

# Navigating Construction Contracts in the Energy Sector – Insights from Sheppard Mullin’s Webinar Series

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Construction contracts in the energy sector involve unique challenges and risks, particularly with respect to bonds and mechanic’s liens.

Understanding how to navigate these challenges is key to protecting your projects from disputes with general contractors, subcontractors and suppliers.

In our recent webinar, “Construction Contracts: Bond and Mechanic’s Lien Primer for Energy Projects,” I was joined by my Sheppard Mullin colleagues Chris Kolosov and Emily Anderson to discuss navigating common contract pitfalls and negotiation strategies to protect your interests.

Here are our key takeaways.

1. **Know Local Mechanic’s Lien Laws:** Mechanic’s liens are statutory and vary significantly from state to state. It is critical to understand the local laws and regulations at play in your project’s jurisdiction.
2. **Leverage Bonds for Security:** Bonds provide a critical layer of security, ensuring that contractors meet their performance and payment obligations. Utilizing them effectively can provide significant protection for your projects.
3. **Consider Modifying AIA Bond Forms or Using Different Bond Forms:** The standard American Institute of America (AIA) Payment and Performance Bond forms have some problematic terms that are favorable to sureties and detrimental to obligees. Different forms of bonds should be considered or the AIA bond forms should be modified to provide more protection.
4. **Seek Expert Guidance:** The complexities of construction contracts in the energy sector often necessitate expert legal advice to navigate successfully.

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