BP has agreed to plead guilty to felony charges and pay $4.5 billion in penalties, including $1.26 billion in criminal fines, stemming from the Deepwater Horizon oil-rig accident and spill. Angel Gonzalez has details on Lunch Break. Photo: Getty Images.

BP PLC agreed to accept criminal responsibility for the 2010 Deepwater Horizon disaster that killed 11 workers and to pay $4.5 billion in fines and restitution, the biggest penalty ever levied by the U.S. Justice Department. But the oil producer still faces an even costlier battle with the government over civil penalties for the pollution unleashed when the drilling rig exploded in the Gulf of Mexico and caused the worst offshore oil spill in U.S. history.

The oil damaged the region's important seafood and tourism industries, resulting in billions of dollars in lost revenue. For weeks, repeated efforts to stop the gushing crude failed, as underwater cameras sent the live images to TV viewers. Finally, almost three months later, the well was capped.

Under the agreement, BP said it will plead guilty to 11 felony counts of "seaman's manslaughter" relating to the deaths aboard the drilling rig, admitting that its workers were negligent when they misinterpreted a key well safety test.

The company also will plead guilty to one felony count of obstruction of Congress stemming from false information it gave about the rate that oil was leaking from the well.

In addition to the settlement Thursday, three former BP employees were charged by a federal grand jury with felonies in the incident, two of them for allegedly failing to carry out a critical safety test properly.

Acting Associate Attorney General Tony West said the government will continue to vigorously pursue its civil claims that BP committed "gross negligence" when it allowed nearly five million barrels of crude to escape from the deep-water well.

If that allegation is proven, BP could face up to $20 billion in fines under the Clean Water Act, about four times more than if the company is found simply to have been negligent. The final sum likely will be smaller after negotiations, perhaps in the $10 billion range, said Tom
A 2010 Journal investigation found the doomed oil rig was unprepared for disaster, hobbled by a complex chain of command and a balky decision-making structure.

Part 2: There Was 'Nobody in Charge' (5/28/2010)

United States Attorney General Eric Holder announces the guilty plea and settlement BP agreed to related to the 2010 Deepwater Horizon disaster.

United States Justice Department Officials answer questions at the press conference announcing the settlement in the Deepwater Horizon case against BP.

The Rap Sheet on BP
How can a company be charged with a felony? Law Blog explains the charges against BP.

Plus more coverage:
- Accident Fails to Put Dent in BP’s U.S. Ambitions
- Political Spills Clean Up Faster Than Oil Ones
- The Source: BP Still in Troubled Waters

Claps, an analyst with Susquehanna Financial Group.

Gross negligence involves "conscious and voluntary disregard," and in the case of the Clean Water Act could mean fines per barrel of oil spilled could rise from a base of $1,100 to as much as $4,300.

BP and the Justice Department have tried to settle the civil case, which is set to go before a federal judge in New Orleans in February. U.S. Attorney General Eric Holder said Thursday that negotiations continue, but "we have not reached a number that we considered satisfactory."

The London-based company, which remains the largest oil producer in the Gulf, said the settlement of the criminal case is consistent with its stance that it isn’t grossly negligent and that it is prepared to fight such claims in civil proceedings.

The settlement was announced after the New York Stock Exchange began trading. Shares of BP rose 14 cents, ending the regular session on the exchange at $40.30.

Under Wednesday’s agreement, BP will also plead guilty to misdemeanor counts under each of the Clean Water Act and the Migratory Bird Treaty Act, and pay $2.394 billion to the National Fish & Wildlife Foundation over five years and $350 million to the National Academy of Sciences over five years. The academy said the payments will fund studies into protecting the environment and improving drilling safety in the Gulf and other coastal waters. BP won’t be involved in decisions related to the program, the academy said.

BP said it also agreed to pay $525 million in civil penalties over three years to settle claims by the Securities and Exchange Commission that its false statements about the oil-flow rate in the two weeks after April 20, 2010, accident misled investors.

BP cannot deduct any of the payments from its taxes, according to federal officials, and the payments cannot be used to offset future civil payments.

Under the settlement, two monitors will oversee the safety of BP’s Gulf drilling operations and its compliance with a code of conduct for four years.

The deal must be approved by a judge before it becomes final.

"It is good that someone is being held accountable,” said Stephen Stone, who was working on the doomed drilling rig on the day it exploded and lost some of his hearing. But "I hope they don’t let the middle-management guys take the fall and then don’t change the safety culture."

BP previously took a $38.1 billion charge for what it estimated was the maximum cost it would face from the accident, but with Thursday’s settlement it will add a $3.85 billion charge. To offset these costs BP has raised about $35 billion though asset sales, including the recent $2.5 billion sale of its Texas City, Texas, refinery—the scene of a 2005 accident that killed 15.

BP has spent about $14 billion on spill response and cleanup and paid out more than $9 billion in claims to businesses and individuals. It also has entered into a settlement agreement with thousands of other businesses and individuals that will cost BP an estimated $7.8 billion, although that figure could climb. A federal judge is expected to give final approval to that settlement in coming weeks.

The Deepwater Horizon disaster prompted an overhaul of the regulatory agency that leased drilling rights in the Gulf of Mexico,
Corporate Crimes

Some other companies found criminally liable for illegal acts of officers and employees:

2012 GlaxoSmithKline LLC pleaded guilty to two criminal counts for introducing misbranded drugs and one for failing to report safety data. Agreed to pay $3 billion in civil and criminal penalties.

2009 Pfizer Inc. pleaded guilty to a criminal violation for misbranding a drug. Paid $2.4 billion in criminal and civil penalties.

2007 BP pleaded guilty to a criminal violation in connection with an explosion that killed 15 people. BP and its subsidiaries agreed to pay about $373 million in fines and restitution for that and other charges.

1998 Health Care Service Corp. pleaded guilty to eight felonies in connection with a scheme to defraud Medicare. Agreed to pay $144 million in civil and criminal penalties.

1991 Exxon Corp. and a subsidiary pleaded guilty to criminal charges linked to the 1989 Exxon Valdez oil spill and agreed to more than $1 billion in civil and criminal penalties.

The charges stem from their alleged misinterpretation of safety tests. They could face up to 10 years in prison for each seaman’s manslaughter count, eight years for each involuntary manslaughter count and one year for the Clean Water Act count.

Lawyers for Mr. Kaluza said their client was innocent and that the government was making him a scapegoat. An attorney for Mr. Vidrine couldn’t be reached.

Also charged was David Rainey, BP’s former head of Gulf of Mexico exploration, who took a lead role in the spill response. He was charged with obstruction of Congress and making false statements to a law enforcement officer for allegedly lying about how much crude was spewing from the well.

Mr. Rainey could face up to five years in prison for each charge. His lawyers said he is innocent and will fight the charges.

—Angel Gonzalez, Keith Johnson, Russell Gold and Daniel Gilbert contributed to this article.

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