UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JUNE 30, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from____________ to _____________

Commission File Number 0-22303

GULF ISLAND FABRICATION, INC.
(Exact name of registrant as specified in its charter)

LOUISIANA	72-1147390
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
583 THOMPSON ROAD, HOUMA, LOUISIANA	70363
(Address of principal executive offices)	(Zip Code)

(504) 872-2100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO______

The number of shares of the Registrant's common stock, no par value per share, outstanding at August 10, 1999 was 11,638,400.

GULF ISLAND FABRICATION, INC.

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GULF ISLAND FABRICATION, INC.
CONSOLIDATED BALANCE SHEETS

<TABLE>
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	(Unaudited) June 30, 1999	December 31, 1998
	(in thousands)	
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash	$ 12,832	$ 2,808
Short-term investments	6,000	-
Contracts receivable, net	19,250	34,682
Retainage	1,364	5,837
Costs and estimated earnings in excess of billings on uncompleted contracts	2,103	2,061
Prepaid expenses	400	878
Inventory	1,198	1,137
Recoverable income taxes	-	531
Total current assets	43,147	47,934
Property, plant and equipment, net	45,019	45,418
Excess of cost over fair value of net assets acquired less accumulated amortization of $ 415,125 and $ 278,825 at June 30, 1999 and December 31, 1998, respectively	3,702	3,839
Other assets	793	549
Total assets	$ 92,661	$ 97,740

<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY		
<S>	<C>	<C>
Current liabilities:		
Accounts payable	$ 3,532	$ 7,151
Billings in excess of costs and estimated earnings on uncompleted contracts	5,921	9,476
Accrued employee costs	2,748	4,085
Accrued expenses	2,744	1,983
Income taxes payable	994	-
Total current liabilities	15,939	22,695
Deferred income taxes	3,112	2,315
Notes payable	-	3,000
Total liabilities	19,051	28,010
Shareholders' equity:		
Preferred stock, no par value, 5,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, no par value, 20,000,000 shares authorized, 11,638,400 shares issued and outstanding at June 30, 1999 and December 31, 1998	4,162	4,162
Additional paid-in capital	35,124	35,124
Retained earnings	34,324	30,444
Total shareholders' equity	73,610	69,730
	$ 92,661	$ 97,740

</TABLE>

The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	(in thousands, except per share data)			
Revenue	$ 28,106	$ 50,641	$ 58,435	$ 97,555
Cost of revenue	24,093	40,874	50,196	79,477
Gross profit	4,013	9,767	8,239	18,078
General and administrative expenses	989	1,460	2,271	3,074
Operating income	3,024	8,307	5,968	15,004
Other expense (income):				
Interest expense	14	11	35	53
Interest income	(166)	(22)	(267)	(89)
Other - net	39	4	(10)	4
	(113)	(7)	(242)	(32)
Income before income taxes	3,137	8,314	6,210	15,036
Income taxes	1,182	3,163	2,330	5,652
Net income	$ 1,955	$ 5,151	$ 3,880	$ 9,384
Per share data:				
Basic earnings per share	$ 0.17	$ 0.44	$ 0.33	$ 0.81
Diluted earnings per share	$ 0.17	$ 0.44	$ 0.33	$ 0.80
Weighted-average shares	11,638	11,632	11,638	11,622
Effect of dilutive securities: employee stock options	69	89	43	97
Adjusted weighted-average shares	11,707	11,721	11,681	11,719

</TABLE>

The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

<TABLE>
<CAPTION>

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	(in thousands, except share data)				
Balance at January 1, 1999	11,638,400	$ 4,162	$35,124	$30,444	$ 69,730
Net income	-	-	-	3,880	3,880
Balance at June 30, 1999	11,638,400	$ 4,162	$35,124	$34,324	$ 73,610

</TABLE>

The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<TABLE>
<CAPTION>

	Six months ended June 30, 1999	1998
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 3,880	$ 9,384
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,315	1,889
Amortization	137	141
Deferred income taxes	797	(168)
Changes in operating assets and liabilities:		
Contracts receivable	15,432	(3,085)
Retainage	4,473	(2,376)
Costs and estimated earnings in excess of billings on uncompleted contracts	(42)	(1,653)
Prepaid expenses and other assets	478	586
Inventory	(61)	(159)
Accounts payable and accrued expenses	(4,195)	2,728
Income taxes payable	1,525	959
Billings in excess of costs and estimated earnings on uncompleted contracts	(3,555)	2,385
Net cash provided by operating activities	21,184	10,631
Cash flows from investing activities:		
Capital expenditures, net	(1,916)	(5,601)
Short-term investments	(6,000)	-
Payment for purchase of Southport, net of cash acquired	-	(5,922)
Other	(244)	(52)

	1999	1998
Net cash used in investing activities	(8,160)	(11,575)
Cash flows from financing activities:		
Borrowings against notes payable	-	8,000
Principal payments on notes payable	(3,000)	(10,600)
Proceeds from exercise of stock options	-	288
Net cash used in financing activities	(3,000)	(2,312)
Net increase (decrease) in cash	10,024	(3,256)
Cash at beginning of period	2,808	6,879
Cash at end of period	$ 12,832	$ 3,623
Supplemental cash flow information:		
Interest paid	$ 54	$ 38
Income taxes paid	$ 55	$ 4,827

</TABLE>

The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 1999 AND 1998

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING PRINCIPLES

Gulf Island Fabrication, Inc. ("Gulf Island"), together with its wholly owned subsidiaries (collectively "the Company"), is a leading fabricator of offshore drilling and production platforms and other specialized structures used in the development and production of offshore oil and gas reserves. The Company, located in Houma, Louisiana, also offers offshore interconnect pipe hook-up, inshore marine construction, manufacture and repair of pressure vessels, steel warehousing and sales, and the fabrication of offshore living quarters. Gulf Island's principal markets are concentrated in the offshore regions of the Gulf of Mexico. The consolidated financial statements include the accounts of Gulf Island and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The information presented at June 30, 1999 and for the three months and six months ended June 30, 1999 and 1998, is unaudited. In the opinion of the Company's management, the accompanying unaudited financial statements contain all adjustments (consisting of normal recurring adjustments) that the Company considers necessary for the fair presentation of the Company's financial position at June 30, 1999 and the results of its operations for the three months and six months ended June 30, 1999 and 1998, and its cash flows for the six months ended June 30, 1999 and 1998. The results of operations for the three months and six months ended June 30, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999.

In the opinion of management, the financial statements included herein have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1998.

NOTE 2 - SHORT-TERM INVESTMENTS

Short-term investments consist of highly-liquid debt securities with a maturity of greater than three months, but less than twelve months. The securities are classified as available-for-sale and the fair value of these investments approximated their carrying value at June 30, 1999.

NOTE 3 - EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing net income by the weighted-average shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if employee stock options were exercised or converted into common stock. Quarterly per share data may not sum to the year-to-date data reported in the Company's consolidated financial statements due to rounding.

NOTE 4 - NOTES PAYABLE

Effective June 23, 1999, the Company's existing bank credit facility was amended and restated in order, among other reasons, to extend the maturity date to December 31, 2001. The credit facility provides for a revolving line of credit (the "Revolver") of up to $20.0 million that bears interest equal to, at the Company's option, the prime lending rate established by Bank One Corporation or LIBOR plus 1.5%. The Company is required to maintain certain balance sheet and cash flow ratios. The Company pays a fee quarterly of three-eighths of one percent per annum on the weighted-average unused portion of the line of credit. At June 30, 1999, there were no borrowings outstanding under the credit facility.

NOTE 5 - CONTINGENCIES

The Company is one of four defendants in a lawsuit in which the plaintiff claims that the Company improperly installed certain attachments to a jacket that it had fabricated for the plaintiff. The plaintiff, which has recovered most of its out-of-pocket losses from its insurer, seeks to recover the remainder of its claimed out-of-pocket losses (approximately $1 million) and approximately $65 million from the four defendants for economic losses that it alleges resulted from the delay in oil and gas production that was caused by these events. The trial court has issued rulings, the effect of which is to limit the damage recoverable from all four defendants to a maximum of $15 million.

The trial court has issued this and other rulings that have been favorable to the defendants, all of which are subject to appeal by the plaintiff at the conclusion of the trial. Management is vigorously defending this case and, after consultation with legal counsel, does not expect that the ultimate resolution of this matter will have a material adverse effect on the financial position or results of operations of the Company, although no assurances can be given as to the ultimate outcome of the claims.

The Company is subject to other claims arising primarily in the normal conduct of its business. While the outcome of such claims cannot be determined, management does not expect that resolution of these matters will have a material adverse effect on the financial position or results of operations of the Company, although no assurances can be given as to the ultimate outcome of the claims.

Item 2. Management's Discussion and Analysis of Financial Condition And Results of Operations.

Results of Operations

The Company's revenue for the three-month and six-month periods ended June 30, 1999 was $28.1 million and $58.4 million, a decrease of 44.5% and 40.2%, respectively, compared to $50.6 million and $97.6 million in revenue for the three-month and six-month periods ended June 30, 1998. Revenue decreased as a result of a lower volume of direct labor hours applied to contracts during the 1999 periods compared to the same periods ended in 1998. The slower than expected recovery in the oil and gas industry has made fewer fabrication projects available; consequently, in the three-month and six-month periods ended June 30, 1999, the Company had fewer contracts in its backlog and thus fewer hours worked compared to the same periods in 1998.

The fewer number of projects available has also caused the competitiveness in the bidding process to substantially reduce margins on contracts that have been awarded. For the three-month and six-month periods ended June 30, 1999, gross profit was $4.0 million (14.3% of revenue) and $8.2 million (14.1% of revenue), compared to $9.8 million (19.3% of revenue) and $18.1 million (18.5% of revenue) of gross profit for the three-month and six-month periods ended June 30, 1998.

The Company's general and administrative expenses were $989,000 for the three- month period ended June 30, 1999 and $2.3 million for the six-month period ended June 30, 1999. This compares to $1.5 million for the three-month period ended June 30, 1998 and $3.1 million for the six-month period ended June 30, 1998. These decreases of $471,000 and $803,000, respectively, were primarily the result of the more efficient managing of costs associated with public company reporting requirements and a general decrease in costs related to reduced production levels. In an effort to further control general and administrative costs, the Company implemented an overall 5% reduction in hourly and salary wages effective May 31, 1999 and June 1, 1999, respectively.

The Company had net interest income of $113,000 and $242,000 for the three-month and six-month periods ended June 30, 1999, respectively, compared to $7,000 and $32,000 for the three-month and six-month periods ended June 30, 1998. The current reduction in production levels generated more available cash for investment purposes.

Although there have been recent increases in the price of oil and natural gas, these increases are not being reflected in the number and dollar value of projects in the market. Accordingly, the Company is continuously monitoring its costs as production levels decline in order to take appropriate actions.

Liquidity and Capital Resources

Historically the Company has funded its business activities through funds generated from operations and borrowings under its bank credit facility. Net cash provided by operations was $21.2 million for the six months ended June 30, 1999 with an eight percent increase in working capital to $27.2 million. Net cash used in investing activities for the six months ended

June 30, 1999 was $8.2 million, of which $6.0 million related to the purchase of short-term investments during the period. The majority of the remaining $2.2 million consisted of capital expenditures during the period, specifically $1.4 million for one new Manitowoc crane and approximately $600,000 for equipment and improvements to the production facilities.

Net cash used in financing activities was $3.0 million for the six-month period ended June 30, 1999. This amount was a payment to eliminate the outstanding balance on the Company's bank credit facility.

The Company's bank credit facility currently provides for a revolving line of credit (the "Revolver") of up to $20.0 million, which bears interest equal to, at the Company's option, the prime lending rate established by Bank One Corporation or LIBOR plus 1 1/2%. The Revolver matures December 31, 2001 and is secured by a mortgage on the Company's real estate, equipment and fixtures. At June 30, 1999, the Company had no outstanding borrowings under the credit facility.

Capital expenditures for the remaining six months of 1999 are estimated to be approximately $4.1 million, including improvements to the facilities and various other fabrication equipment. Management believes that its available funds, cash generated by operating activities and funds available under the Revolver will be sufficient to fund these capital expenditures and its working capital needs. The Company may, however, expand its operations through future acquisitions that may require additional equity or debt financing.

Year 2000 Issues

The Problem. Year 2000 issues result from the past practice in the computer industry of using two digits rather than four digits when coding the year portion of a date. This practice can create breakdowns or erroneous results when computers and processors embedded in other equipment perform operations involving dates later than December 31, 1999.

The Company's State of Readiness. The Company has assessed the Year 2000 compliance of its information technology systems and has purchased software and hardware that it believes will be adequate to upgrade all of these systems to Year 2000 compliance. The Company has also surveyed its significant non-information technology equipment for Year 2000 issues. Although the Company uses several such items of equipment that are significant to its operations (such as automated welding and cutting equipment), none of the automated functions of this equipment are date sensitive and the Company believes that none of the equipment will require replacement or modification for Year 2000 compliance.

The Company does not have any significant suppliers or customers whose information technology systems directly interface with that of the Company; nevertheless, as part of its assessment of its state of readiness, the Company has surveyed a representative number of its suppliers and customers for Year 2000 compliance. To date, the Company has received replies from approximately 73% of the suppliers that it has contacted, all of which (with insignificant exceptions) have indicated that they have taken appropriate steps to achieve Year 2000 compliance or have plans to do so. The Company has received replies from approximately 77% of its customers contacted, all of which have indicated that they have taken steps to achieve Year 2000 compliance or have plans to do so.

Costs. Because the Company's information technology systems have been regularly upgraded and replaced as part of the Company's ongoing efforts to maintain high-grade technology and because the Company is not heavily dependent on non-information technology equipment that is date sensitive, the Company's Year 2000 compliance costs are expected to be relatively low. The Company has incurred $77,000 to purchase software and hardware to upgrade its information technology systems and management does not believe that significant additional costs will be required for Year 2000 compliance. There can be no guarantee, however, that actual costs will not exceed that amount.

Risks. Although the Company believes that it has taken reasonable steps to assess its internal systems and prepare them for Year 2000 issues, if those steps prove inadequate the Company's ability to estimate and bid on new jobs and its financial and other daily business procedures could be interrupted or delayed, any of which could have a material adverse effect on the Company's operations. Because the replies to the Company's survey of its suppliers and customers is not complete, the Company is not in a position to evaluate the risk of their non-compliance. It is possible that the operations of the Company could be adversely affected to a material extent by the non-compliance of significant suppliers or customers.

Contingency Plan. While the Company intends to continue to monitor Year 2000 issues, it does not currently have a contingency plan for dealing with the possibility that its current systems may prove inadequate, nor does the Company currently intend to develop such a plan.

Forward-Looking Statements

Statements under "Year 2000 Issues" as to the Company's beliefs and expectations, statements in the last paragraph under "Results of Operations" and other statements in this report and the exhibits hereto that are not statements of historical fact are forward-looking statements. These statements involve risks and uncertainties that include, among others, the timing and extent of changes in the prices of crude oil and natural gas, the timing of new projects and the Company's ability to obtain them, competitive factors in the heavy marine fabrication industry, the accuracy of the Company's assessment of its exposure to Year 2000 issues and the adequacy of the steps it has taken to address those issues. Changes in these factors could result in changes in the Company's performance and could cause the actual results to differ materially from those expressed in the forward-looking statements.

PART II. OTHER INFORMATION

Item 5. Other Information

On July 22, 1999 the Company announced its 1999 second quarter earnings and related matters. The press release making this announcement is attached hereto as Exhibit 99.1.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

10.1 First Amendment to the Seventh Amended and Restated Revolving Credit Agreement among the Company and Bank One, Louisiana, N.A. and Whitney National Bank, dated June 23, 1999.

27.1 Financial Data Schedule.

99.1 Press release issued by the Company on July 22, 1999 announcing its 1999 second quarter earnings and related matters.

(b) The Company filed no reports on Form 8-K during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GULF ISLAND FABRICATION, INC.

By: /s/ Joseph P. Gallagher, III

Joseph P. Gallagher, III
Vice President - Finance,
Chief Financial Officer
and Treasurer
(Principal Financial Officer
and Duly Authorized Officer)

Date: August 11, 1999

GULF ISLAND FABRICATION, INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	First Amendment to the Seventh Amended and Restated Revolving Credit Agreement among the Company and Bank One, Louisiana, N.A. and Whitney National Bank, dated June 23, 1999.
27.1	Financial Data Schedule.
99.1	Press release issued by the Company on July 22, 1999 announcing its 1999 second quarter earnings and related matters.

Exhibit 10.1

FIRST AMENDMENT TO
SEVENTH AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SEVENTH AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT (this "First Amendment"), dated effective as of the 23rd day of June 1999, by and among GULF ISLAND FABRICATION, INC., a Louisiana corporation ("Borrower"), DOLPHIN SERVICES, INC., a Louisiana corporation ("Dolphin"), SOUTHPORT, INC., a Louisiana corporation ("Southport," and, together with Dolphin, the "Existing Subsidiaries"), WHITNEY NATIONAL BANK, a national banking association ("Whitney"), BANK ONE, LOUISIANA, NATIONAL ASSOCIATION, a national banking association, in its individual capacity ("Bank One") (each of Whitney and Bank One individually, a "Bank" and collectively, the "Banks"), and BANK ONE, LOUISIANA, NATIONAL ASSOCIATION, a national banking association, in its capacity as agent for the Banks as set forth hereinafter (the "Agent").

W I T N E S S E T H:

WHEREAS, Borrower, the Existing Subsidiaries, Whitney, and Bank One (as successor-by merger of First National Bank of Commerce ("First NBC")), in its capacity as a Bank and as Agent, entered into that certain Seventh Amended and Restated Revolving Credit Agreement, dated effective as of August 21, 1998 (the "Restated Credit Agreement");

WHEREAS, Borrower, the Existing Subsidiaries, Banks, and Agent desire to amend the Restated Credit Agreement (i) to extend the maturity date of the Revolving Credit Facility from December 31, 2000 to December 31, 2001, (ii) to increase the LC Commitment to $10,000,000, (iii) to revise the definition of Prime Rate, (iv) to reflect the merger of Bank One and First NBC, and (v) to address Borrower's acquisition of additional Subsidiaries since August 21, 1998.

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements and undertakings herein contained Borrower, the Existing Subsidiaries, Banks, and Agent hereby agree as follows:

ARTICLE I

AMENDMENTS TO RESTATED CREDIT AGREEMENT

1. Section 1.1. Section 1.1 of the Restated Credit Agreement is hereby amended by deleting the date "December 31, 2000" in the first sentence thereof and replacing such date with the phrase "the Termination Date."

2. Section 2.1. Section 2.1 of the Restated Credit Agreement is hereby amended by (a) deleting the reference to "First NBC" in the first sentence thereof and replacing such reference with "Bank One," and (b) deleting the date "December 31, 2000" in the first sentence thereof and replacing such date with the phrase "the Termination Date."

3. Section 3.3. Section 3.3 of the Restated Credit Agreement is hereby amended in its entirety to provide:

> 3.3 Prime Rate. "Prime Rate" shall be the index established from time to time by Bank One Corporation as its "prime rate" for its subsidiary banks. Each change in the interest rate on each Note shall take effect on the effective date of the change in the Prime Rate as announced by Bank One Corporation.

4. Section 5.4. Section 5.4 of the Restated Credit Agreement is hereby amended by deleting the date "December 31, 1997" in each instance where such date appears in Section 5.4 and replacing such date with the date "December 31, 1998," is further amended by deleting the date "March 31, 1998" in the second sentence thereof and replacing such date with "March 31, 1999," and is further amended by deleting the phrase "except for the absence of footnotes normally associated with financial statements prepared in accordance with GAAP."

5. Section 10.3. Section 10.3 of the Restated Credit Agreement is hereby amended to replace all references to "First NBC" with references to "Bank One".

6. Section 11.1. Section 11.1 of the Restated Credit Agreement is hereby

amended to include the following additional or substituted definitions:

"Agent" means Bank One.

"Bank One" means Bank One, Louisiana, National Association.

"Bank One LIBO Rate" means, for each Interest Period, the applicable London interbank offered rate for deposits in United States Dollars appearing on Dow Jones Markets (Telerate) Page 3750 or 3740, as the case may be, as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period and having maturity equal to such Interest Period; provided, however, that if Dow Jones Markets (Telerate) Page 3750 or 3740, as the case may be, is not available for any reason, the applicable Bank One LIBO Rate for the relevant Interest Period shall instead be the applicable London interbank offered rate for deposits in United States Dollars appearing on Reuters Screen FRBD as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period and having a maturity equal to such Interest Period. The Bank One LIBO Rate determined by Agent with respect to a particular Interest Period shall be fixed at such rate for the duration of such Interest Period.

"Excluded Subsidiaries" means MINDOC, L.L.C., Southport, L.L.C., GIFI Properties, L.L.C., and all foreign sales corporations (as such term is defined in Section 922(a) of the United States Internal Revenue Code) owned by Borrower or one of its Subsidiaries.

"LC Commitment" means the lesser of (a) TEN MILLION AND NO/100 DOLLARS ($10,000,000) or (b) the Revolving Commitment at the time in question.

"LIBO Rate" means with respect to each day during an Interest Period for a LIBO Rate Advance, an interest rate per annum equal to the sum of (a) one and one-half percent (1.50%) plus (b) the Bank One LIBO Rate.

"Termination Date" means December 31, 2001.

Section 11.1 of the Restated Credit Agreement is hereby further amended by deleting the definitions of "First NBC" and "FNBC LIBO Rate".

7. Section 11.4. Section 11.4 of the Restated Credit Agreement is hereby amended by replacing all references to "First National Bank of Commerce" with references to "Bank One, Louisiana, National Association."

ARTICLE II

SPECIAL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THIS FIRST AMENDMENT

In order to induce Banks and Agent to enter into this First Amendment, Borrower and the Existing Subsidiaries represent and warrant to Banks that:

1. Borrower Authorization. Borrower is duly authorized to execute, deliver and perform its obligations under this First Amendment and is and will continue to be duly authorized to borrow monies under and to perform its obligations under the Restated Credit Agreement, as amended by this First Amendment and as it may be further amended from time to time.

2. Enforceability Against Borrower. This First Amendment shall, upon execution and delivery, constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

3. Subsidiary Authorization. Each Subsidiary (other than the Excluded Subsidiaries) is duly authorized to execute, deliver and perform its obligations under this First Amendment and is and will continue to be duly authorized to apply for Letters of Credit and to agree to the related reimbursement obligations under the Restated Credit Agreement, as amended by this First Amendment and as it may be further amended from time to time.

4. Enforceability Against Subsidiaries. This First Amendment shall, upon execution and delivery, constitute the legal, valid and binding obligation of each Subsidiary (other than the Excluded Subsidiaries), enforceable in accordance with its terms.

ARTICLE III

CONDITIONS PRECEDENT TO EFFECTIVENESS OF THIS FIRST AMENDMENT

This First Amendment shall become effective as of the date first above written when and only when (i) Agent shall have received at the offices of Agent, a counterpart of this First Amendment executed and delivered by Borrower, the Existing Subsidiaries and Banks and (ii) Agent shall have additionally received all of the following documents, each document (unless otherwise indicated) being dated the date of receipt thereof by Agent, duly authorized, executed and delivered, and in form and substance satisfactory to Agent and each of the Banks:

1. Borrower's Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of Borrower, of the resolutions of Borrower's Board of Directors authorizing the borrowings under the Restated Credit Agreement, as amended hereby, and the execution and delivery of this First Amendment and the new Notes contemplated hereby;

2. Subsidiaries" Resolutions. Copies, duly certified by the Secretary or Assistant Secretary of each Subsidiary (other than the Excluded Subsidiaries), authorizing the borrowings under the Restated Credit Agreement, as amended hereby, and the execution and delivery of this First Amendment;

3. Notes. Borrower's duly executed Notes payable to the order of Banks, in the form attached as Exhibits "B" and "C" hereto, with appropriate insertions;

4. No Default Certificate. Borrower"s duly executed default and warranty certificate;

5. Borrower Incumbency Certificate. Certificates of Borrower's Secretary or Assistant Secretary certifying the names of the officers of Borrower authorized to execute the documents or certificates to be delivered hereunder by Borrower, together with the true signatures of such officers; and

6. Subsidiaries' Incumbency Certificate. Certificates of the Secretary or Assistant Secretary of each Subsidiary (other than the Excluded Subsidiaries) certifying the names of the officers of such Subsidiary authorized to execute the documents or certificates to be delivered hereunder by such Subsidiary, together with the true signatures of such officers.

ARTICLE IV

MISCELLANEOUS

1. Definitions. All terms used herein with initial capital letters and not otherwise defined herein shall have the meanings ascribed to such terms in the Restated Credit Agreement.

2. Substitution of Exhibits and Schedules. Exhibits "A," "B" and "C" of the Restated Credit Agreement are hereby deleted, and Exhibits "A," "B" and "C" attached hereto are hereby substituted in place thereof. Schedule 1 of the Restated Credit Agreement is hereby deleted, and Schedule 1 attached hereto is hereby substituted in place thereof.

3. Ratification of Notes and Liens. Borrower does hereby ratify, reaffirm and acknowledge its obligations under the Notes, and each of Borrower and Dolphin Services does hereby further ratify, reaffirm and acknowledge its mortgage, pledge and/or assignment of, and/or grant of a security interest in, all Collateral heretofore provided by Borrower or Dolphin Services (individually and as successor-by-merger to Dolphin Steel Sales, Inc. and Dolphin Sales & Rentals, Inc.) as security for the Notes and the other Obligations under the Restated Credit Agreement. Borrower and Dolphin Services (individually and as successor-by-merger to Dolphin Steel Sales, Inc. and Dolphin Sales & Rentals, Inc.) do hereby further ratify, confirm and acknowledge to Agent and Banks that: (a) the mortgage, pledge and/or assignment of, and/or grant of a security interest in, all such Collateral is and shall remain in full force and effect; (b) the Collateral Documents to which Borrower or Dolphin Services (individually and as successor-by-merger to Dolphin Steel Sales, Inc. and Dolphin Sales & Rentals, Inc.) is a party are and shall continue to be valid, binding and enforceable obligations of Borrower or Dolphin Services, as the case may be; (c) the Collateral Documents and the Collateral shall continue to secure, with the original ranks and priority, the Notes

and the other Obligations of Borrower and the Existing Subsidiaries and as renewed, rearranged, extended and now evidenced by, and as the amount thereof has been increased by, the Notes executed of even date herewith in the forms attached hereto as Exhibits "B" and "C"; (d) any references in the Collateral Documents to the Notes shall be deemed a reference to the Notes executed of even date herewith in the forms attached hereto as Exhibits "B" and "C"; and (e) all references in the Collateral Documents to First NBC shall be deemed references to Bank One.

4. No Other Changes. The Restated Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Restated Credit Agreement in any Loan Document shall be deemed to refer to the Restated Credit Agreement as amended hereby. The execution, delivery and effectiveness of this First Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Banks under the Restated Credit Agreement or any other Loan Document. Except as amended by this First Amendment, the Restated Credit Agreement shall remain in full force and effect. Nothing contained herein or in any other documents contemplated hereby shall be considered a novation or discharge of the debt of Borrower to Banks under the Restated Credit Agreement.

5. Counterparts. This First Amendment may be executed in as many counterparts as may be deemed necessary or convenient, and by the different parties hereto in separate counterparts, each of which, when so executed, shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by their respective officers thereunto duly authorized, effective as of the date first written above.

BORROWER:

GULF ISLAND FABRICATION, INC.

By: /s/ Kerry J. Chauvin
Kerry J. Chauvin, President & CEO

BANKS:

BANK ONE, LOUISIANA, NATIONAL ASSOCIATION

By: /s/ J. Charles Freel, Jr.
J. Charles Freel, Jr.,
Senior Vice President

WHITNEY NATIONAL BANK

By: /s/ Harry C. Stahel
Harry C. Stahel,
Senior Vice President

EXISTING SUBSIDIARIES:

DOLPHIN SERVICES, INC.

By: /s/ Kerry J. Chauvin
Kerry J. Chauvin, President & CEO

SOUTHPORT, INC.

By: /s/ Kerry J. Chauvin
Kerry J. Chauvin, President & CEO

AGENT:

BANK ONE, LOUISIANA, NATIONAL ASSOCIATION

By: /s/ J. Charles Freel, Jr.

J. Charles Freel, Jr.,
Senior Vice President

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED
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NEWS RELEASE Exhibit 99.1

For further information contact:

Kerry J. Chauvin
Chief Executive Officer
(504) 872-2100

Joseph "Duke" Gallagher
Chief Financial Officer
(504) 872-2100

FOR IMMEDIATE RELEASE
THURSDAY, JULY 22, 1999

GULF ISLAND FABRICATION, INC.
REPORTS SECOND QUARTER EARNINGS

Houma, LA - Gulf Island Fabrication, Inc. (NASDAQ: GIFI) today reported net income of $2.0 million ($.17 diluted EPS) on revenue of $28.1 million for its second quarter ended June 30, 1999, compared to net income of $5.2 million ($.44 diluted EPS) on revenue of $50.6 million for the second quarter ended June 30, 1998. Net income for the first six months of 1999 was $3.9 million ($.33 diluted EPS) on revenue of $58.4 million, compared to net income of $9.4 million ($.80 diluted EPS) on revenue of $97.6 million for the first six months of 1998.

At June 30, 1999, the company had a revenue backlog of $58.7 million and a labor backlog of approximately one million man-hours remaining to work.

Gulf Island Fabrication, Inc., based in Houma, Louisiana, is a leading fabricator of offshore drilling and production platforms and other specialized structures used in the development and production of offshore oil and gas reserves. The Company also offers offshore interconnect pipe hook-up, inshore marine construction, manufacture and repair of pressure vessels, steel warehousing and sales, and the fabrication of offshore living quarters.

GULF ISLAND FABRICATION, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share data)

<TABLE>
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	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
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Revenue	$ 28,106	$ 50,641	$ 58,435	$ 97,555
Cost of revenue	24,093	40,874	50,196	79,477
Gross profit	4,013	9,767	8,239	18,078
General and administrative expenses	989	1,460	2,271	3,074
Operating income	3,024	8,307	5,968	15,004
Other expense (income):				
Interest expense	14	11	35	53
Interest income	(166)	(22)	(267)	(89)
Other - net	39	4	(10)	4
	(113)	(7)	(242)	(32)
Income before income taxes	3,137	8,314	6,210	15,036
Income taxes	1,182	3,163	2,330	5,652
Net income	$ 1,955	$ 5,151	$ 3,880	$ 9,384
Per share data:				
Basic earnings per share	$ 0.17	$ 0.44	$ 0.33	$ 0.81
Diluted earnings per share /(1)/	$ 0.17	$ 0.44	$ 0.33	$ 0.80
Weighted-average shares	11,638	11,632	11,638	11,622
Adjusted weighted-average shares /(1)/	11,707	11,721	11,681	11,719
Depreciation and amortization included in expense above	$ 1,251	$ 1,037	$ 2,452	$ 2,030

</TABLE>

(1) The calculation of diluted earnings per share assumes that all stock

options are exercised and that the assumed proceeds are used to purchase shares at the average market price for the period.