000 and \$1,345,177, respectively that may be available to reduce future years' taxable income through 2027. 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.

At December 31, 2007 and 2006, the Company had a federal operating loss carry forward of \$2,162,198 and \$1,345,177, respectively.

The provision for income taxes consisted of the following components for the years ended December 31:

	2007	2006
Current:		
Federal	--	--
	--	
State		--

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

Deferred:	--	--
	-----	-----
	--	--
	-----	-----

Components of net deferred tax assets, including a valuation allowance, are as follows at December 31:

	2007	2006
	-----	-----
Deferred tax assets:		
Net operating loss carryforward	\$ 2,162,198	\$ 1,345,177
	--	--
	-----	-----
Total deferred tax assets	756,769	470,812
Less: Valuation Allowance	(756,769)	(470,812)
	-----	-----
Net Deferred Tax Assets	\$ --	\$ --

The valuation allowance for deferred tax assets as of December 31, 2007 and 2006 was \$756,769 and \$470,812, respectively. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment. As a result, management determined it was more likely than not the deferred tax assets would be realized as of December 31, 2007 and 2006.

MORGAN CREEK ENERGY CORP.
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Reconciliation between the statutory rate and the effective tax rate is as follows at December 31:

	2007	2006
	-----	-----
Federal statutory tax rate	(35.0)%	(34.0)%
	-----	-----
Change in valuation allowance	35.0%	35.0%
	-----	-----
Effective tax rate	0%	0%

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

NOTE 8 - SUBSEQUENT EVENTS

OTHER ISSUANCES

On February 13, 2008, the Company issued 7,576,068 shares of common stock at a price of \$0.20 per share on settlement of related party advance and related accrued interest totalling \$1,515,214. (refer to Note 6)

On March 24, 2008, the Company issued 4,585,616 shares of common stock at a price of \$0.20 per share on settlement of related party advances and acquisition of interest in the Boggs well

49

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Effective July 31, 2007, our Board of Directors accepted the resignation of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants ("DMCL"), as our principal independent registered public accounting firm. On the same date, our Board of Directors appointed De Joya Griffith & Company, LLC as our principal independent registered public accounting firm.

The reports of DMCL on our consolidated financial statements for each of the fiscal years ended December 31, 2005 and 2006 did not contain an adverse opinion or disclaimer of opinion, nor were they modified as to uncertainty, audit scope or accounting principles, other than to state that there is substantial doubt as to our ability to continue as a going concern. During our fiscal years ended December 31, 2005 and 2006, and during the subsequent period through to the date of DMCL's resignation, there were no disagreements between us and DMCL, whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of DMCL, would have caused DMCL to make reference thereto in their reports on our audited consolidated financial statements.

We provided DMCL with a copy of a Current Report on Form 8-K and requested that DMCL furnish us with a letter addressed to the Securities and Exchange Commission stating whether or not DMCL agrees with the statements made in the Current Report on Form 8-K with respect to DMCL and, if not, stating the aspects with which they do not agree. We received the requested letter from DMCL wherein they have confirmed their agreement to our disclosures in the Current Report with respect to DMCL. A copy of DMCL's letter was filed as an exhibit to the Current Report.

In connection with our appointment of De Joya Griffith & Company, LLC as our principal registered accounting firm at this time, we have not consulted De Joya Griffith & Company, LLC on any matter relating to the application of accounting principles to a specific transaction, either completed or contemplated, or the type of audit opinion that might be rendered on our financial statements.

ITEM 8A. CONTROLS AND PROCEDURES

FINANCIAL DISCLOSURE CONTROLS AND PROCEDURES

EXPLANATION NOTE

This amendment to the Annual Report on Form 10-KSB of Morgan Creek Energy for the fiscal year ended December 31, 2007, as filed on April 10, 2008 (the "Form 10-KSB"), is being filed with the amended Form 10-KSB/A for the purpose of

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

amending Part I, Item 8A. The remainder of our Form 10-KSB is not reproduced in this amendment, and, except as specifically stated in this amendment, does not reflect events occurring after the filing of the original Form 10-KSB or modify or update the original Form 10-KSB, except to reflect the revisions described below.

CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's Chief Executive Officer, Marcus Johnson and Chief Financial Officer, D. Bruce Horton as of the end of the fiscal year covered by this Annual Report have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon such evaluation, the Chief Executive Officer and Chief Financial Officer concluded the Company's disclosure controls and procedures were not effective. In addition to our disclosure and procedures, management is currently enhancing its corporate governance and audit committee team to strengthen the Company's overall internal controls over financial reporting (ICOFR).

50

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles. Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to a change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our Chief Executive Officer and Chief Financial Officer as of the end of the fiscal year covered by this Annual Report, conducted an evaluation of the effectiveness of our internal control over financial reporting. Based on its evaluation, management concluded that there is a material weakness in our internal control over financial reporting and accordingly our internal control over financial reporting is not effective. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness relates to the monitoring and review of work performed by our Chief Financial Officer and lack of segregation of duties. In the preparation of audited financial statements, footnotes and financial data all of our financial reporting is carried out by our Chief Financial Officer, and we do not have an audit committee to monitor or review the work performed. The lack of segregation of duties results from a minimal operation with two individuals. To mitigate this material weakness to the fullest extent possible, all financial reports are monitored and reviewed by the President and Chief Executive Officer. All unexpected results are investigated. We are currently in the process of hiring additional accounting consultants to assist in implementing additional procedures for the monitoring and review of work performed by our Chief

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

Financial Officer.

This annual report does not include an attestation report of the Company's 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 Annual Report on Form 10-KSB.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

No change in the Company's internal control over financial reporting occurred during the quarter ended December 31, 2007, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 8A(T)

Not applicable.

ITEM 8B. OTHER INFORMATION

Not applicable.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, CONTROL PERSONS AND CORPORATE GOVERNANCE; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

IDENTIFICATION OF DIRECTORS AND EXECUTIVE OFFICERS

All of our directors hold office until the next annual general meeting of the shareholders or until their successors are elected and qualified. Our officers are appointed by our board of directors and hold office until their earlier death, retirement, resignation or removal.

Our directors and executive officers, their ages, positions held are as follows:

51

NAME	AGE	POSITION WITH THE COMPANY
Marcus M. Johnson	59	President, Chief Executive Officer/Principal Executive Officer and a Director and Chairman of the Board
D. Bruce Horton	63	Secretary/Treasurer, Chief Financial Officer, Principal Accounting Officer, Stock Option Plan Administrator and a Director
Thomas A. Markham II	57	Chief Geologist and a Director
Stephen Jewett	69	Director
Erik Essiger	42	Director

BUSINESS EXPERIENCE

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

The following is a brief account of the education and business experience of each director, executive officer and key employee during at least the past five years, indicating each person's principal occupation during the period, and the name and principal business of the organization by which he or she was employed, and including other directorships held in reporting companies.

MARCUS JOHNSON: Mr. Johnson has been our President and Chief Executive Officer/Principal Executive Officer and a director and Chairman of our Board of Directors since October 25, 2006. Mr. Johnson, AIA, has previously been active in management in both the private and public sectors as a consultant to management with an emphasis on investor relations and awareness. Mr. Johnson has performed consulting services for Intergold Corporation, now known as Lexington Resources, Inc., and Vega-Atlantic Corporation, now known as Transax International Limited. Mr. Johnson is a professional architect and a member of the American Institute of Architects. Mr. Johnson has been the professional architectural consultant of record on various commercial projects and is a consultant to Exterior Research & Design, LLC, where he is currently retained as an expert for determining architectural management standards. Mr. Johnson is also the chief executive officer and director to Geneva Resources, Inc. since October 2006.

D. BRUCE HORTON has been one of our directors and our Secretary/Treasurer and Chief Financial Officer and Principal Accounting Officer since August 21, 2006. During the past five years, Mr. Horton has been active in the financial arena in both the private and public sectors as an accountant and financial management consultant with an emphasis on corporate financial reporting, financing and tax planning. Mr. Horton has specialized in corporate management, re-organization, merger and acquisition, international tax structuring, and public and private financing for over thirty years. From 1972 through 1986, Mr. Horton was a partner in a public accounting firm. In 1986, Mr. Horton co-founded the Clearly Canadian Beverage Corporation, of which he was a director and chief financial officer from June 1986 to May 1997. He is a principal consultant in Calneva Financial Services Ltd. that provides accounting and financial management consulting services as well as investment banking services focusing on venture

52

capital opportunities in Asia. Mr. Horton is also an officer and director of Geneva Resources, Inc. since May 2006 and an officer and director of Uranium International Corp. since July 2007, which both are publicly traded companies.

THOMAS ALDEN MARKHAM II: Mr. Markham has been our Chief Geologist and one of our directors since August 21, 2006. Mr. Markham is a professional geologist specializing evaluations and management of oil and gas plays in the mid-continental U.S. Since receiving his Masters of Geology, Mr. Markham has focused on oil and gas plays. He began his career working with BEPCO, ARCO and then TENNECO, acting as geologist on a wide range of projects spanning over 12 years of development on leading plays including the Pinon, Allen Hill, Brunson Ranch, J.D. Shale, Brown Bassett Extension and NYY projects. During this period, he directed 15 Ph D-level geologists and managed exploration budgets up to \$21 million. Mr. Markham has recently acted as Chief Geologist in charge of the supervision and generation of a 21,000 acre Pennsylvanian gas play in the Permian Basin. Mr. Markham was instrumental in the play's development and finalized negotiations with the Osage Tribe of Oklahoma for drilling rights on 57-quarter sections (9,120 acres). He has been an independent oil and gas geologist managing project generation and evaluation for various industry and non-industry groups primarily in the Mid Continent. Mr. Markham has successfully

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

drilled and completed proprietary prospects (while providing the supervision of seismic, leasing, drilling, completion, and production activities) of 88 oil and gas wells (to 10,500') in Texas, New Mexico, and Oklahoma. He was the generating geologist of a 5 TCFG overthrust play in Central Texas, he finalized a New Mexico San Andres stratigraphic play (50 to 100 MMBO at 4,000') and a Permian Basin Devonian structural play and managed the screening and evaluation of Springer - Atoka sub-basin prospects of the Anadarko Basin (3-D). Mr. Markham's work has been published in the American Gas Journal and he has been invited on a technical tour of the former Soviet Union to review oil and gas assets. He was also guest speaker at the American Association of Petroleum Landman's (AAPL) "Buying Oil and Gas Properties" seminar. He continues to carry out Reserve Evaluation for non-industry groups including the FDIC (Federal Deposit Insurance Corp. - Wichita and Dallas Branches) and the IRS (Internal Revenue Service). Mr. Markham is not a director or officer of any other U.S. reporting company.

STEVE JEWETT has been one of our directors and a member of our Audit Committee since October 2004. From 1978 to the current date, Mr. Jewett has been the owner and independent operator of Stephen Jewett - Chartered Accountant. During his career, Mr. Jewett was auditor of several public companies, and currently focuses on tax related engagements. Mr. Jewett received his degree as a Chartered Accountant from the Institute of Chartered Accountants of British Columbia and is our Audit Committee's financial expert. Mr. Jewett is also a director and audit committee member to Geneva Resources, Inc., since May 2006.

ERIK ESSIGER has been one of our directors since August 21, 2006. Mr. Essiger has more than fifteen years of experience in corporate finance and lead advisory services relating to strategic and commercial development projects across a wide variety of sectors and including, in particular, within the industrial, automotive, business services, retail and consumer goods sectors. In this respect Mr. Essiger has performed various commercial and strategy services as both an external consultant and as a board member and managing director of a number of companies, including a venture capital company. During the past five years Mr. Essiger has been: (i) the Managing Director and the founder of

53

Precisetech GmbH, a corporate finance advisory company focused on international M&A transactions (from October 2004 to present); (ii) a member of the Supervisory Board of Corix Capital AG (from December 2003 to present); (iii) the Senior Manager, Transaction Services Strategy Group, with PricewaterhouseCoopers AG, heading up the commercial and due diligence practice of that group in Germany which provided services mainly to private equity clients of the firm (from April 2003 to September 2004); and (iv) a member of the Executive Board (Vorstand) of MultiMedia Technologies AG, a producer of set-top-boxes and a company operating in the fields of interactive digital television and the streaming media market (from July 2000 to July 2002) Mr. Essiger also has extensive international experience in corporate restructuring; especially in Germany, Russia, Hong Kong and Switzerland; and he was a member of the German-Russian co-operation council. Mr. Essiger is also a director of Uranium Energy Corp., a publicly traded company.

FAMILY RELATIONSHIPS

There are no family relationships among our directors or officers.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

During the past five years, none of our directors, executive officers or persons that may be deemed promoters is or have been involved in any legal proceeding

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

concerning: (i) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (ii) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (iii) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities or banking activity; or (iv) being found by a court, the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law (and the judgment has not been reversed, suspended or vacated).

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

As of the date of this Annual Report, Messrs. Johnson, Markham and Jewett have been appointed as members to our audit committee. Two of the three members are "independent" within the meaning of Rule 10A-3 under the Exchange Act and are in addition financial experts. The audit committee operates under a written charter adopted by the Board of Directors on November 20, 2004.

The audit committee's primary function is to provide advice with respect to our financial matters and to assist the Board of Directors in fulfilling its oversight responsibilities regarding finance, accounting, and legal compliance. The audit committee's primary duties and responsibilities will be to: (i) serve as an independent and objective party to monitor our financial reporting process and internal control system; (ii) review and appraise the audit efforts of our independent accountants; (iii) evaluate our quarterly financial performance as

54

well as our compliance with laws and regulations; (iv) oversee management's establishment and enforcement of financial policies and business practices; and (v) provide an open avenue of communication among the independent accountants, management and the Board of Directors.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Section 16(a) of the Exchange Act requires our directors and officers, and the persons who beneficially own more than ten percent of our common stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Copies of all filed reports are required to be furnished to us pursuant to Rule 16a-3 promulgated under the Exchange Act. Based solely on the reports received by us and on the representations of the reporting persons, we believe that these persons have complied with all applicable filing requirements during the fiscal year ended December 31, 2007.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth the compensation paid to our Chief Executive Officer and those executive officers that earned in excess of \$100,000 during fiscal years ended December 31, 2007 and 2006 (collectively, the "Named Executive Officers"):

SUMMARY COMPENSATION TABLE

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

NAME AND PRINCIPAL POSITION	YEAR	SALARY (\$) (1)	BONUS (\$)	STOCK AWARDS (\$)	OPTION AWARDS (\$)	NON-EQUITY INCENTIVE PLAN COMPENSATION	NON-QUALIFIED DEFERRED COMPENSATION EARNINGS
						(\$)	(\$)
Marcus Johnson, President and CEO	2006	-0-	-0-	-0-	412,748		
	2007	\$71,250	-0-	-0-	-0-	---	---
Thomas Markham, Chief Geologist	2007	\$120,869	-0-	-0-	-0-	---	---

STOCK OPTIONS/SAW GRANTS IN FISCAL YEAR ENDED DECEMBER 31, 2007

The following table sets forth information as at December 31, 2007 relating to options that have been granted to the Named Executive Officers:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END							
OPTION AWARDS							
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	
Marcus Johnson President/CEO	500,000	-0-	-0-	1.10	December 15, 2011	-0-	

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

The following table sets forth information relating to compensation paid to our directors during fiscal year ended December 31, 2007 and 2006:

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)
Marcus Johnson, Chairman			(3)		
2006	-0-	-0-	\$412,748	-0-	-0-
2007	-0-	-0-	-0-	-0-	-0-
Thomas Markham	(1)	-0-	(3)	-0-	-0-
2006	\$64,794	-0-	\$412,748	-0-	-0-
2007	-0-		-0-		
Erik Essinger	(2)	-0-	(3)	-0-	-0-
2006	97,118	-0-	\$206,374	-0-	-0-
2007	-0-		-0-		
Steve Jewett	-0-	-0-	(3)	-0-	-0-
2006	-0-	-0-	\$41,275	-0-	-0-
2007			-0-		
D. Bruce Horton	-0-	-0-	(3)	-0-	-0-
2006	-0-	-0-	\$41,275	-0-	-0-
2007			-0-		

57

EMPLOYMENT AND CONSULTING AGREEMENTS

MARKHAM CONSULTING SERVICES AGREEMENT

On approximately August 1, 2006, we entered into a month-to-month consulting services agreement with Thomas Markham, our Chief Geologist (the "Markham Consulting Services Agreement"). In accordance with the verbal terms and provisions of the Markham Consulting Services Agreement: (i) Mr. Markham shall provide to us all necessary services and perform all duties associated with his executive position as Chief Geologist; (ii) we shall pay to Mr. Markham a monthly fee of \$10,000; and (iii) Mr. Markham shall receive a 1.5% royalty interest in all properties Mr. Markham introduces to us which are subsequently

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

acquired by us.

During fiscal year ended December 31, 2007, we paid an aggregate of \$120,000 to Mr. Markham in accordance with the monthly fee and an additional \$870 in accordance with the amounts earned under the royalty interest

During fiscal year ended December 31, 2006, we paid an aggregate of \$60,000 to Mr. Markham in accordance with the monthly fee and an additional \$4,795 in accordance with the amounts earned under the royalty interest

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

As of the date of this Annual Report, the following table sets forth certain information with respect to the beneficial ownership of our common stock by each stockholder known by us to be the beneficial owner of more than 5% of our common stock and by each of our current directors and executive officers. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated. As of the date of this Annual Report, there are 41,976,589 shares of common stock issued and outstanding.

NAME AND ADDRESS OF BENEFICIAL OWNER(1) DIRECTORS AND OFFICERS:	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1)	PERCENTAGE OWNED
Marcus Johnson 2020 Prospect Way Bellingham, Washington 98229	3,870,650 (2)	
58		
D. Bruce Horton 2443 Alder Street Vancouver, British Columbia Canada, V6H 4A4	387,500 (3)	
Thomas Markham 8801 Christian Court Plano, Texas 75025	1,125,000 (4)	
Erik Essiger P.O. Box 37491 Dubai United Arab Emeriates	500,000 (5)	
Steve Jewett 1201-1633 West 8th Avenue Vancouver, British Columbia Canada V6J 5H7	50,000 (6)	
All executive officers and directors as a group (5 persons)	5,933,150 (7)	1

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

CHANGES IN CONTROL

We are unaware of any contract, or other arrangement or provision, the operation of which may at a subsequent date result in a change of control of our company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Except for the transactions described below, none of our directors, officers or principal stockholders, nor any associate or affiliate of the foregoing, have any interest, direct or indirect, in any transaction or in any proposed transactions, which has materially affected or will materially affect us during fiscal year ended December 31, 2007.

EMPLOYMENT AND CONSULTING AGREEMENTS

MARKHAM CONSULTING SERVICES AGREEMENT

On approximately August 1, 2006, we entered into a month-to-month consulting services agreement with Thomas Markham, our Chief Geologist (the "Markham Consulting Services Agreement"). In accordance with the verbal terms and provisions of the Markham Consulting Services Agreement: (i) Mr. Markham shall provide to us all necessary services and perform all duties associated with his executive position as Chief Geologist; (ii) we shall pay to Mr. Markham a monthly fee of \$10,000; and (iii) Mr. Markham shall receive a 1.5% royalty interest in all properties Mr. Markham introduces to us which are subsequently acquired by us.

INTERNATIONAL MARKET TREND

On approximately June 1, 2005, we entered into a month-to-month consulting agreement with IMT (the "Consulting Agreement"), whereby IMT performs a wide range of management, administrative, financial and business development services for us. During fiscal year ended December 31, 2007, we incurred consulting fees in the amount of \$189,991 to IMT. In addition, IMT advanced us \$6,000 during fiscal year ended December 31, 2007. As of December 31, 2007, we owed IMT \$56,873, which is unsecured and non-interest bearing and has no definite repayment terms. Effective March 24, 2008, we settled an aggregate of \$86,873 with IMT by the issuance of 434,366 shares of our restricted common stock at \$0.20 per share.

One of our shareholders is an officer and director of IMT.

LOANS

During fiscal year ended December 31, 2007, one of our shareholder advanced to us \$10,000. In addition, as at December 31, 2007 \$71,250 is due and owing our President/Chef Executive Officer for expenses incurred by our President/Chief Executive Officer on our behalf. These amounts are unsecured, non-interest bearing and without specific repayment terms.

As at December 31, 2006, \$325,000 was due and owing to a separate shareholder for advances to us by such shareholder. During fiscal year ended December 31, 2007, this shareholder made further advances to us of \$1,130,500. On approximately April 23, 2007, we entered into the Peters Ranch Agreement, whereby we agreed to sell the property for \$65,000. The \$65,000 was offset against amounts we owed to this shareholder, as well as the assignment of the \$25,000 Rail Road Commission bond. Therefore, as a result, at December 31, 2007,

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

an aggregate of \$1,365,500 was due and owing to the shareholder, which bears interest at 8% per annum and has no specific repayment terms. As of December 31, 2007, total accrued interest was \$66,456.

On March 24, 2008, the above advances, accrued interest and further advances from this shareholder received in January 2008 for a total of \$1,515,214 were assigned to other parties. This amount was subsequently settled by us through the issuance of 7,576,068 shares of our restricted common stock at \$0.20 per share. See "Item 5. Market for Common Equity and Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities - Recent Sales of Unregistered Securities."

60

ITEM 13. EXHIBITS

The following exhibits are filed as part of this Annual Report.

EXHIBIT NO.	DOCUMENT
3.1	Articles of Incorporation (1)
3.2	Bylaws (1)
4.1	Chapman Oil and Gas Lease (2)
4.2	Hurley Oil and Gas Lease (2)
4.3	Lease Assignment between Geneva Energy Corp. And Morgan Energy Corp. dated December 17, 2004 (2)
4.4	Fletcher Lewis Letter (3)
4.5	Fletcher Lewis Consent dated December 31, 2004 (3)
4.6	American News Publishing Letter dated January 13, 2006 (3)
10.1	Asset Purchase Agreement between Morgan Creek Energy Corp. and Geneva Energy Corp. Dated December 15, 2004 (1)
10.1	Charter of Audit Committee (1)
14	Code of Business Conduct (1)
16	Letter of Dale Matheson Carr-Hilton LaBonte LLP Chartered Accountants (4)
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act.

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

32.1 Certification of Chief Executive Officer and Chief Financial Officer Under Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act.

61

(1) Incorporated by reference from Form SB-2 filed with the Commission on April 11, 2005.

(2) Incorporated by reference from Form SB-2/A filed with the Commission on June 14, 2005.

(3) Incorporated by reference from Form SB-2/A filed with the Commission on January 13, 2006.

(4) Incorporated by reference from Form Current Report on 8-K filed with the Commission on August 3, 2008.

ITEM 14.PRINCIPAL ACCOUNTING FEES AND SERVICES

During fiscal year ended December 31, 2007, we incurred approximately \$42,142 in fees to our principal independent accountants (\$33,142 to Dale Matheson Carr-Hilton Labonte LLP and \$9,000 to De Joya Griffth) for professional services rendered in connection with the audit of our financial statements for fiscal year ended December 31, 2007 and for the review of our financial statements for the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007.

During fiscal year ended December 31, 2006, we incurred approximately \$48,400 in fees to our principal independent accountant for professional services rendered in connection with the audit of our financial statements for fiscal year ended December 31, 2006 and for the review of our financial statements for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006.

During fiscal year ended December 31, 2007, we did not incur any other fees for professional services rendered by our principal independent accountant for all other non-audit services which may include, but is not limited to, tax-related services, actuarial services or valuation services.

62

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: September 30, 2008

Edgar Filing: MORGAN CREEK ENERGY CORP - Form 10KSB/A

By: /s/ PETER WILSON

Peter Wilson
President

Dated: September 30, 2008

By: /s/ D. BRUCE HORTON

D. Bruce Horton
Chief Financial Officer