BP Gets Record Fine For Gulf Oil Spill

MICHAEL KUNZELMAN,Associated Press

NEW ORLEANS (AP) — BP said Thursday that it will pay $4.5 billion in a settlement with the U.S. government over the disastrous 2010 oil spill in the Gulf of Mexico and plead guilty to criminal charges related to the deaths of 11 workers and lying to Congress.

The day of reckoning comes more than two years after the nation's worst offshore oil spill. The figure includes nearly $1.3 billion in criminal fines — the biggest criminal penalty in U.S. history — along with payments to certain government entities.

A person familiar with the settlement said two BP employees will also face manslaughter charges over the deaths of 11 people in the explosion of the Deepwater Horizon oil rig that triggered the spill. The person was not authorized to discuss the matter on the record and spoke on condition of anonymity.

Up to now, the only person charged in the disaster was a former BP engineer who was arrested in April on obstruction of justice charges. He was accused of deleting text messages about the company's response to the spill, not what happened before the explosion.

"We believe this resolution is in the best interest of BP and its shareholders," said Carl-Henric Svanberg, BP chairman. "It removes two significant legal risks and allows us to vigorously defend the company against the remaining civil claims."

The settlement, which is subject to approval by a federal judge, includes payments of nearly $2.4 billion to the National Fish and Wildlife Foundation, $350 million to the National Academy of Sciences and about $500 million to the Securities and Exchange Commission.

London-based BP PLC said in a statement that the settlement would not cover any civil penalties the U.S. government might seek under the Clean Water Act and other laws. Nor does it cover billions of dollars in claims brought by states, businesses and individuals, including fishermen, restaurants and property owners. A federal judge in New Orleans is weighing a separate, proposed $7.8 billion settlement between BP and more than 100,000 businesses and individuals harmed by the spill.

The charges BP will plead guilty to are 11 felony counts of misconduct or neglect of a ship's officers, one felony count of obstruction of Congress and one misdemeanor count each under the Migratory Bird Treaty Act and the Clean Water Act. The workers' deaths were prosecuted under a provision of the Seaman's Manslaughter Act. The obstruction charge is for lying to Congress about how much oil was spewing from the ruptured well.

Attorney General Eric Holder was scheduled to discuss the settlement at an afternoon news conference in New Orleans.

The penalty will be paid over five years. BP made a profit of $5.5 billion in the most recent quarter.

The largest previous corporate criminal penalty assessed by the U.S. Justice Department was a $1.2 billion fine imposed on drug maker Pfizer in 2009.

The Deepwater Horizon rig, 50 miles off the Louisiana coast, sank after the April 20, 2010, explosion that was later blamed on time-saving, cost-cutting decisions made by BP and its drilling partners. The well on the sea floor spewed an estimated 206 million gallons of crude, fouling marshes and beaches, killing wildlife and shutting vast areas of the Gulf to commercial fishing.

After several failed attempts that introduced the American public to such industry terms as "top kill" and "junk shot," BP finally capped the well on July 15, 2010, halting the flow of oil after more than 85 days and putting a stop to what became one of the most closely watched shows on TV and the Internet: the live spill-camera image of the gushing well.

Nelda Winslette's grandson Adam Weise of Yorktown, Texas, was killed in the blast. She said somebody needs to be held accountable.

"It just bothers me so bad when I see the commercials on TV and they brag about how the Gulf is back, but they never say anything about the 11 lives that were lost. They want us to forget about it, but they don't know what they've done to the families that lost someone," she said.

The spill exposed lax government oversight and led to a temporary ban on deepwater drilling while officials and the oil industry studied the risks, worked to make it safer and developed better disaster plans. BP's environmentally-friendly image was tarnished, and BP CEO Tony Hayward stepped down after the company's repeated gaffes, including his statement at the height of the crisis: "I'd like my life back."

The cost of BP's spill far surpassed the Exxon Valdez spill in 1989. Exxon ultimately settled with the U.S. government for $1 billion, which would be about $1.8 billion today.

The government and plaintiffs' attorneys also sued Transocean Ltd., the rig's owner, and cement contractor Halliburton, but a string of pretrial rulings by a federal judge undermined BP's legal strategy to pin blame on them.

U.S. District Carl Barbier in New Orleans will have the final say over the settlement. He is also the judge who is deciding whether to give final approval to the $7.8 billion settlement involving claims brought by Gulf Coast shrimpers, commercial fishermen, charter captains, property owners, environmental groups, restaurants, hotels and others who claim they suffered economic losses.

Relatives of workers killed in the blast have also sued. And there are still other claims against BP from financial institutions, casinos and racetracks, insurance companies and local governments.

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Associated Press writer Pete Yost in Washington contributed to this story.

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