

GULF ISLAND FABRICATION INC
 Form 4
 December 11, 2006

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 GALLAGHER JOSEPH P

2. Issuer Name and Ticker or Trading Symbol
 GULF ISLAND FABRICATION INC [GIFI]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 583 THOMPSON ROAD
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 12/08/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 VP Fin./CFO, Treas/Asst Secy

HOUMA, LA 70363
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				Code	V Amount Price			
Common Stock	12/08/2006		M		6,000 A \$ 15.63	34,900	D	
Common Stock	12/08/2006		M		6,000 A \$ 18	40,900	D	
Common Stock	12/08/2006		S		3,000 D \$ 38.87	37,900	D	
Common Stock	12/08/2006		S		2,500 D \$ 38.92	35,400	D	
Common Stock	12/08/2006		S		500 D \$ 38.85	34,900	D	

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Common Stock	12/08/2006	S	1,000	D	\$ 38.9	33,900	D
Common Stock	12/08/2006	S	3,801	D	\$ 38.93	30,099	D
Common Stock	12/08/2006	S	500	D	\$ 38.9301	29,599	D
Common Stock	12/08/2006	S	299	D	\$ 38.8	29,300	D
Common Stock	12/08/2006	S	400	D	\$ 38.81	28,900	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Options (Right to Buy)	\$ 15.63	12/08/2006		M	6,000	12/05/2003 ⁽¹⁾ 12/05/2012	Common Stock	6,000
Options (Right to Buy)	\$ 18	12/08/2006		M	6,000	01/22/1999 ⁽²⁾ 01/22/2008	Common Stock	6,000

Reporting Owners

Reporting Owner Name / Address

Relationships

GALLAGHER JOSEPH P 583 THOMPSON ROAD	Director	10% Owner	Officer	Other
			VP Fin./CFO, Treas/Asst Secy	

HOUMA, LA 70363

Signatures

Joseph P.
Gallagher, III

12/11/2006

 Signature of Reporting
Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Exercisable in annual increments equal to 20% the total number of options beginning 12/05/2003 and on the next four subsequent anniversaries thereof.
- (2) Exercisable in annual increments equal to 20% the total number of options beginning 1/22/1999 and on the next four subsequent anniversaries thereof.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.