

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) 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.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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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 <sup>(1)</sup> 12/05/2012	Common Stock	6,000
Options (Right to Buy)	\$ 18	12/08/2006		M	6,000	01/22/1999 <sup>(2)</sup> 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.