

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-K/A
Amendment No. 1**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-31303

BLACK HILLS CORPORATION

Incorporated in South Dakota

625 Ninth Street

IRS Identification Number

Rapid City, South Dakota 57701

46-0458824

Registrant's telephone number, including area code
(605) 721-1700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange
on which registered

Common stock of \$1.00 par value

New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes No

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

State the aggregate market value of the voting stock held by non-affiliates of the Registrant.

At June 30, 2012 \$1,169,775,169

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2013
Common stock, \$1.00 par value	44,222,903 shares

Documents Incorporated by Reference

Portions of the Registrant's Definitive Proxy Statement being prepared for the solicitation of proxies in connection with the 2013 Annual Meeting of Stockholders to be held on April 23, 2013, are incorporated by reference in Part III of this Form 10-K.

EXPLANATORY NOTE

We filed the Annual Report on Form 10-K for the year ended December 31, 2012 for Black Hills Corporation (the "Company") with the Securities and Exchange Commission (the "SEC") on February 25, 2013 (the "Original Filing"). We are filing this Amendment No. 1 on Form 10-K/A ("Amendment 1") for the sole purpose of filing a revised Exhibit 99 in response to SEC Staff comments. The revised Exhibit 99 reflects the following:

- Correction of the names of the subsidiary covered by the report.
- A table summarizing the total reserves of our three subsidiaries for which the net quantities of reserve and income data is now included in Exhibit 99. The original Exhibit 99 did not combine and summarize the reserves for these subsidiaries.

Except as described above, no other changes have been made to the Original Filing, and this Amendment 1 does not otherwise amend, update or change the financial statements or disclosures in the Original Filing.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

3. Exhibits

Exhibit Number	Description
23.2	Consent of Petroleum Engineer and Geologist
31.1	Certification of Chief Executive Officer pursuant to Rule 13a - 14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a - 14(a) of the Securities Exchange Act of 1934.
99	Report of Cawley, Gillespie & Associates, Inc.

SIGNATURES

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

BLACK HILLS CORPORATION

By: /S/ ANTHONY S. CLEBERG

Anthony S. Cleberg, Executive Vice President
and Chief Financial Officer

Dated: August 29, 2013

INDEX TO EXHIBITS

Exhibits

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99	Report of Cawley, Gillespie & Associates, Inc.

CONSENT OF INDEPENDENT PETROLEUM ENGINEER AND GEOLOGIST

As petroleum engineers, we hereby consent to the inclusion of the information included in this Form 10-K/A with respect to the oil and gas reserves of Black Hills Exploration and Production, Inc., the future net revenues from such reserves, and the present value thereof, which information has been included in this Form 10-K/A in reliance upon the report of this firm and upon the authority of this firm as experts in petroleum engineering. We hereby further consent to all references to our firm included in this Form 10-K/A and to the incorporation by reference in the Registration Statements on Form S-8 Nos. 333-61969, 333-170451, 333-82787, 333-63264, 333-125697, 333-170448 and 333-170452 and the Registration Statements on Form S-3, Nos. 333-176139 and 333-175021.

CAWLEY, GILLESPIE & ASSOCIATES, INC.

/S/ J. ZANE MEEKINS

J. Zane Meekins

Senior Vice President

Fort Worth, Texas

August, 29, 2013

CERTIFICATION

I, David R. Emery, certify that:

- 1 I have reviewed this Annual Report on Form 10-K/A of Black Hills Corporation;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

Date: August 29, 2013

/S/ DAVID R. EMERY

David R. Emery

Chairman, President and

Chief Executive Officer

CERTIFICATION

I, Anthony S. Cleberg, certify that:

- 1 I have reviewed this Annual Report on Form 10-K/A of Black Hills Corporation;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

Date: August 29, 2013

/S/ ANTHONY S. CLEBERG

Anthony S. Cleberg
Executive Vice President and
Chief Financial Officer

CAWLEY, GILLESPIE & ASSOCIATES, INC.

PETROLEUM CONSULTANTS

302 FORT WORTH CLUB BUILDING
306 WEST SEVENTH STREET
FORT WORTH, TEXAS 76102-4987
(817) 336-2461

January 16, 2013

Mr. Jon Luksch
Black Hills Gas Resources, Inc.
1515 Wynkoop Street, Suite 500
Denver, Colorado 80202

Re: Evaluation Summary of All Interests for Black Hills Exploration and Production, Inc and affiliates:

- Black Hills Exploration and Production, Inc.
- Black Hills Gas Resources, Inc.
- Black Hills Plateau Production, LLC

Proved Reserves as of January 1, 2013

Dear Mr. Luksch:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to all interests of Black Hills Exploration and Production, Inc and its affiliates. Our reports, completed on January 16, 2013 and presented herein, were prepared for public disclosure by Black Hills Corporation in filings made with the Securities and Exchange Commission (SEC) in accordance with the disclosure requirements set forth in SEC regulations.

Composite reserve estimates and economic forecasts for the proved reserves are summarized below:

		Proved Developed Producing	Proved Developed Non-Producing	Proved Undeveloped	Total Proved
<u>Net Reserves</u>					
Oil/Condensate	– Mbbl	3,851.0	78.1	187.3	4,116.4
Gas	– MMcf	54,086.3	1,617.3	280.6	55,984.2
<u>Revenue</u>					
Oil/Condensate	– M\$	328,844.7	6,716.5	15,605.9	351,167.1
Gas	– M\$	121,725.8	3,268.8	575.1	125,569.7
Plant	– M\$	26,031.9	0.0	0.0	26,031.9
Severance Taxes and Ad Valorem Taxes	– M\$	49,858.0	1,138.2	1,826.7	52,822.9
Operating Expenses	– M\$	129,034.2	1,710.0	3,127.6	133,871.8
Investments	– M\$	0.0	1,445.5	7,016.1	8,461.5
Operating Income (BFIT)	– M\$	297,710.2	5,691.7	4,210.6	307,612.5
Discounted at 10.0%	– M\$	149,092.5	1,714.5	448.1	151,255.2

The discounted value shown in the previous table should not be construed to represent an estimate of the fair market value by Cawley, Gillespie & Associates, Inc.

Attached are three reports summarizing the reserves for Black Hills Exploration and Production, Inc. and affiliates Black Hills Gas Resources, Inc. and Black Hills Plateau Production, LLC. The reserves are associated with conventional formations, tight gas sands, coal seams, and shales in the following states: New Mexico, Colorado, Wyoming, Montana, Oklahoma, Texas, North Dakota, and California.

The oil, condensate, gas and plant products prices utilized were average prices for the 12 months of 2012. The average was calculated using the posted first-day-of-the-month price for each month. Operating expenses and investments were supplied by Black Hills and were accepted as furnished. Neither expenses nor investments were escalated.

The proved reserve classifications conform to criteria of the Securities and Exchange Commission. The reserves and economics are predicated on the regulatory agency classifications, rules, policies, laws, taxes and royalties in effect on the effective date except as noted herein. The possible effects of changes in legislation or other Federal or State restrictive actions have not been considered and such changes could affect Black Hills' ability to recover the estimated reserves. All reserve estimates represent our best judgment based on data available at the time of preparation and assumptions as to future economic and regulatory conditions. It should be realized that the reserves actually recovered, the revenue derived therefrom and the actual cost incurred could be more or less than the estimated amounts. The reserve estimates were based on interpretations of factual data furnished by Black Hills. The basic engineering and geological data were utilized subject to third party reservations and qualifications. Nothing has come to our attention, however, that would cause us to believe that we are not justified in relying on such data.

Cawley, Gillespie & Associates, Inc. is an independent petroleum engineering consulting firm. Our firm provides services throughout the world for many clients and has offices in Fort Worth, Houston and Austin. Many of our staff have professional accreditation in the form of registered or certified professional licenses (including the undersigned, TX No. 71055) or the equivalent from appropriate governmental authorities or self-regulating professional organizations. We have no affiliation with the Black Hills Corporation that would influence our estimates.

Black Hills Corporation makes periodic filings with the SEC under the Securities Exchange Act of 1934, as amended. Furthermore, Black Hills Corporation has certain registration statements filed with the SEC under the Securities Act of 1933, as amended, into which any subsequently filed Form 10-K is incorporated by reference. We have consented to the incorporation by reference in the registration statements on Form S-8 and Form S-3 of Black Hills Corporation of the references to our name as well as the references to our reports for Black Hills Corporation, which consent appears in the 2012 Annual Report on Form 10-K of Black Hills Corporation. Our written consent for such use is included as a separate exhibit to the Black Hills Corporation 2012 Annual Report on Form 10-K.

Our qualifications, work-papers, related data, and reference tables in the attached letters are available for inspection and review by authorized parties.

Respectfully submitted,

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm F-693

/s/ J. Zane Meekins
J. Zane Meekins, P.E.
Executive Vice President

CAWLEY, GILLESPIE & ASSOCIATES, INC.

PETROLEUM CONSULTANTS

302 FORT WORTH CLUB BUILDING
306 WEST SEVENTH STREET
FORT WORTH, TEXAS 76102-4987
(817) 336-2461

January 16, 2013

Mr. Jon Luksch
Black Hills Exploration and Production, Inc.
1515 Wynkoop Street, Suite 500
Denver, Colorado 80202

Re: Evaluation Summary
Black Hills Exploration and Production, Inc. Interests
Proved Reserves
As of January 1, 2013

Dear Mr. Luksch:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to the Black Hills Exploration and Production, Inc. ("Black Hills") interests. It is our understanding that the proved reserves estimated in this report constitute 100 percent of all proved reserves owned by Black Hills.

Composite reserve estimates and economic forecasts for the proved reserves are summarized below:

		Proved Producing	Developed Non-Producing	Proved Undeveloped	Total Proved
Net Reserves					
Oil/Condensate	– Mbbl	3,828.6	78.1	187.3	4,094.0
Gas	– MMcf	17,420.2	822.8	280.6	18,523.5
Revenue					
Oil/Condensate	– M\$	326,830.4	6,716.5	15,605.9	349,152.8
Gas	– M\$	44,104.3	1,836.9	575.1	46,516.3
Plant	– M\$	26,031.9	0.0	0.0	26,031.9
Severance Taxes and Ad Valorem Taxes	– M\$	40,586.4	968.4	1,826.7	43,381.5
Operating Expenses	– M\$	101,993.3	1,281.1	3,127.6	106,402.0
Investments	– M\$	0.0	920.3	7,016.1	7,936.4
Operating Income (BFIT)	– M\$	254,386.9	5,383.6	4,210.6	263,981.0
Discounted at 10.0%	– M\$	122,350.5	1,661.0	448.1	124,459.6

The discounted value shown above should not be construed to represent an estimate of the fair market value by Cawley, Gillespie & Associates, Inc.

The oil, condensate, gas and plant products prices utilized were average prices for the 12 months of 2012. The average was calculated using the posted first-day-of-the-month price for each month. The resulting hydrocarbon pricing of \$2.76 per MMBtu of gas and \$94.71 per barrel of oil/condensate was applied without escalation. Basis differentials, contractual differentials, heating value adjustments and transportation/processing/gathering fees were supplied by Black Hills and applied to these prices by producing area. The average adjusted product prices were \$2.51 per Mcf and \$85.29 per barrel. Deductions were applied to the net gas volumes for fuel and shrinkage.

Operating expenses were supplied by Black Hills and were accepted as furnished. Operating cost components include direct operating expenses, compression fees, water disposal costs and appropriate COPAS charges. Severance and ad valorem rates were specified by state based on historical averages. Neither expenses nor investments were escalated. The cost of plugging and the salvage value of equipment have not been considered.

Black Hills owns 44.7% of the Newcastle Gas Processing Plant. Future revenues are earned on residue volumes available from the plant after processing gas supplied by production from Finn-Shurley, Jiggs-Thompson and Boggy Creek fields. Future residue volumes were estimated by application of historical plant residue volume percentages to future gas volumes expected to be processed at the plant. The volume of future gas to be processed at the plant was estimated by extrapolation of the historical decline of the gas into the plant to the estimated economic limit of profitable operation for the plant. The revenues and expenses associated with the plant are included in Table I - PDP and reflect only Black Hills' net ownership.

The proved reserve classifications conform to criteria of the Securities and Exchange Commission. The reserves were estimated using a combination of the production performance, volumetric and analogy methods, in each case as we considered appropriate and necessary, under the circumstances, to establish the conclusions set forth herein. The reserves and economics are predicated on the regulatory agency classifications, rules, policies, laws, taxes and royalties in effect on the effective date except as noted herein. The possible effects of changes in legislation or other Federal or State restrictive actions have not been considered and such changes could affect Black Hills' ability to recover the estimated reserves. All reserve estimates represent our best judgment based on data available at the time of preparation and assumptions as to future economic and regulatory conditions. It should be realized that the reserves actually recovered, the revenue derived therefrom and the actual cost incurred could be more or less than the estimated amounts.

The reserve estimates were based on interpretations of factual data furnished by Black Hills. Production and pressure data comes from internal oil and gas measurement systems for operated properties, by well. Third party production is derived from state reports submitted by the operator for each well. Oil and gas price forecasts, operating expenses and ownership interests were supplied by Black Hills and were accepted as furnished. To some extent, information from public records has been used to check and/or supplement these data. The basic engineering and geological data were utilized subject to third party reservations and qualifications. Nothing has come to our attention, however, that would cause us to believe that we are not justified in relying on such data. An on-site inspection of these properties has not been made nor have the wells been tested by Cawley, Gillespie & Associates, Inc.

Our work-papers and related data are available for inspection and review by authorized parties. The professional qualifications of the technical person primarily responsible for the preparation of this report are included as an attachment to this letter.

Respectfully submitted,

/s/ Cawley, Gillespie & Assoc., Inc. _____

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm F-693

Professional Qualifications of J. Zane Meekins, P.E.:

Mr. Meekins has been practicing consulting petroleum engineering at CGA since 1989. Mr. Meekins is a Registered Professional Engineer in the State of Texas and has over 25 years of practical experience in petroleum engineering, with over 23 years experience in the estimation and evaluation of reserves. He graduated from Texas A&M University in 1987 with a BS in Petroleum Engineering. Mr. Meekins meets or exceeds the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; he is proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying SEC and other industry reserves definitions and guidelines.

CAWLEY, GILLESPIE & ASSOCIATES, INC.

PETROLEUM CONSULTANTS

302 FORT WORTH CLUB BUILDING
306 WEST SEVENTH STREET
FORT WORTH, TEXAS 76102-4987
(817) 336-2461

January 16, 2013

Mr. Jon Luksch
Black Hills Exploration and Production, Inc.
1515 Wynkoop Street, Suite 500
Denver, Colorado 80202

Re: Evaluation Summary
Black Hills Gas Resources, Inc. Interests
Proved Reserves
As of January 1, 2013

Dear Mr. Luksch:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to the Black Hills Gas Resources, Inc. ("Black Hills") interests. It is our understanding that the proved reserves estimated in this report constitute 100 percent of all proved reserves owned by Black Hills.

Composite reserve estimates and economic forecasts for the proved reserves are summarized below:

		Proved Producing	Developed Non-Producing	Total Proved
Net Reserves				
Oil/Condensate	– Mbbl	15.5	0.0	15.5
Gas	– MMcf	24,852.6	457.6	25,310.3
Revenue				
Oil/Condensate	– M\$	1,352.2	0.0	1,352.2
Gas	– M\$	47,662.6	855.8	48,518.3
Severance Taxes and Ad Valorem Taxes	– M\$	7,549.4	136.6	7,686.0
Operating Expenses	– M\$	16,469.9	302.2	16,772.1
Investments	– M\$	0.0	367.2	367.2
Operating Income (BFIT)	– M\$	24,995.5	49.7	25,045.3
Discounted at 10.0%	– M\$	15,777.9	--28.8	15,749.1

The discounted value shown above should not be construed to represent an estimate of the fair market value by Cawley, Gillespie & Associates, Inc.

The oil, condensate, gas and plant products prices utilized were average prices for the 12 months of 2012. The average was calculated using the posted first-day-of-the-month price for each month. The resulting hydrocarbon pricing of \$2.76 per MMBtu of gas and \$94.71 per barrel of oil/condensate was applied without escalation. Basis differentials, contractual differentials, heating value adjustments and transportation/processing/gathering fees were supplied by Black Hills and applied to these prices by producing area. The average adjusted product prices were \$1.92 per Mcf and \$87.52 per barrel. Deductions were applied to the net gas volumes for fuel and shrinkage.

Operating expenses were supplied by Black Hills and were accepted as furnished. Operating cost components include direct operating expenses, compression fees, water disposal costs and appropriate COPAS charges. Severance and ad valorem rates were specified by state based on historical averages. Neither expenses nor investments were escalated. The cost of plugging and the salvage value of equipment have not been considered.

The proved reserve classifications conform to criteria of the Securities and Exchange Commission. The reserves were estimated using a combination of the production performance, volumetric and analogy methods, in each case as we considered appropriate and necessary, under the circumstances, to establish the conclusions set forth herein. The reserves and economics are predicated on the regulatory agency classifications, rules, policies, laws, taxes and royalties in effect on the effective date except as noted herein. The possible effects of changes in legislation or other Federal or State restrictive actions have not been considered and such changes could affect Black Hills' ability to recover the estimated reserves. All reserve estimates represent our best judgment based on data available at the time of preparation and assumptions as to future economic and regulatory conditions. It should be realized that the reserves actually recovered, the revenue derived therefrom and the actual cost incurred could be more or less than the estimated amounts.

The reserve estimates were based on interpretations of factual data furnished by Black Hills. Production and pressure data comes from internal oil and gas measurement systems for operated properties, by well. Third party production is derived from state reports submitted by the operator for each well. Oil and gas price forecasts, operating expenses and ownership interests were supplied by Black Hills and were accepted as furnished. To some extent, information from public records has been used to check and/or supplement these data. The basic engineering and geological data were utilized subject to third party reservations and qualifications. Nothing has come to our attention, however, that would cause us to believe that we are not justified in relying on such data. An on-site inspection of these properties has not been made nor have the wells been tested by Cawley, Gillespie & Associates, Inc.

Our work-papers and related data are available for inspection and review by authorized parties. The professional qualifications of the technical person primarily responsible for the preparation of this report are included as an attachment to this letter.

Respectfully submitted,

/s/ Cawley, Gillespie & Assoc., Inc. _____

CAWLEY, GILLESPIE & ASSOCIATES, INC.
Texas Registered Engineering Firm F-693

JZM:rkf

Professional Qualifications of J. Zane Meekins, P.E.:

Mr. Meekins has been practicing consulting petroleum engineering at CGA since 1989. Mr. Meekins is a Registered Professional Engineer in the State of Texas and has over 25 years of practical experience in petroleum engineering, with over 23 years experience in the estimation and evaluation of reserves. He graduated from Texas A&M University in 1987 with a BS in Petroleum Engineering. Mr. Meekins meets or exceeds the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; he is proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying SEC and other industry reserves definitions and guidelines.

CAWLEY, GILLESPIE & ASSOCIATES, INC.

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(817) 336-2461

January 16, 2013

Mr. Jon Luksch
Black Hills Exploration and Production, Inc.
1515 Wynkoop Street, Suite 500
Denver, Colorado 80202

Re: Evaluation Summary
Black Hills Plateau Production, LLC Interests
Proved Reserves
As of January 1, 2013

Dear Mr. Luksch:

As requested, we are submitting our estimates of proved reserves and our forecasts of the resulting economics attributable to the Black Hills Plateau Production, LLC ("Black Hills") interests. It is our understanding that the proved reserves estimated in this report constitute 100 percent of all proved reserves owned by Black Hills.

Composite reserve estimates and economic forecasts for the proved reserves are summarized below:

		Proved Producing	Developed Non-Producing	Total Proved
Net Reserves				
Oil/Condensate	– Mbbl	7.0	0.0	7.0
Gas	– MMcf	11,813.5	336.9	12,150.4
Revenue				
Oil/Condensate	– M\$	662.1	0.0	662.1
Gas	– M\$	29,959.0	576.1	30,535.0
Severance Taxes and Ad Valorem Taxes	– M\$	1,722.2	33.1	1,755.3
Operating Expenses	– M\$	10,571.0	126.6	10,697.6
Investments	– M\$	0.0	157.9	157.9
Operating Income (BFIT)	– M\$	18,327.8	258.4	18,586.2
Discounted at 10.0%	– M\$	10,964.1	82.4	11,046.5

The discounted value shown above should not be construed to represent an estimate of the fair market value by Cawley, Gillespie & Associates, Inc.

The oil, condensate, gas and plant products prices utilized were average prices for the 12 months of 2012. The average was calculated using the posted first-day-of-the-month price for each month. The resulting hydrocarbon pricing of \$2.76 per MMBtu of gas and \$94.71 per barrel of oil/condensate was applied without escalation. Basis differentials, contractual differentials, heating value adjustments and transportation/processing/gathering fees were supplied by Black Hills and applied to these prices by producing area. The average adjusted gas price was \$2.51 per Mcf. Deductions were applied to the net gas volumes for fuel and shrinkage.

Operating expenses were supplied by Black Hills and were accepted as furnished. Operating cost components include direct operating expenses, compression fees, water disposal costs and appropriate COPAS charges. Severance and ad valorem rates were specified by state based on historical averages. Neither expenses nor investments were escalated. The cost of plugging and the salvage value of equipment have not been considered.

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