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

FORM 8-K

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

Date of Report (Date of earliest event reported) September 27, 2012

BLACK HILLS CORPORATION

(Exact name of registrant as specified in its charter)

South Dakota

(State or other jurisdiction of incorporation)

001-31303

(Commission File Number)

46-0458824

(IRS Employer Identification No.)

**625 Ninth Street, PO Box 1400
Rapid City, South Dakota**
(Address of principal executive offices)

57709-1400

(Zip Code)

605.721.1700

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01 Completion of Acquisition or Disposition of Assets

On September 27, 2012, Black Hills Exploration and Production, Inc. (“Black Hills Exploration”), a subsidiary of the registrant, closed its previously announced sale of approximately 85 percent of its Bakken and Three Forks shale assets in the Williston Basin. The sale to QEP Energy Company was for approximately \$243 million, subject to customary post-closing adjustments, and involved Black Hills Exploration's non-operated interest in approximately 28,000 net lease acres and 73 gross wells. The closing proceeds of the properties were calculated based on the July 1, 2012 effective date.

Item 9.01 Financial Statements and Exhibits

The Unaudited Pro Forma Condensed Consolidated Statements of Income for the year ended December 31, 2011 and the six months ended June 30, 2012 have been prepared to present the Company’s results of operations as if the sale of the Bakken and Three Forks shale assets had occurred on January 1, 2011. The Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2012 has been prepared to present the Company’s financial position as if the sale of the Bakken and Three Forks shale assets had occurred on June 30, 2012. The Company’s Unaudited Pro Forma Condensed Consolidated Financial Statements are attached hereto as Exhibit 99 and are incorporated herein by reference.

The Unaudited Pro Forma Condensed Consolidated Financial Statements do not purport to be indicative of the financial position or results of operations of the Company as of the dates or for such periods, nor are they necessarily indicative of future results. The Unaudited Pro Forma Condensed Consolidated Financial Statements and the accompanying notes should be read together with the Company’s audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2011, and Management’s Discussion and Analysis included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011, as well as the Company's unaudited condensed consolidated financial statements filed with the SEC on Form 10-Q as of and for the six months ended June 30, 2012.

(b) Pro Forma Financial Information

Unaudited Pro Forma condensed consolidated financial information is attached as Exhibit 99 hereto.

- (i) Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2012
- (ii) Unaudited Pro Forma Condensed Consolidated Statements of Income for the year ended December 31, 2011 and the six months ended June 30, 2012

(d) Exhibits

- 99 Unaudited Pro Forma condensed consolidated financial information

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BLACK HILLS CORPORATION

By: /S/ ANTHONY S. CLEBERG

Anthony S. Cleberg
Executive Vice President
and Chief Financial Officer

Date: October 3, 2012

Exhibit Index

Exhibit No. Description

- 99 Unaudited Pro Forma condensed consolidated financial information
- (i) Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2012
 - (ii) Unaudited Pro Forma Condensed Consolidated Statements of Income for the year ended December 31, 2011 and the six months ended June 30, 2012

Unaudited Pro Forma Financial Information

The unaudited pro forma condensed consolidated financial statements are presented for Black Hills Corporation to illustrate the estimated effects of the sale by Black Hills Exploration & Production, Inc. ("Black Hills Exploration"), a subsidiary of Black Hills Corporation, of certain oil and gas assets.

On September 27, 2012, Black Hills Exploration sold approximately 85 percent of its Bakken and Three Forks shale assets in the Williston Basin for approximately \$243 million, subject to customary post-closing adjustments. The sale involves Black Hills Exploration's non-operated interest in approximately 28,000 net lease acres and 73 gross wells. Per the terms of the sale agreement, the closing proceeds of the properties were calculated based on the July 1, 2012 effective date.

The unaudited pro forma condensed consolidated financial statements are based on assumptions that management believes are reasonable under the circumstances and are intended for informational purposes only. They are not necessarily indicative of the financial results that would have occurred if the transaction described herein had taken place on the dates indicated, nor are they indicative of future consolidated results. The unaudited pro forma condensed consolidated financial statements and the accompanying notes should be read together with the Company's audited consolidated financial statements and accompanying notes as of and for the year ended December 31, 2011, and Management's Discussion and Analysis included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, as well as the Company's unaudited consolidated financial statements filed with the SEC on Form 10-Q as of and for the six months ended June 30, 2012.

BLACK HILLS CORPORATION
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

	Historical as of June 30, 2012	Pro Forma Adjustments	Pro Forma as of June 30, 2012
	(in thousands)		
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 40,110	\$ 226,636 (a)	\$ 266,746
Restricted cash and equivalents	4,772		4,772
Accounts receivable, net	109,157	(4,952) (b)	104,205
Materials, supplies and fuel	61,455		61,455
Derivative assets, current	16,595		16,595
Income tax receivable, net	12,141		12,141
Deferred income tax assets, net, current	30,401		30,401
Regulatory assets, current	34,781		34,781
Other current assets	26,591	(8,274) (b)	18,317
Total current assets	<u>336,003</u>	<u>213,410</u>	<u>549,413</u>
Investments	<u>16,208</u>		<u>16,208</u>
Property, plant and equipment	3,863,380	(195,366) (c)	3,668,014
Less accumulated depreciation and depletion	<u>(1,006,827)</u>		<u>(1,006,827)</u>
Total property, plant and equipment, net	<u>2,856,553</u>	<u>(195,366)</u>	<u>2,661,187</u>
Other assets:			
Goodwill	353,396		353,396
Intangible assets, net	3,731		3,731
Derivative assets, non-current	1,770		1,770
Regulatory assets, non-current	186,886		186,886
Other assets, non-current	19,733		19,733
Total other assets	<u>565,516</u>	<u>—</u>	<u>565,516</u>
TOTAL ASSETS	<u>\$ 3,774,280</u>	<u>\$ 18,044</u>	<u>\$ 3,792,324</u>

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

BLACK HILLS CORPORATION
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(Continued)
(unaudited)

	Historical as of June 30, 2012	Pro Forma Adjustments	Pro Forma as of June 30, 2012
(in thousands, except share amounts)			
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 59,739	\$ (5,790) (b)	\$ 53,949
Accrued liabilities	158,240	(8,613) (b)	149,627
Derivative liabilities, current	85,675		85,675
Regulatory liabilities, current	16,785		16,785
Notes payable	225,000		225,000
Current maturities of long-term debt	227,590		227,590
Total current liabilities	773,029	(14,403)	758,626
Long-term debt, net of current maturities	1,044,891		1,044,891
Deferred credits and other liabilities:			
Deferred income tax liabilities, net, non-current	316,393	10,720 (d)	327,193
Derivative liabilities, non-current	42,077		42,077
Regulatory liabilities, non-current	114,593		114,593
Benefit plan liabilities	162,530		162,530
Other deferred credits and other liabilities	124,482	(51) (b)	124,431
Total deferred credits and other liabilities	760,075	10,669	770,824
Stockholders' equity:			
Common stockholders' —			
Common stock	44,177		44,177
Additional paid-in capital	727,613		727,613
Retained earnings	460,324	21,778 (a),(b), (c), (d)	482,022
Treasury stock at cost	(2,177)		(2,177)
Accumulated other comprehensive income (loss)	(33,652)		(33,652)
Total stockholders' equity	1,196,285	21,778	1,217,983
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,774,280	\$ 18,044	\$ 3,792,324

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

BLACK HILLS CORPORATION
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
(unaudited)

	Historical Six Months Ended June 30, 2012	Pro Forma Adjustments	Pro Forma Six Months Ended June 30, 2012
(in thousands, except per share amounts)			
Revenue:			
Utilities	\$ 551,601	\$	\$ 551,601
Non-regulated energy	56,613	(10,790) (e)	45,823
Total revenue	<u>608,214</u>	<u>(10,790)</u>	<u>597,424</u>
Operating expenses:			
Utilities -			
Fuel, purchased power and cost of gas sold	220,635		220,635
Operations and maintenance	124,323		124,323
Non-regulated energy operations and maintenance	43,308	(673) (e)	42,635
Depreciation, depletion and amortization	79,990	(5,709) (e)	74,281
Taxes - property, production and severance	20,988	(1,309) (e)	19,679
Impairment of long-lived assets	26,868		26,868
Other operating expenses	1,463		1,463
Total operating expenses	<u>517,575</u>	<u>(7,691)</u>	<u>509,884</u>
Operating income	<u>90,639</u>	<u>(3,099)</u>	<u>87,540</u>
Other income (expense):			
Interest charges -			
Interest expense incurred (including amortization of debt issuance costs, premiums, discounts and realized settlements on interest rate swaps)	(57,676)	— (f)	(57,676)
Allowance for funds used during construction - borrowed	1,481		1,481
Capitalized interest	292		292
Unrealized gain (loss) on interest rate swaps, net	(3,507)		(3,507)
Interest income	1,064		1,064
Allowance for funds used during construction - equity	472		472
Other income, net	2,360		2,360
Total other income (expense)	<u>(55,514)</u>	<u>—</u>	<u>(55,514)</u>
Income (loss) before equity in earnings (loss) of unconsolidated subsidiaries and income taxes	35,125	(3,099)	32,026
Equity in earnings (loss) of unconsolidated subsidiaries	(34)		(34)
Income tax benefit (expense)	(12,143)	1,106 (e)	(11,037)
Income (loss) from continuing operations	22,948	(1,993)	20,955
Income (loss) from discontinued operations, net of tax	(6,644)		(6,644)
Net income (loss) available for common stock	<u>\$ 16,304</u>	<u>\$ (1,993)</u>	<u>\$ 14,311</u>
Income (loss) per share, Basic -			
Income (loss) from continuing operations, per share	\$ 0.52		\$ 0.48
Income (loss) from discontinued operations, per share	(0.15)		(0.15)
Total income (loss) per share, Basic	<u>\$ 0.37</u>		<u>\$ 0.33</u>
Income (loss) per share, Diluted -			
Income (loss) from continuing operations, per share	\$ 0.52		\$ 0.48
Income (loss) from discontinued operations, per share	(0.15)		(0.15)
Total income (loss) per share, Diluted	<u>\$ 0.37</u>		<u>\$ 0.33</u>
Weighted average common shares outstanding:			
Basic	43,765		43,765
Diluted	<u>43,984</u>		<u>43,984</u>

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

BLACK HILLS CORPORATION
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
(unaudited)

	Historical for the Year Ended Dec. 31, 2011	Pro Forma Adjustments	Pro Forma for the Year Ended Dec. 31, 2011
(in thousands, except per share amounts)			
Revenue:			
Utilities	\$ 1,155,519	\$	\$ 1,155,519
Non-regulated energy	116,669	(15,400) (e)	101,269
Total revenue	<u>1,272,188</u>	<u>(15,400)</u>	<u>1,256,788</u>
Operating expenses:			
Utilities -			
Fuel, purchased power and cost of gas sold	574,989		574,989
Operations and maintenance	247,496		247,496
Non-regulated energy operations and maintenance	93,453	(716) (e)	92,737
Depreciation, depletion and amortization	135,591	(5,398) (e)	130,193
Taxes - property, production and severance	33,710	(1,657) (e)	32,053
Impairment of long-lived assets	—		—
Other operating expenses	710		710
Total operating expenses	<u>1,085,949</u>	<u>(7,771)</u>	<u>1,078,178</u>
Operating income	<u>186,239</u>	<u>(7,629)</u>	<u>178,610</u>
Other income (expense):			
Interest charges -			
Interest expense incurred (including amortization of debt issuance costs, premiums, discounts and realized settlements on interest rate swaps)	(116,684)	— (f)	(116,684)
Allowance for funds used during construction - borrowed	14,041		14,041
Capitalized interest	11,260		11,260
Unrealized gain (loss) on interest rate swaps, net	(42,010)		(42,010)
Interest income	2,017		2,017
Allowance for funds used during construction - equity	932		932
Other income, net	1,673		1,673
Total other income (expense)	<u>(128,771)</u>	<u>—</u>	<u>(128,771)</u>
Income (loss) before equity in earnings (loss) of unconsolidated subsidiaries and income taxes	57,468	(7,629)	49,839
Equity in earnings (loss) of unconsolidated subsidiaries	1,121		1,121
Income tax benefit (expense)	(18,224)	2,724 (e)	(15,500)
Income (loss) from continuing operations	<u>40,365</u>	<u>(4,905)</u>	<u>35,460</u>
Income (loss) from discontinued operations, net of tax	9,365		9,365
Net income (loss) available for common stock	<u>\$ 49,730</u>	<u>\$ (4,905)</u>	<u>\$ 44,825</u>
Income (loss) per share, Basic -			
Income (loss) from continuing operations, per share	\$ 1.01		\$ 0.89
Income (loss) from discontinued operations, per share	0.24		0.23
Total income (loss) per share, Basic	<u>\$ 1.25</u>		<u>\$ 1.12</u>
Income (loss) per share, Diluted -			
Income (loss) from continuing operations, per share	\$ 1.01		\$ 0.89
Income (loss) from discontinued operations, per share	0.23		0.23
Total income (loss) per share, Diluted	<u>\$ 1.24</u>		<u>\$ 1.12</u>
Weighted average common shares outstanding:			
Basic	<u>39,864</u>		<u>39,864</u>
Diluted	<u>40,081</u>		<u>40,081</u>

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

BLACK HILLS CORPORATION
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

The historical information is derived from the historical financial statements of Black Hills Corporation. The unaudited pro forma condensed consolidated balance sheet as of June 30, 2012 is presented to illustrate the estimated effects of the Bakken and Three Forks shale assets sale as if the transaction had occurred on June 30, 2012. The unaudited pro forma condensed consolidated statements of income for the six months ended June 30, 2012 and for the year ended December 31, 2011 are presented to illustrate the estimated effects on Black Hills Corporation as if the transaction had occurred on January 1, 2011.

NOTE 2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

Balance Sheet:

(a) The adjustment to cash reflects the following:

	(in thousands)
Cash proceeds received on date of sale *	\$ 244,883
Less: Transaction adviser fees	(1,400)
Less: Estimated payment for contractual obligation related to "back-in" fee **	(16,847)
Net cash, subject to post-close adjustments	\$ 226,636

* Net cash proceeds are subject to customary post-close adjustments related to the transaction effective date of July 1, 2012.

** Required payment, triggered by the sale of the property, arising from a contractual obligation contained in the original participation agreement with the property operator. The payment amount is variable depending upon the sale price of the property, after deducting certain costs of development.

- (b) Represents adjustments for working capital balances related to the properties sold.
- (c) Represents net adjustments to oil and gas properties accounted for under the full-cost accounting method. Under the full-cost accounting method, we anticipate booking a one-time, pre-tax gain of approximately \$20 million to \$40 million and will apply the remainder of the sales price as a reduction to the oil and gas full-cost pool. For pro forma purposes, we have reflected the \$30 million mid-point of our estimated gain range. The actual gain on sale will be calculated after the closing of our September 2012 financial statements and will be impacted by post-close adjustments to the sales price.
- (d) Represents the net adjustments to deferred taxes that includes the reversal of deferred tax liabilities attributable to the oil and gas properties sold and the deferred tax assets related to the utilization of available net operating losses as a result of the gain to be recognized for income tax purposes.

Income Statement:

- (e) Reflects the financial results of the properties sold in the transaction for the periods presented. Depreciation, depletion and amortization, represents an adjustment for reduction in (i) production volumes, (ii) reserve volumes, (iii) capitalized costs and (iv) asset retirement obligations attributable to the assets sold.

Supplemental Information:

- (f) The attached pro forma condensed consolidated income statements do not reflect a benefit associated with our use of net cash proceeds associated with the sale. As disclosed in our Form 8-K filed on September 28, 2012, management has announced that the proceeds will be utilized to repay the \$225 million senior unsecured 6.5 percent bonds originally maturing on May 15, 2013.

NOTE 3. SUMMARY OF PRO FORMA OIL AND NATURAL GAS RESERVE INFORMATION

The following table sets forth summary pro forma reserve information as of December 31, 2011 which gives effect to the sale transaction:

	Historical as of December 31, 2011	Pro Forma Adjustments	Pro Forma as of December 31, 2011
Reserves (MMcfe)	133,242	(19,900)	113,342
Present value of estimated future net revenues, before tax, discounted at 10% (in thousands)	\$ 255,087	\$ (66,289)	\$ 188,798