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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 SEPTEMBER 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 November 9, 1999 was 11,638,400.

GULF ISLAND FABRICATION, INC.

I N D E X

<TABLE>
<CAPTION>

</TABLE>

GULF ISLAND FABRICATION, INC.

CONSOLIDATED BALANCE SHEETS

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<S>	<C> (Unaudited) September 30, 1999	<C> December 31, 1998
	(in thousands)	
ASSETS		
Current assets:		
Cash	$11,174	$ 2,808
Short-term investments	11,076	-
Contracts receivable, net	15,440	34,682
Retainage	3,062	5,837
Costs and estimated earnings in excess of billings on uncompleted contracts	2,077	2,061
Prepaid expenses	510	878
Inventory	1,185	1,137
Recoverable income taxes	-	531
Total current assets	44,524	47,934
Property, plant and equipment, net	44,726	45,418
Excess of cost over fair value of net assets acquired less accumulated amortization of $484,475 and $278,825 at September 30, 1999 and December 31, 1998, respectively	3,633	3,839
Other assets	653	549
Total assets	$93,536	$97,740
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,733	$ 7,151
Billings in excess of costs and estimated earnings on uncompleted contracts	4,137	9,476
Accrued employee costs	2,131	4,085
Accrued expenses	2,640	1,983
Income taxes payable	787	-
Total current liabilities	14,428	22,695
Deferred income taxes	3,562	2,315
Notes payable	-	3,000
Total liabilities	17,990	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 September 30, 1999 and December 31, 1998	4,162	4,162

Additional paid-in capital	35,326	35,124
Retained earnings	36,058	30,444
Total shareholders' equity	75,546	69,730
	$93,536	$97,740

</TABLE>

The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

<TABLE>
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	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
	(in thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Revenue	$29,034	$51,866	$87,469	$149,421
Cost of revenue	25,393	42,036	75,589	121,513
Gross profit	3,641	9,830	11,880	27,908
General and administrative expenses	955	1,458	3,226	4,532
Operating income	2,686	8,372	8,654	23,376
Other expense (income):				
Interest expense	11	19	46	72
Interest income	(203)	(94)	(470)	(183)
Other - net	39	-	29	4
	(153)	(75)	(395)	(107)
Income before income taxes	2,839	8,447	9,049	23,483
Income taxes	1,105	3,135	3,435	8,787
Net income	$ 1,734	$ 5,312	$ 5,614	$ 14,696
Per share data:				
Basic earnings per share	$ 0.15	$ 0.46	$ 0.48	$ 1.26
Diluted earnings per share	$ 0.15	$ 0.45	$ 0.48	$ 1.25
Weighted-average shares	11,638	11,638	11,638	11,627
Effect of dilutive securities:				
employee stock options	77	59	54	84
Adjusted weighted-average shares	11,715	11,697	11,692	11,711

</TABLE>

The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

<TABLE>
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	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
	(in thousands, except share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1999	11,638,400	$4,162	$35,124	$30,444	$69,730
Income tax benefit from the exercise of stock options	-	-	202	-	202
Net income	-	-	-	5,614	5,614
Balance at September 30, 1999	11,638,400	$4,162	$35,326	$36,058	$75,546

</TABLE>

The accompanying notes are an integral part of these statements.

GULF ISLAND FABRICATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<TABLE>
<CAPTION>

	Nine months ended September 30, 1999	1998
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 5,614	$ 14,696
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,475	2,880
Amortization	206	210
Deferred income taxes	1,247	(331)
Changes in operating assets and liabilities:		
Contracts receivable	19,242	(3,939)
Retainage	2,775	(4,109)
Costs and estimated earnings in excess of billings on uncompleted contracts	(16)	(3,541)
Prepaid expenses and other assets	368	597
Inventory	(48)	(371)
Accounts payable and accrued expenses	(3,715)	4,456
Income taxes payable	1,520	1,335
Billings in excess of costs and estimated earnings on uncompleted contracts	(5,339)	2,006
Net cash provided by operating activities	25,329	13,889
Cash flows from investing activities:		
Capital expenditures, net	(2,783)	(8,577)
Short-term investments	(11,076)	-
Payment for purchase of Southport, net of cash acquired	-	(5,922)
Other	(104)	(52)
Net cash used in investing activities	(13,963)	(14,551)
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	8,366	(2,974)
Cash at beginning of period	2,808	6,879
Cash at end of period	$ 11,174	$ 3,905
Supplemental cash flow information:		
Interest paid	$ -	$ 72
Income taxes paid	$ 659	$ 7,773

</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 NINE MONTH PERIODS ENDED SEPTEMBER 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 September 30, 1999 and for the three months and nine months ended September 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 September 30, 1999 and the results of its operations for the three months and nine months ended September 30, 1999 and 1998, and its cash flows for the nine months ended September 30, 1999 and 1998. The results of operations for the three months and nine months ended September 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 September 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 September 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 own insurer, seeks to recover from the four defendants the remainder of its claimed out-of-pocket losses (approximately $1 million) and approximately $65 million for economic losses which it alleges resulted from the delay in oil and gas production that was caused by these events. The trial court has issued rulings and is expected to issue additional rulings, all of which could be appealed by the plaintiff, the effect of which would be to prevent plaintiff's recovery of any damages from defendants, including the Company. In connection with the additional rulings of the court, the parties are expected to enter into agreements the effect of which would be to eliminate the possibility of plaintiff's recovery of any out-of-pocket damages and preserve for appeal only those questions bearing on plaintiff's recovery of its economic losses from delay in production. The Company continues to defend the case vigorously, leaving open the possibility of reasonable settlement. After consultation with legal counsel, the Company 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.

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 nine-month periods ended September 30, 1999 was $29.0 million and $87.5 million, a decrease of 44.0% and 41.5%, respectively, compared to $51.9 million and $149.4 million in revenue for the three-month and nine-month periods ended September 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 nine-month periods ended September 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 nine-month periods ended September 30, 1999, gross profit was $3.6 million (12.5% of revenue) and $11.9 million (13.6% of revenue), compared to $9.8 million (19.0% of revenue) and $27.9 million (18.7% of revenue) of gross profit for the three-month and nine-month periods ended September 30, 1998.

The Company's general and administrative expenses were $955,000 for the three-month period ended September 30, 1999 and $3.2 million for the nine-month period ended September 30, 1999. This compares to $1.5 million for the three-month period ended September 30, 1998 and $4.5 million for the nine-month period ended September 30, 1998. These decreases of $500,000 and $1.3 million, 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 $192,000 and $424,000 for the three-month and nine-month periods ended September 30, 1999, respectively, compared to $75,000 and $111,000 for the three-month and nine-month periods ended September 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 remain low 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 $25.3 million for the nine months ended September 30, 1999 with a 19.2% increase in working capital to $30.1 million. Net cash used in investing activities for the nine months ended

September 30, 1999 was $14.0 million, of which $11.0 million related to the purchase of short-term investments during the period. The majority of the remaining $3.0 million consisted of capital expenditures during the period, specifically $1.4 million for one new Manitowoc crane and approximately $1.6 million for equipment and improvements to the production facilities, which included approximately $600,000 to complete the Company's automated painting system.

Net cash used in financing activities was $3.0 million for the nine-month period ended September 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 September 30, 1999, the Company had no outstanding borrowings under the credit facility.

Capital expenditures for the remaining three months of 1999 are estimated to be approximately $800,000, 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. The replies to the Company's survey of its suppliers and customers indicate they have taken reasonable steps to assess their internal systems and prepare for the Year 2000 issues, but there is no guarantee that the systems of other companies on which the Company relies will be converted timely. 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 Company's ability to successfully complete the testing, production and marketing of the MinDOC and other deep water production systems and to develop and provide financing for such systems that are acceptable to its customers; and 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.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On September 10, 1999 the United States Environmental Protection Agency (the "EPA") issued a complaint alleging that the Company had failed to report the usage or processing of certain chemicals that are components of the steel and paint used by the Company in its fabrication operations. The Company has settled this matter by agreeing to pay a fine of $182,070 and to comply in the future with applicable reporting requirements. With respect to emissions from similar chemicals, the Louisiana Department of Environmental Quality (the "LDEQ") has required the Company to update its reports and modify its state air permit and has advised the Company that it is considering the assessment of a penalty for exceeding permitted limits and inaccurate reporting. The Company does not believe that the action of the EPA or any actions of the LDEQ in this matter will be material to its financial position or require any changes to its operations other than the monitoring of the content of certain purchased materials, the cost of which is expected to be negligible.

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 own insurer, seeks to recover from the four defendants the remainder of its claimed out-of-pocket losses (approximately $1 million) and approximately $65 million for economic losses which it alleges resulted from the delay in oil and gas production that was caused by these events. The trial court has issued rulings and is expected to issue additional rulings, all of which could be appealed by the plaintiff, the effect of which would be to prevent plaintiff's recovery of any damages from defendants, including the Company. In connection with the additional rulings of the court, the parties are expected to enter into agreements the effect of which would be to eliminate the possibility of plaintiff's recovery of any out-of-pocket damages and preserve for appeal only those questions bearing on plaintiff's recovery of its economic losses from delay in production. The Company continues to defend the case vigorously, leaving open the possibility of reasonable settlement. After consultation with legal counsel, the Company 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.

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ITEM 5. OTHER INFORMATION

On October 27, 1999 the Company announced its 1999 third quarter earnings and related matters. The press release making this announcement is attached hereto as Exhibit 99.1.

On November 1, 1999 the Company announced its formation of a subsidiary to develop deep-water production systems. The press release making this announcement is attached hereto as Exhibit 99.2.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

- 27.1 Financial Data Schedule.
- 99.1 Press release issued by the Company on October 27, 1999 announcing its 1999 third quarter earnings and related matters.
- 99.2 Press release issued by the Company on November 1, 1999 announcing its formation of a subsidiary to develop deep-water production systems.

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

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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: November 10, 1999

GULF ISLAND FABRICATION, INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
27.1	Financial Data Schedule.
99.1	Press release issued by the Company on October 27, 1999 announcing its 1999 third quarter earnings and related matters.
99.2	Press release issued by the Company on November 1, 1999 announcing its formation of a subsidiary to develop deep-water production systems.

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EXHIBIT 99.1

NEWS RELEASE
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, OCTOBER 27, 1999

GULF ISLAND FABRICATION, INC. REPORTS THIRD QUARTER EARNINGS

Houma, LA - Gulf Island Fabrication, Inc. (NASDAQ: GIFI) today reported net income of $1.7 million ($.15 diluted EPS) on revenue of $29.0 million for its third quarter ended September 30, 1999, compared to net income of $5.3 million ($.45 diluted EPS) on revenue of $51.9 million for the third quarter ended September 30, 1998. Net income for the first nine months of 1999 was $5.6 million ($.48 diluted EPS) on revenue of $87.5 million, compared to net income of $14.7 million ($1.25 diluted EPS) on revenue of $149.4 million for the first nine months of 1998.

At September 30, 1999, the company had a revenue backlog of $52.4 million and a labor backlog of approximately 800,000 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.

EXHIBIT 99.1

GULF ISLAND FABRICATION, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share data)

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
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Cost of revenue	25,393	42,036	75,589	121,513
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Other expense (income):				
Interest expense	11	19	46	72
Interest income	(203)	(94)	(470)	(183)
Other - net	39	-	29	4
	(153)	(75)	(395)	(107)
Income before income taxes	2,839	8,447	9,049	23,483
Income taxes	1,105	3,135	3,435	8,787
Net income	$ 1,734	$ 5,312	$ 5,614	$ 14,696
Per share data:				
Basic earnings per share	$ 0.15	$ 0.46	$ 0.48	$ 1.26
Diluted earnings per share (1)	$ 0.15	$ 0.45	$ 0.48	$ 1.25
Weighted-average shares	11,638	11,638	11,638	11,627

Adjusted weighted-average shares (1)	11,715	11,697	11,692	11,711
Depreciation and amortization included in expense above	$ 1,229	$ 1,060	$ 3,681	$ 3,090

</TABLE>

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(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.

EXHIBIT 99.2

NEWS RELEASE

For further information contact:

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

Murphy A. Bourke
Vice President - Marketing
(504) 524-8518

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FOR IMMEDIATE RELEASE
NOVEMBER 1, 1999

GULF ISLAND FABRICATION, INC. ANNOUNCES FORMATION OF SUBSIDIARY TO DEVELOP DEEP WATER PRODUCTION SYSTEMS

GULF ISLAND FABRICATION, INC., HOUMA, LOUISIANA (NASDAQ: GIFI) announces that it has formed Deep Ocean Services, L.L.C., a wholly owned subsidiary, to develop and market deep water oil and gas production structures, including MinDOC, the deep water floating production concept that the Company has a proprietary interest in.

"We are implementing a new concept with Deep Ocean Services," said Kerry Chauvin, Gulf Island Fabrication's chief executive officer. "We will provide not only the fabrication services but also the financing of these structures. This will give the oil and gas exploration and production companies creative financing options that will help them to accelerate the development of deep water oil and gas fields."

"Historically the oil and gas companies used to own and operate their own drilling rigs, supply boats, helicopters, construction and diving services and similar services, all of which have since been outsourced," said Mr. Chauvin. "Up to now, however, they could only purchase drilling and production platforms and operate the platforms themselves. Through Deep Ocean Services we intend to offer to our customers the option of outsourcing the ownership and perhaps the operation of deep water platforms just as they have outsourced so many of the other services they use. We intend to offer various financing alternatives, including construction financing and the leasing of structures on a bareboat charter basis. Depending on customer acceptance of the concept, we may also provide equipment and personnel to operate the structures as well."

Deep Ocean Services, L.L.C. will be headquartered in Houston, Texas.

This press release contains forward looking statements involving factors that could cause actual results of Deep Ocean Services, L.L.C. to differ materially from those expressed. These factors include the Company's ability to successfully complete the testing and production of the deep water production systems and to provide financing arrangements acceptable to its customers. Other risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission.

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, fabrication of living quarters for offshore platforms, inshore marine construction, and steel warehousing and sales.