

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 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) Director _____ 10% Owner _____ <input checked="" type="checkbox"/> Officer (give title below) _____ VP Fin./CFO, Treas/Asst Secy	
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 12/04/2006		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
583 THOMPSON ROAD			4. If Amendment, Date Original Filed (Month/Day/Year)		
(Street) HOUMA, LA 70363					
(City)	(State)	(Zip)	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	12/04/2006		M		14,000	A	\$ 15	42,900	D	
Common Stock	12/04/2006		S		100	D	\$ 38.3142	42,800	D	
Common Stock	12/04/2006		S		1,900	D	\$ 38.31	40,900	D	
Common Stock	12/04/2006		S		3,000	D	\$ 38.30	37,900	D	
Common Stock	12/04/2006		S		100	D	\$ 38.3032	37,800	D	
Common Stock	12/04/2006		S		1,750	D	\$ 38.27	36,050	D	
Common Stock	12/04/2006		S		3,129	D	\$ 38.25	32,921	D	
Common Stock	12/04/2006		S		1,921	D	\$ 38.29	31,000	D	
Common Stock	12/04/2006		S		1,594	D	\$ 38.20	29,406	D	
Common Stock	12/04/2006		S		206	D	\$ 38.21	29,200	D	
Common Stock	12/04/2006		S		100	D	\$ 38.23	29,100	D	
Common Stock	12/04/2006		S		100	D	\$ 38.22	29,000	D	
Common Stock	12/04/2006		S		100	D	\$ 38.26	28,900	D	

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

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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 Acquired (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)		8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Options (Right to Buy)	\$ 15	12/04/2006		M		14,000	11/17/2001	11/17/2010	Common Stock	14,000	\$ 0	0	D	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GALLAGHER JOSEPH P 583 THOMPSON ROAD HOUMA, LA 70363			VP Fin./CFO, Treas/Asst Secy	

Signatures

Joseph P. Gallagher, III	12/05/2006
<small>Signature of Reporting Person</small>	<small>Date</small>

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% of the total number of options beginning on 11/17/2001 and on the next four subsequent one year 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.

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